REPORT ON SABBATICAL FALL 2017

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Detailed Description of Sabbatical Leave

I requested sabbatical leave for Fall 2017 for research and study aimed at updating the courses I teach at Ferris State. The main focus was creation of a Fifth Edition of my book, Creative Strategy in Direct and Interactive Marketing, under contract to RACOM Books. I also developed updates for my texts, Business-to-Business Internet Marketing and The IMC Case Book.

Creative Strategy in Direct and Interactive Marketing is used in FSU's MKTG 383 (Direct Marketing) class. Research for the book provides me with exceptional enhancement for teaching across all of my classes. The other two books mentioned above are used in AIMC 382 and AIMC 486. Without the concentrated time a sabbatical leave affords, I would be unable to complete comprehensive updates of this material.

Objectives of Leave/Outcomes Achieved:

1. To research and complete a comprehensive revision of my 2011 book, Creative Strategy in Direct and Interactive Marketing. This will be the fifth edition of the book, which was first published in 1991.

   I completed the revision (PDF copy attached to this report) and I have submitted it to the publisher, Rich Hagle of RACOM Books, for publication in hard copy form. I will use the PDF version until the book is published in hard copy, with the first uses for MKTG 383 in Summer and Fall of 2018. The book is re-named Creative Strategy in Direct and Digital Marketing in keeping with current terminology.

2. To research and complete an update of my 2008 book, Business-to Business Internet Marketing. I picked up the fifth edition of this book from another author; the new re-write will be the sixth edition. I have permission from the publisher, Maximum Press, to re-write this book and share it with Ferris students via Blackboard.

   I completed the revision (PDF copy attached to this report). I am using the sixth edition for the first time in my Spring section of AIMC 382; will also use it in Summer 2018 for the same class.

3. To work with my co-editor, Dr. J. Steven Kelly of DePaul University, to edit a new edition of The IMC Case Book, to be offered on Amazon.com with the Midwest Marketing Education Foundation as publisher.

   My co-editor and I have chosen and editing 10 new cases for a case book to be published in Spring 2018. The 10 new cases are attached

to this report in PDF form. Currently, we are editing up to 10 new readings to accompany the cases in the new book, which we will publish through Amazon.com.

4. To integrate cutting-edge information about digital marketing, social media, mobile marketing, and other significant online advances into these texts.

   The provided texts show that this has been done.

5. To comprehensively update the several classes I teach at Ferris State University.

   See separate section for an overview of updates made to my various classes.

6. To enhance my competency and value as an advertising, direct marketing and digital marketing professor and practitioner by immersing myself in the current "best practices" of the direct and digital marketing industries.

   I spent the Fall of 2017 in reading, research, and re-writing the three texts discussed above, and integrating my learning into my classes on Blackboard. I feel confident that this time spent has enabled me to present material that is appropriate in terms of current best practices in all the courses I teach.

Publications (Submissions) and/or Papers Presented

1. <u>Creative Strategy in Direct and Digital Marketing</u>, Fifth Edition (PDF provided along with this report) – I am sole author

2. <u>Business-to-Business Internet Marketing</u>, Sixth Edition (PDF provided along with this report) – I am sole author

3. <u>The IMC Case Book</u>, Second Edition (PDF of cases provided along with this report) – I am co-editor with Dr. Steve Kelly of DePaul University

List of Graduate Courses and/or Seminars Attended During Sabbatical Period

1. National Retail Federation Academic Conference Two-Day Course (July-August 2017)
2. Marketing Edge Research Summit – New Orleans, LA, October 2017
3. Michigan Bank Directors' College and Community Bankers of Michigan Conference – Grand Rapids, MI, December 2017
4. GTB Greenhouse "The Dirt" Seminar – Dearborn, MI December 201

Plans for Future Work in the Area of Leave Activity

This sabbatical focused squarely on my areas of interest for research and teaching: Advertising, Integrated Marketing Communications, Digital Marketing, and Business-to-Business Marketing. While the sabbatical afforded me a concentrated period of work to update my materials and my mastery of current practice, I will continue to pursue scholarly activity in all of these areas throughout my time as a professor at Ferris State. This includes regular attendance at seminars, workshops, and conferences as well as utilizing the valued input of our Advertising and Digital Marketing Advisory Board members.

Impact of the leave on the Applicant's Professional Responsibilities

As mentioned earlier in this report, my Sabbatical allowed me to complete revisions to textbooks for which I am sole author, and to prepare 10 new Integrated Marketing cases with a co-editor. These books are the texts for three of the classes I reach regularly: MKTG 383, AIMC 382, and AIMC 486. In addition, as promised in my sabbatical application, I devoted time to updating several of the preps that I teach for Ferris State as follows:

AIMC 101 – Introduction to Advertising/IMC -- All course materials are on Blackboard
- Enhanced and updated all Power Points
- Enhanced and updated Useful Web Sites
- Enhanced and updated all Supplements both written and video
- Updated class for new AIMC Check Sheets

AIMC 300 – Principles of Advertising/IMC -- All course materials are on Blackboard
- Revised entire course for new edition of textbook
- Enhanced and updated all assignments
- Updated Final Project assignment (Domino's) with new version and questions
- Used Blackboard test bank to create 15 new 20-question randomized quizzes

AIMC 301 – Advertising/IMC Career Seminar -- All course materials are on Blackboard
- Realigned the course to be more specific in objectives, as a personal Strategic Plan starting with a SWOT analysis
- Enhanced and updated all Assignments
- Enhanced and updated all Supplements both written and video

AIMC 324 – Promotional Writing -- All course materials are on Blackboard
- Created a new resource for TV ad formats with links to examples
- Reviewed and updated resource showing the evolution of Apple iPhone and iPad ads/videos
- Reviewed all exercises and updated several exercises to make them more involving and colorful
- Developed a new social media exercise and a new web writing lesson
- Went through and refreshed all Power Point, adding more digital marketing materials and YouTube examples

AIMC 382 – Business-to-Business Digital Marketing --All course materials are on Blackboard
- Substantially updated the text for the Six Edition – I am the author.

- Reviewed every quiz, assignment and test question to reflect new and updated material
- Re-did all Power Point from scratch to update with 2017-18 state-of-the-art material

AIMC 383 – Consumer Digital Marketing -- All course materials are on Blackboard
- Rebuilt the course from scratch for new textbook – all homework, quizzes, tests and assignments are new or carefully revised to work with the new text and current practice

I will be teaching three additional preps during 2018: MKTG 383 in Summer, and AIMC 375 and AIMC 486 in Fall. I will undertake similar comprehensive updates for these courses before they go live in May and August.

Business-to-Business Internet Marketing

Seven Proven Strategies for Increasing Profits through Direct Marketing on the Internet

By Susan K. Jones, Professor of Marketing, Ferris State University with thanks to Barry Silverstein, author of some previous editions

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Introduction

The original edition of *Business-to-Business Internet Marketing* filled a need in the marketplace. At the time of its publication, it was the first book to show how to apply proven business-to-business (b-to-b) direct marketing principles to the Internet.

The popularity of the book, along with the continuous and dramatic change that is occurring in digital marketing, demanded that updated editions be published. This book has been published in several international editions as well.

Since the publication of the first few editions, however, two fundamental market changes have occurred, and they set the tone for the most recent editions.

The first fundamental change is the fact that the strategies originally identified in this book are now widely accepted practices. In fact, although this book was an early entry, there are far more Web sites, e-newsletters, trade publications, social media sites, white papers and books addressing the digital b-to-b world today.

This is because one of the brightest areas of promise on the Internet is business-to-business and, with it, b-to-b marketing. B-to-b marketers have adopted Internet marketing for lead generation and qualification. They are increasing and perfecting their use of Internet events for marketing. B-to-b marketers increasingly integrate e-fulfillment into their marketing programs. They are building customer relationships; participating in communities and social networks, blogs, podcasts and wikis; engaging in Internet partnerships, and selling on the Internet.   The best of the b-to-b marketers truly understand and leverage the power of integrating online and offline marketing.

What's more, you will find that this edition, even more than previous editions, documents the use of the strategies by successful b-to-b marketers as much as it describes the strategies themselves. This is a significant shift, because the market is moving from concept to execution. As a result, we have more statistics to share, more examples to study, and more successes to learn from.

The second fundamental market change is the aftermath of what many regarded as the Dot-Com Crash, which began in late 2000 and extended into 2001. Unfortunately, Internet overexpansion intersected with a weakening economy to create numerous spectacular failures among Internet "pure plays." As a result, software companies, interactive and advertising agencies, and

others who serviced the dot-com sector saw business opportunities evaporate. The stock market was not forgiving either.

When you put this into perspective, you can perhaps foresee the signals that led to that debacle. After all, there was an almost absurd amount of venture capital being thrown at companies with "com" in their names. At some point the Internet gold rush had to reverse itself.

Although the losses were staggering, a few important lessons were learned. One was that being a dot-com is not nearly enough to sustain a business. Perhaps dot-coms with business plans, an infrastructure, and customers could survive, but the Dot-Com Crash quickly weeded out the weakest.

Another lesson learned is that the Internet, although essential, is seldom best used as an independent, exclusive business channel. At the same time that many Internet-only businesses were imploding, some click-and-mortar businesses – as well as traditional direct marketers – were profiting. Companies like Dell, CDW, Cisco, Cintas, Office Depot, and Lands' End, who had already built successful direct order businesses, were seeing Internet revenues grow, but not at the expense of their traditional business model.

The paradox is that the shifts in the Internet-driven economy continue to make b-to-b digital marketing, if properly executed, an even more significant component of marketing. The reason is *accountability*.

As you will read in this book, well-conceived b-to-b digital marketing is rooted in the principles of direct marketing. Direct marketing can be controlled, tested, tracked, analyzed, refined, and measured. Its value is not based on generating awareness but rather on generating leads and orders you can count. Digital marketing is a form of direct marketing that goes far beyond what could be accomplished before, because now, b-to-b marketers can actually close the loop and *complete the marketing and sales cycle* at one time, in one place, online. That makes it truly accountable marketing.

This is great news for b-to-b marketers, especially in uncertain economic times. When budgets are being reallocated, the safe bet is on measurable media where results can be demonstrated. So, although there is sure to be some regrouping in b-to-b marketing, there is likely to be more reliance than ever on direct and digital marketing (sometimes called Internet marketing or e-commerce marketing) going forward.

Despite the economic turbulence, the growth of the Internet in marketing and in business has not abated. As you will see from the statistics in this book, worldwide usage of the Internet continues to grow impressively. Large businesses have moved their entire IT infrastructures to the Internet and are increasingly participating in exchanges and marketplaces. Smaller businesses are doing business over the Internet to gain competitive advantage. A new-

world economy dependent on digital cash, digital signatures, and a wireless Internet is becoming a reality. And b-to-b remains the most promising segment of the new digital economy.

We may sometimes hit speed bumps on the road to our digital future…but there is little doubt that the road is still there.

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Business-to-Business Digital Marketing – A CRASH COURSE

Why a "crash course" in business-to-business direct marketing -- in a book about <u>digital</u> marketing?

Because digital marketing <u>is</u> direct marketing. Despite its "new media" label, digital marketing has its roots firmly planted in the principles and practices of direct marketing.

As you'll see, digital marketing is interactive, responsive marketing -- marketing that engages an individual, encourages interaction, and elicits a response, as does direct marketing. What's new about it is the medium itself and the way it applies to the process of direct marketing.

Direct marketing has been interactive, responsive marketing since its beginnings. It first started as print advertising in colonial America, with newspaper classifieds. As national magazines emerged in the 1890s, direct marketing was used to sell off the page.

But it was mail that drove direct marketing to new heights. Mail promised to deliver on direct marketing's dream -- capturing the spirit of personalized communication in one-to-one correspondence.

Since then, direct marketing has expanded into telephone, television,

radio...and today and tomorrow, the Internet. The key word here is <u>direct</u>.

Interestingly, there's currently a movement afoot in direct marketing circles to abandon the term "direct marketing" in favor of something broader, such as "integrated marketing," "interactive marketing" or "relationship marketing." One concern is that the connotation of "direct" is "direct selling," which, some feel, is too limiting.

Rather than getting caught up in the controversy, however, this book will stick to the current, accepted terminology that is familiar to most business-to-business marketers. So direct marketing it is. And chances are there won't be much disagreement with the fact that digital marketing is grounded in the principles of direct marketing.

Basic Principles

Imagine what it was like to sell a product at the turn of the Twentieth Century. You probably had little if any formalized manufacturing, distribution, or marketing methods. And if you wanted to reach the prospective buyer of your product directly...you had to go door-to-door, or perhaps use the only national advertising medium available at the time: magazines.

Yet as early as the 1890s, marketers of products for business were using <u>direct marketing</u> actively and, in some cases, brilliantly. They faced the kinds of problems you face today: how to reach the right audience with a compelling message about a product...how to make that product seem irresistible and necessary...how to get the prospective buyer to <u>inquire</u> and to <u>buy</u>.

A print ad from 1910 for a typewriter is a stunning example of no-risk mail order in its earliest implementation. The ad's headline reads "Underwoods Only $3

Down." The beginning copy reads:

> **Genuine Underwood Rebuilt in our own factory just like new for ONLY $3 down - NOT ONE CENT MORE** until you have tried the machine 10 full days at our expense. Balance on easy monthly payments.

And the offer copy at the close of the ad reads:

> Yes, you can have your money back if you want it. After you have examined the typewriter carefully, used it to write letters, if you decide for any reason whatever that you do not care for it, you may return it to us at our expense and every penny you have paid will be cheerfully and promptly refunded.

The language may be a bit archaic, but you get the point. This is a free trial offer targeted to businesses -- promoting the latest technology of the day, the typewriter. What a remarkable offer for the early 1900s. Think of the shipping complexities and the monetary risk accepted by the advertiser to put a very heavy typewriter into the hands of the prospect. It's the equivalent of sending a top-of-the-line laptop or tablet on a no-risk, approval basis to a prospect today. And yet this marketer pulled out the stops to sell typewriters direct to the business customer -- with an irresistible offer that every direct marketer can learn from.

We have two primary reasons for sharing this early form of business-to-business direct marketing with you.

1. The techniques we use today in direct marketing are tried and true, tested methods. They were utilized in the early 1900s and they worked. They are

utilized today and they work. This should give you a sense of perspective, in that direct marketing is grounded in basic, fundamental, universal principles and practices with lasting relevance. As von Goethe said, "Everything has been thought of before. The problem is to think of it again."

2.   Don't be afraid to reach for the stars and take a direct marketing risk now and then. Consider the Underwood typewriter ad. You could undoubtedly claim it was a huge risk for the marketer.

On the other hand, the offer was so irresistible and had so little risk associated with it <u>from the prospect's perspective</u> that anyone who was even considering the purchase of a typewriter had to be compelled to take advantage of the irresistible 10-day, no-obligation free trial. Getting that heavy piece of machinery into a serious prospect's hands -- someone who put a little bit of money down, who was willing to accept the shipment, and who may never had been able to travel to a store to buy it -- was a brilliant and aggressive direct marketing strategy. After all, once the prospect had it in hand, imagine how difficult it would have been to return it!

Now let's fast-forward to several decades ago.

We're in the mid-1970s. America is falling in love with technology -- space, cars, electronics, we can't get enough of it. The boom years of the computer are yet to come, but the electricity is in the air.

A guy named Joe Sugarman reads America's interests and finds a technology niche: consumer electronics. Sugarman is a self-taught direct marketer, the ultimate direct marketing Renaissance man. He learns to do it all, finding and acquiring the products, formulating the marketing and media strategies, writing and designing his own ads.

He looks at direct marketing through different colored glasses (which now, by the way, are "BluBlockers." After some tough times, Joe re-engineered his

business and decided to market BluBlocker sunglasses direct to the American public through television infomercials. Once again, Joe pioneered the use of direct marketing, only with a different product). See this Web site for more on BluBlocker history. *http://www.blublocker.com/pages/history*.

Instead of using the traditional direct marketing media that one might assume would work for his product line (perhaps small space ads in <u>Popular Science</u> or <u>Popular Electronics</u>, or targeted direct mail to electronics geeks,) Sugarman suspects there is a higher demographic target for what he's marketing. It's the well-heeled business person. So he does something that's a breakthrough: he places his direct response ads in the pages of <u>The Wall Street Journal</u>. It's never been done before -- using the respected business daily to sell various products direct to the business customer.

Everything about the direct response ads is different...

- They have unusual, catchy headlines and subheads, such as:

Thermometer Breakthrough
A new computer can take your temperature in seconds
and tell you when to drink coffee.

Laser Beam Digital Watch
Never press another button, day or night,
with America's first digital watch that glows in the dark.

- The ads use very long copy, three columns of it set small and justified, to look like editorial matter.

- Subheads are used to break the copy into segments and lead the reader through the text.

- Often, the copy is narrative in nature, sometimes in the first person. The copy is almost painfully loaded with technical detail about the product that's being promoted, yet it bombards the reader with product benefits and arcane uses for the

product that no one would even think of. To promote the digital thermometer, for example, Sugarman doesn't stop at medicinal uses:

> The JS&A Digital is a general purpose monitor so versatile that you can monitor a cup of coffee until it reaches your exact drinking temperature, then read the room temperature, and a few seconds later, take your own temperature.

•   The ads feature black-and-white product photography (also unusual in the '70s for *The Wall Street Journal*) that often shows the insides of the products so the reader gets a sense of the technology behind them.

•   The ads pitch expensive, sometimes eclectic products -- many which we might define today as "impulse buys."

•   Every product comes with an iron-clad 30-day money back guarantee. It's almost eerie how much the language sounds like that Underwood ad from 1910:

> If you are not absolutely satisfied with the JS&A Digital, then return it within one month for a prompt and courteous refund.

•   There is no coupon. There is no big toll-free number. Rather, at the end of every ad, there is a simple call to action -- the reader is urged to order today via credit card. This is followed by a large logo, "JS&A NATIONAL SALES GROUP," an address, and below the logo, the words "CALL TOLL-FREE" with an 800 number. The logo and even the address of the company are a mark of sheer genius. The company name is actually Joe and, in the early days, just his secretary. The address, "One JS&A Plaza," is a nondescript industrial building -- but with a unique, very big-and-important sounding address that Joe managed to get the local

post office to approve.

At its time, this advertising was singularly breakthrough. The Wall Street Journal had previously not been used this way, or to this extent, as a direct marketing medium. In fact, no direct marketer has since used it as aggressively. Sugarman later took the model for advertising in The Journal and migrated it to another medium that was ideally targeted to the business executive: frequent flier magazines. Here, too, the ads were breaking new ground.

Sugarman established a wildly successful multi-million dollar consumer electronics business, using only direct response print advertising in media targeted to business executives. He also provided the technology world with a business model that spawned numerous other look-alike direct marketing companies which, in part, helped send JS&A into decline. Among them were Cincinnati Microwave, a successful direct marketer of in-car radar detectors, DAK, a direct marketer of consumer electronics, and The Sharper Image, a mail order marketer and retailer of high-tech electronics and other upscale consumer items.

We know all this about Joe Sugarman because he shared the information at exclusive retreats for marketers. You see, Joe didn't miss a trick. He turned his mail order success into an opportunity to share his knowledge with other direct marketers. He put together a week-long program which he offered at his Wisconsin estate. He told his story and provided his students with an intimate perspective on his trials and tribulations. He pretty much tore down everything we thought we knew about direct marketing and made us view it through the marketing equivalent of BluBlockers.

Most memorable of all is his philosophy of how he did it: Joe Sugarman learned all the rules of direct marketing...and then he broke them.

Markets, Markets Everywhere

Now let's turn to the specifics of business-to-business direct marketing. First we'll define our markets so we have some common ground for comparing and contrasting media, offers, and creative approaches.

The broad business-to-business market can be divided into two "worlds" -- the consumer world and the business (or business-to-business) world, defined as follows:

The <u>consumer world</u> is comprised of every suspect, prospect or customer who considers the purchase of a product for himself, herself or for another consumer. The purchase is a "personal" buying decision.

The <u>business-to-business world</u> is comprised of individuals who, while they are still consumers, take on the <u>additional</u> responsibility of evaluating and purchasing products for a business they own or for a business which employs them. We like to think of the prospect in this world as "a consumer (or customer) with an in-box."

A third, "in-between" world exists: the "SOHO" world. This is the <u>S</u>mall <u>O</u>ffice <u>H</u>ome <u>O</u>ffice market. Typically it is comprised of owners of very small businesses, sometimes run out of a household. In this world, the consumer/ business-owner really has both personal and business responsibility, all the time. This is a rapidly growing world that should not be overlooked, because prospects are ready and willing to buy business products directly. Indeed, InfoUSA (*www.infousa.com*) identifies and tracks more than 18 million businesses in North America alone.

It is important to define these worlds because they have different direct marketing "rules." These rules have a very real impact on how you, as a business-

to-business direct marketer, reach and communicate with that world. For example, reaching the consumer world is often still done through mass media, such as television and national magazines. On the direct mail and telemarketing side, it is most often done based on demographic selects -- whether the consumer lives in an apartment or a single family home, whether or not the consumer is married, what the household income of the consumer is, and so on.

Reaching the business world with direct marketing, however, is very different. Typical media include print advertising in general business publications or the trade press, telemarketing, direct mail, online ads, e-mail, and social media. Television is viable only for the largest direct marketers. Radio during "drive time" or on narrowly defined satellite channels can be viable as a direct marketing medium to reach businesses.

According to the Data & Marketing Association (www.thedma.org), direct mail is second only to online marketing in sales among the leading business-to-business direct marketing media. With direct mail, you are directing your message to someone at a business address, so many factors enter into proper targeting. Such "business demographics" (sometimes called firmographics) as size of the company, type of business, the individual's functional area of responsibility, the person's job title and purchasing authority, and other criteria are selected to hone in on the appropriate prospect.

The larger the business, the more likely it becomes that many individuals are involved in a business decision, so reaching multiple levels in an organization may be necessary. And there are "sub-worlds" within each business, based on the kind of product you are selling and the most appropriate audience for it. As for the "in-between" world of the in-home or very small business, that world has become more and more attractive to direct marketers. As a result, an increasing number of lists targeting these smaller businesses is now available.

We've defined the basic worlds in which your prospects and customers live. Now we need a brief definition of how these individuals should be classified into categories for direct marketing purposes.

Moving from the general to the specific...

Your entire potential audience is generally known as your <u>universe</u>.

The first and typically largest part of the universe is <u>suspects</u> -- people whom you "suspect" might be interested in your product or service.

The next category, <u>prospects,</u> should be sub-classified. In the most general sense, you want to be able to identify "unqualified" versus "qualified" prospects by some criteria which you establish. Most companies who are engaged in on-going prospect qualification further classify prospects by some type of ranking structure. An example of this would be "Very Hot/Hot/Warm/Cold," or "A, B, C, D."

The criteria used to determine the rank of a prospect is typically based on whether the prospect has a budget and his or her likelihood to purchase within a certain time period. This information is most often added to prospect records via input from the sales force in the field, since they have the most direct knowledge. Increasingly, however, direct marketing programs ask these questions on reply cards, Web response forms, or telemarketing scripts so that prospects can be <u>pre-qualified</u> for the sales force.

After the prospect category comes the <u>customer</u> category. It's obvious what a customer is, but some companies make the mistake of not <u>sub-classifying</u> customers as well as prospects.

For example, a customer who purchases many products and services from you over an extended period of time should be classified as a "frequent buyer" -- someone who is more important than an occasional or one-time buyer. A customer who purchased from you in the past but hasn't purchased in some time would be better off classified as a "former" or "dormant" customer for future marketing

purposes. The former customer is, in a very real sense, a qualified prospect with a twist -- someone who used to do business with you but no longer does, or has not done so for some time.

Some companies don't pay a lot of attention to former customers, but they should. It makes good marketing sense to segregate these customers on a database for special treatment. It is worth the investment to find out why they have not purchased for some time, and what the company can do about it to re-capture the customer. Because the cost of acquiring a customer is so much higher than the cost of keeping a customer, former customers can bring value back to a company if they can be re-captured at a lower cost.

Until now, we have been addressing prospects and customers from the perspective of the end user. For many business-to-business marketers, there is a whole other class of prospects and customers: channel partners. Channel partners are typically companies who play a role in the marketing or sales of the originating company's products. Examples of channel partners include:

•   Companies with products or services that complement the originating company's products or services. In the computer industry, hardware manufacturers often partner with software publishers to provide the end user with an integrated solution.

•   OEMs (Original Equipment Manufacturers), who obtain the right from the originating company to make their own modifications to the product, put their names on the product, and sell it.

•   Distributors of the originating company's product, who may be companies or independent representatives who have their own set of prospects and customers.

•   Resellers of the originating company's product, who take the product, sometimes add something to it, such as services and support, and re-sell it. In the computer industry, these are often known as "Value-Added Resellers."

•   Retailers, who re-sell the product in stores, via traditional mail order, or over the Internet.

These channel audiences present the business-to-business marketer with a level of complexity that affects marketing in general and direct marketing in particular. It is often valuable to establish entirely separate but coordinated marketing programs that address the individual needs of channel partners. Special care should be taken to develop programs that, to the extent possible, avoid channel conflict.

What are You <u>Really</u> Selling?

The last set of definitions will help define the market in which <u>your</u> business exists. In marketing, your world can be defined by a number of criteria (actually, the same basic criteria we used to define the business world).

You can first define what you sell as a product (a tangible), a service (an intangible), or a combination of both. You can more specifically define your market by the type of product or service you sell. Most often, this relates to a way of defining business types called "North American Industry Classification System" (NAICS) codes, or "Standard Industrial Classification" (SIC) codes. There are thousands of these codes, each of which represents a business type. Your product or service fits into one of them. Learn more by searching NAICS or SIC at www.census.gov.

Once you know your own code, by the way, you also know your competitors' code. That can be very useful. NAICS and SIC codes can open up a world of competitive and research and list information to the direct marketer. So far this is pretty basic stuff. But now think about this: Can you define what you

are <u>really</u> selling? How would you describe it? Would you say it is computer software -- or would you say it is a computer software spreadsheet or database product? Would you say it is an electronic component, a chemical, or a motor? Or is it a business service?

Well, these are all trick questions. The truth is, you are not selling any of these things. Because in direct marketing, <u>your product is really defined by the prospect</u>.

Whatever it is <u>you</u> think you're selling doesn't really matter. What matters is the <u>perception of the prospect</u> of what you're selling. The prospect says "I don't care about your product...What's in it for <u>me</u>?"

This is why the most successful business-to-business direct marketers position their products <u>differently</u> based on the specific audiences they are most interested in reaching. Furthermore, these successful direct marketers engage in promoting <u>benefits and advantages</u> before they promote product <u>features</u>. In the information technology business, this is often called <u>solution selling</u>. Once the prospect is convinced of the product's <u>benefits</u> ("What's in it for <u>me</u>?"), he or she is more likely to want to know about its specific "hard-core" features.

Here's a little story that dramatizes the difference between a product's features and benefits – albeit in a way that might well be construed as quite sexist in the 21st century.

It's the story of "FAB," the laundry detergent. FAB was designed to incorporate an important <u>F</u>eature, <u>A</u>dvantage and <u>B</u>enefit. The difference between them was as telling as the cleaning power of the detergent itself:

The <u>Feature</u>: FAB has blue crystals.

The <u>Advantage</u>: FAB makes clothes bright and makes them smell good.

The <u>Benefit</u>: Your husband will love you.

In the context of America in the 1950s, when FAB was at its height of popularity,

the advertising world was portraying just this kind of message. After all, it mirrored contemporary society -- the husband went off to work, and the wife stayed home doing the laundry and running the household. So you see, FAB wasn't really a laundry detergent at all...it was a marriage counselor!

Behind the FAB example is an important lesson for all of us. The product has a name and a brand. Advertising experts will tell you that the brand image itself is important, that the brand itself will convey a message about the product. That's true, but for direct marketing purposes, let's deal with something more tangible -- the product's features, advantages, and benefits.

A product's <u>features</u> are physical attributes, the nuts-and-bolts of a product. They describe only the characteristics and qualities of the product. They do nothing, in and of themselves, to turn the product into something that is desirable to purchase.

A product's <u>advantages</u>, however, go one step further. Advantages speak to the product in use. What does the product really do? How does it work? What results does it achieve for the user? Advantages begin to position the product in the mind of the prospect or customer as something that may or may not be desirable for purchase.

Finally, a product's <u>benefits</u> focus on what the product does <u>for</u> the prospect or customer. How will the product make life better, easier, richer for the product's user? Why should the prospect or customer consider this product over another and, ultimately, purchase it?

Learning a Lesson from Consumer Marketers

Direct marketers understand that basically, people are people when it comes

to universal needs, desires, likes and dislikes. In their classic book <u>Successful Direct Marketing Methods</u>, Ron Jacobs and the late Bob Stone included a list of "basic human wants" -- things that humans like (making money, saving time, achieving comfort, etc.) and don't like (criticism, pain, loss of money, etc.).

These same basic human needs translate well into the business-to-business world. Humans in the business world like to be acknowledged for their hard work. They don't like to be singled out when something goes wrong in their job. They like to make money. They don't want to be fired.

Reviewing Jacobs and Stone's entire list – it's clear that it aptly applies to business-to-business direct marketing.

In fact, we can apply the lessons of consumer direct marketing to business-to-business direct marketing in other ways. Virtually every direct marketing concept in existence has been passed down, adapted, and re-used (remember the old Underwood ad!). Free trials, money-back guarantees, and product demonstrations came out of that ancient marketing world and are now accepted direct marketing practices. It pays to keep your eyes open for direct marketing trends all around you. You can be sure if you see something repeated in direct marketing that <u>it's working</u>.

A great way to keep on top of trends in direct mail and space ad marketing is to keep a "swipe file." Set up a few file drawers to house direct mail and space ad samples that you like or don't like. Start saving the mail you get at home and at the office, and clipping ads from business publications. If you really want to get crazy about it, organize the mail into consumer and business-to-business, or by product, or by objective, or by size. Or go completely off the deep end and cross-reference them. Save good e-mails and social media campaigns by turning them into PDFs in an online folder for that purpose.

The point is, if you save the stuff, you can review it every now and then to

get ideas, see what's working, develop a sensitivity to what you like and don't like. The media themselves are the best training ground.

You'll notice that the most effective direct marketing snares you first with all the <u>benefits</u> of the product and, once having done that, <u>backs up the benefits</u> with point-by-point features. Even when you find a list of the features, you'll notice that they often relate directly to product benefits, and that they just as often are in "you" language: "You can save time... or You will save money...". This <u>personalizes</u> the product message by bringing the prospective buyer into the picture as often as possible.

Take a good long look at the print advertising and catalogs produced by successful mail order marketers of any products, but especially business-to-business products. Review the product copy, read and re-read the guarantees. Analyze the ordering terms and conditions.

Notice how these marketers handle shipping, returns, credit cards, and online and telephone ordering. When it comes to selling direct, leading mail order companies in the consumer market, such as L. L. Bean and Lands' End, are studies in how to do it right. Many of these types of marketers have successfully transferred their skills to the business-to-business market.

Lands' End, for example, has a [Business Outfitters catalog and Web site](#) that leverage their consumer brand and makes it attractive to business buyers. The Business Outfitters catalog features luggage, sport shirts, sweaters, towels, hats, gift certificates, and more -- all "Lands' End quality" but customizable with a company's logo and identity. The catalog caters to the business buyer, yet has the same top quality look and feel of the consumer catalog -- outstanding photography, benefit copy that is easy to read, product codes and prices that are easy to find, and a few testimonials from happy business customers thrown in. The toll-free number and Web site appear prominently throughout the paper catalog as well.

Business-to-business mail order marketers are just as adept at direct marketing --
take a look at such catalogs as New Pig, Cintas and Quill for proof.

The Special Requirements of Business-to-Business Direct Marketing

Earlier, we discussed the fact that your product or service is really defined
by the perceptions and needs of a specific audience. What about the nature of your
product in relation to your potential audience? Do the qualities of your product or
service make it very specialized? (This is a common characteristic of technology
products.) Generally, this means that your product or service:

•   may be usable only by an audience with special expertise or previously
acquired knowledge, or it may require training to be used

•   is focused on a particular kind of "vertical" or specialized solution, and
therefore probably has a much smaller universe of people interested in or using it

•   is probably more expensive than the "average" product, and,

•   is likely to involve more than one individual in evaluating or purchasing it,
resulting in a longer sales cycle.

These are the kinds of product issues that affect your entire direct marketing
program -- because they drive whom you must reach, the offer you need to make,
the content and structure of your message (the "creative"), and the way you
implement part or all of the direct marketing program.

That's why business-to-business direct marketing tends to be a highly
focused, highly targeted process. List selection becomes an absolutely critical
component, because you must research and acquire just the right type of list, with
appropriate selection criteria, to increase your chances of success in reaching your
best target audiences.

Developing an offer is equally important. In lead generation, the offer must appeal very specifically to the type of audience you are targeting. Typically, the higher the price of your product, the more you need to <u>pre-qualify</u> the prospect through your offer. In order generation, on the other hand, it is essential to entice the prospect to evaluate your product or service instead of or in addition to another product or service, and to make it attractive to purchase that product easy and fast. All the details must be included so the prospect can make a purchase immediately.

Finally, when you execute the creative, the approach must be <u>appropriate</u> to the audience. If, for example, your product is targeted to scientists, you probably already know that these individuals are interested in facts, figures, experiments, and supportable claims. Well-documented non-promotional material is likely to work better for this technical audience instead of "glitzy" advertising approaches with little in the way of detail.

Why Audiences are Getting Smaller

More and more, it is becoming likely that you will not be able to use "universal messages" for everyone. Most business-to-business marketers eventually realize that they are playing in a segmented, specialized and sometimes very fragmented marketing world. This means that your product or service may have uniquely different appeals to different audiences. And to boost response beyond the merely acceptable level, you have to acknowledge those differences <u>and</u> target to them.

It may not be good enough to combine marketing messages in a direct mail lead generation campaign for a product that can serve the purposes of two audiences. Take "life scientists" and "environmental scientists," for example.

Both audiences are made up of scientists, but they each have different interests. Your product may look the same to you, but it could very well look different to these two specialized audiences.

By splitting apart the messages targeted to each of these two scientific audiences, you can:

• target life scientists and environmental scientists individually

• make an offer that directly appeals to each group of scientists, and

• use very specific product benefits targeted to each group of scientists -- messages which are appropriate for the <u>very different applications</u> each group would have for your product.

Yes, your direct marketing costs will be higher. By segmenting the audience and segmenting the messages, you have created two versions of something. But with mail, it is relatively easy to keep most everything the same and version only the copy by printing an original and one or more versions on the same print run. In the example above, you would simply break the final mail file into two segments and mail the appropriate version to each of the segments.

Despite the increased cost, this kind of "micro-segmentation" will pay off in the long run. A direct mail piece that recognizes the individual needs of the target audience, and speaks to those needs, almost always pulls better than a piece that is more generalized. If you don't believe it, then test it yourself.

Program Strategies

The objective of this chapter is to provide you with a strategic framework for building effective business-to-business direct marketing programs -- regardless of the products or services you are promoting. First, we'll address some of the primary challenges you face in business-to-business direct marketing.

• **Piercing business screens**

How do you BREAK THROUGH? Getting through the business screen is becoming more and more difficult. With direct mail, you'll have to get your piece through the mail room (in larger companies), then through a potential administrative screener, and finally, to the top of the "read me" pile in the recipient's in box.

Business-to-business direct mail tests generally support the use of first class mail as a first step in breaking through to the business prospect. First class mail travels faster and must be delivered "in a timely manner," according to U.S. Postal Service requirements. Standard mail (formerly known as third class, or bulk rate mail) takes lower priority, even though it travels at about half the price of first class. Just as important, first class mail tends to be delivered more reliably within larger businesses.

Delivery studies conducted by the Postal Service in cooperation with the Data & Marketing Association (DMA) indicate that first class mail is delivered more often, and faster, than standard mail. If you can afford it, go first class -- or at the very least test it against standard mail to see the impact on deliverability and results.

Another good reason to use first class mail is the fact that it will often be forwarded or, if need be, returned to the sender if the address is bad. (In the industry, this is called a "nixie.") It is important to keep an eye on the nixie rate if you are using first class mail. An unusually high nixie rate means the quality of the list(s) you are using is suspect.

Will a "live stamp" achieve better mail delivery? Yes and no. It probably won't make much difference to a corporate mail room, but it could help getting the piece by an administrative assistant or mail sorter. Stamps attract the attention of the recipient because they are in the minority in business mail. Most mail has an

indicia (a printed area in the upper right hand corner with permit information) or is metered.

What kinds of mailings break through? That depends. An envelope package with no promotional copy (called "teaser") and an upper-and-lower case address has the potential for breaking through to a senior management audience. Invitational formats and dimensional packages also seem to break through to this level. Self-mailers (all one piece comprising all the elements of an envelope package) and catalogs will work well for mid-management, technical professionals and below.

On the telemarketing side, voice mail makes it very difficult to break through to higher level managers, unless the telemarketer gets lucky.

- **Finding the right audience**

Identifying the right audience in the first place is no easy task. Later, we'll talk about the numerous business list sources that are available for use. As previously mentioned, segmenting a list into identifiable audiences and targeting those individuals with carefully constructed offers and audience-appropriate copy and graphics will generally pay off in higher response.

- **Executing cost-effective direct marketing campaigns**

Telemarketing and direct mail are not inexpensive. An average outbound telemarketing call to a prospect (when you finally get the prospect on the phone) can cost $7 to $15 or more. A typical direct mail piece, based on its complexity, quantity, and postage, can cost $1 to $5 or more.

Despite these seemingly high costs, both media compare very favorably to cold calling by a salesperson, which can cost upwards of $300-$500 per visit. Nevertheless, executing cost-effective direct marketing campaigns is a challenge that requires careful management and control.

- **Leveraging other marketing efforts**

For direct marketing programs to have the highest impact, they cannot work in a vacuum. It is important to tie direct marketing to other media and get the most out of media synergy and integration -- whether its public relations, advertising, or event marketing.

- **Meeting sales goals**

The majority of business-to-business direct marketing is lead generation. The direct marketing is designed to generate and often qualify leads for a sales organization. Business-to-business direct marketers often have a huge responsibility to feed good leads to sales offices and channel partners, sometimes on a worldwide basis. They need to ensure that their efforts are working -- so they need for programs to be constantly monitored, and for sales managers to assist with feedback from the field. In today's world, direct marketers have responsibility for "lead nurturing" as well – moving prospects along the continuum toward being ready for a serious sales call.

Establishing Objectives

You can start to meet all of these challenges by first establishing some basic direct marketing objectives. Anchor your program by answering the following three questions:

1. <u>**Which businesses**</u> **do you wish to penetrate?**

2. <u>**Which individuals**</u> **in those businesses are you trying to reach?**

3. <u>**What actions**</u> **do you want those individuals to take?**

Be sure to answer these basic questions for each and every direct marketing effort. Then use the following sample statements to set both your **general** and **specific** direct marketing objectives for every program:

General Objectives

<u>Your general objectives should be stated this way...</u>

 "My objective is to generate qualified leads."

"My objective is to generate orders."

"My objective is to upgrade customers."

"My objective is to get past customers to buy again."

Specific Objectives

Your specific objectives should be stated this way...

"My objective is to generate a 3% response rate, with 30% of the responses generated defined as qualified leads."

"My objective is to generate 25 orders, each with an average value of $25,000."

"My objective is to get 20% of the customer base to upgrade their purchase."

"My objective is to re-activate 50 customers within 3 months."

The Marketing Pyramid

With your general and specific objectives in mind, you can now formulate your strategy. To help you do this, we'll use "The Marketing Pyramid."

The Marketing Pyramid is a flexible tool that you can use to help set program strategies. Here we'll break an audience into specific, defined segments.

This particular marketing pyramid (See Figure 1.1 below) represents a total audience universe: customers, prospects and suspects.

As you recall, "suspects" are individuals whom you suspect may be interested in your product. "Unqualified prospects" have expressed an interest; "qualified" prospects have passed through your qualification screen. "Past customers" did business with you previously, but are now dormant; "customers" do business with you now.

Notice that the pyramid is broadest at its base and gets smaller as it reaches the top. Each segment of the pyramid gets smaller as you progress upwards. The size of each segment, though, is opposite its importance. In other words,

"suspects" is the least important segment, while "customers" is the most important.

As you look at this pyramid, think in terms of your own company's prospects or customers. Imagine what the make-up of each segment might be. Now think about how you might <u>interpret the pyramid</u> if it consisted of prospects only. Perhaps your bottom segment would be "unqualified prospects." Your next segment progressing upward might be "prospects with a long-term interest," while the very top of the pyramid might be "hot prospects ready to close."

You can also interpret the pyramid in terms of your customer base. The bottom of the pyramid could be, for example, one-time buyers, while the very top of the pyramid could be customers who buy numerous products from you often.

Customers

Past Customers

Qualified Prospects

Figure 1.1: The Marketing Pyramid

Unqualified Prospects

Suspects
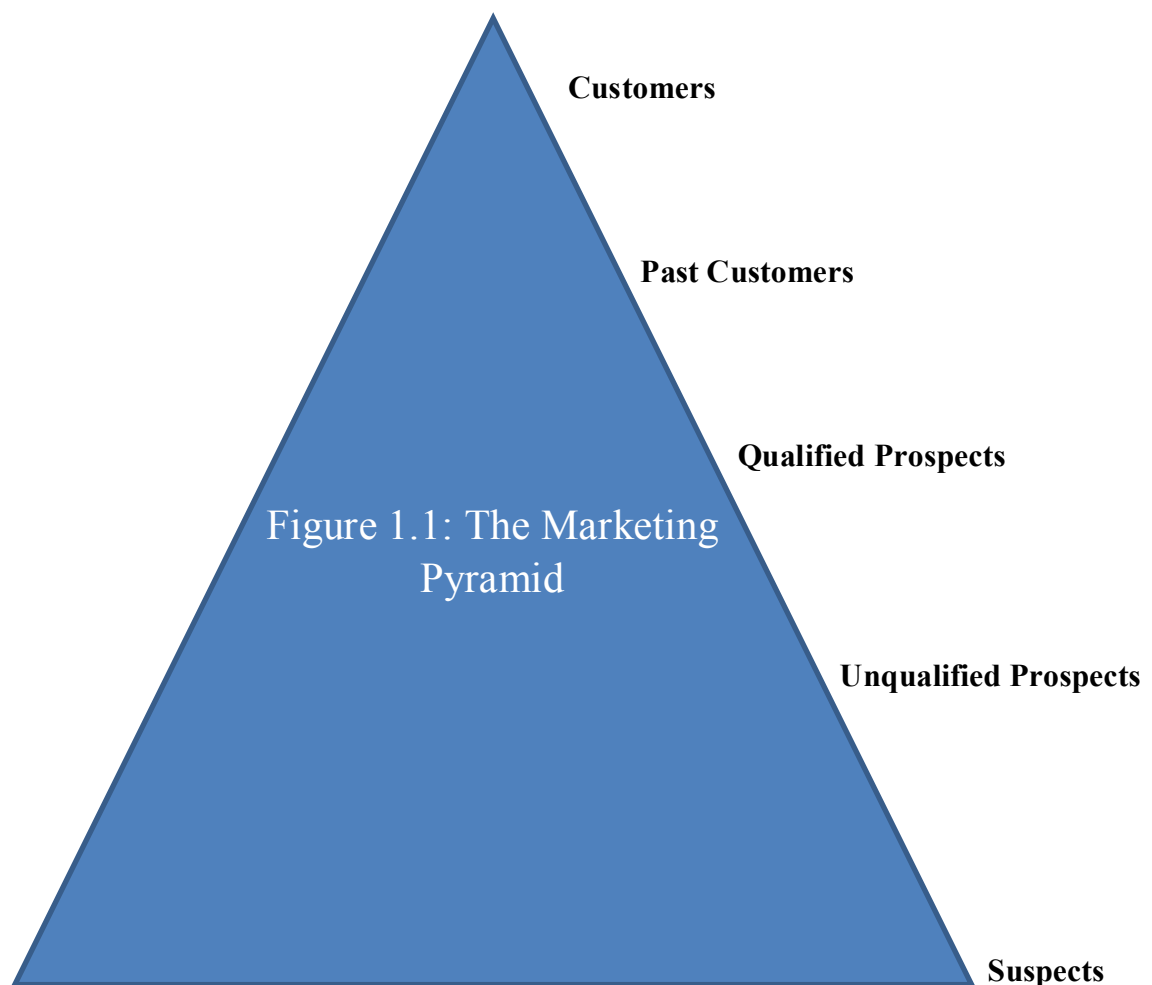
Figure 1.1   The marketing pyramid.

Putting the Marketing Pyramid to Use

Following is another marketing pyramid (<u>Figure 1.2</u>), but this time it is representative of a hypothetical software company's customer base. Take a moment to read the description of each lettered segment accompanying the pyramid.

Figure 1.2. The marketing pyramid for a software company.
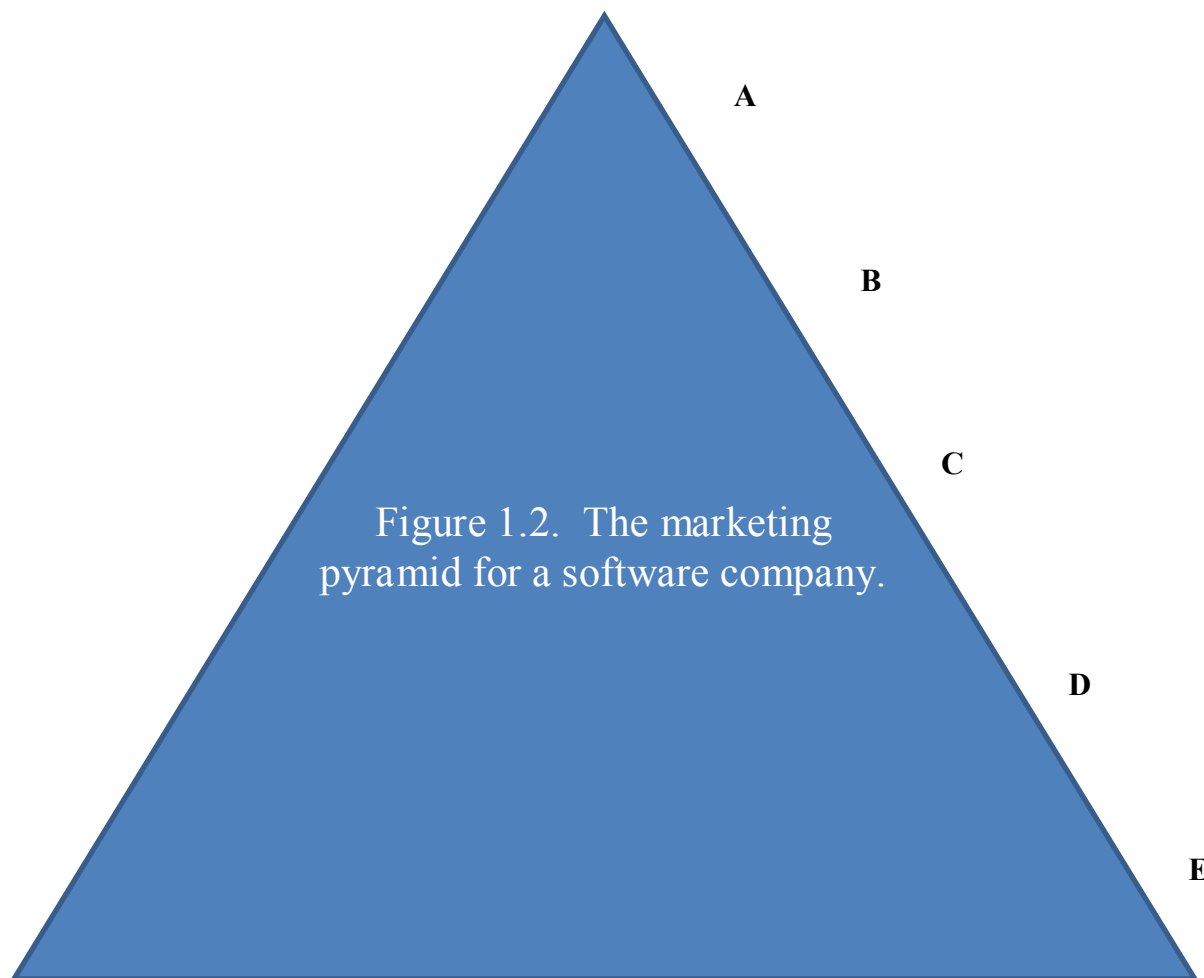
Figure 1.2   Software company marketing pyramid.

<u>Software Company's Customer Base</u>

A: Purchasers of a site license of the customized version of the software product, running on a laptop or desk computer, using 4 to 6 applications. These

purchasers have also signed a service and support agreement.

B: Purchasers of a single copy of the customized version of the software product, running on a laptop or desk computer, using up to 3 applications. No service and support agreement.

C: Purchasers of a single copy of the non-customized version of the software product, running on a laptop or desk computer, using only 1 application. No service and support agreement.

D: Purchasers of multiple copies of the PC version of the basic product.

E: Purchasers of a single copy of the PC version of the basic product.

What do you notice about this pyramid? Going in reverse order, as you progress up the pyramid, from "E" to "A", the segments get smaller and, more importantly, they increase in terms of their value to the software company.

By the time you get to the top of the pyramid, see what happens to the customer relationship? The relationship the company has with the customer in segment "A" has intensified significantly and become worth much more to the company. As you would expect, the individual customer at the top of the pyramid is of higher value than the customer at the very bottom of the pyramid, not only in terms of products and services purchased, but also in loyalty and longevity.

Now please try an exercise so you can see how the marketing pyramid applies to your own needs.

Visualize the same marketing pyramid we just reviewed, only this time, all of the segment descriptions are blank. Make a copy of the blank pyramid and fill in your own segment descriptions on the lines, using what you know about your own company's customer base.

Use any definable criteria you wish that applies to customers -- products purchased, amount of purchase, recency of purchase, frequency of purchase, etc.

But use as much definable criteria as possible in each segment so you are really describing the relationship the customer has with your company. Build the pyramid so that, from bottom to top, the relationship intensifies. You should end up with your most valued customers at the top of the pyramid. (If you prefer, you can do this exercise with prospects instead of customers.)
Please complete this exercise now.

YOUR SEGMENT DESCRIPTIONS:

A: _____

B: _____

C: _____

D: _____

E: _____

Take a good look at your marketing pyramid and re-read each segment description. Now get a highlighter -- any kind will do -- and please highlight segment "A" in the pyramid itself. That's right, just color in the little triangle at the top of the pyramid.

That little triangle is your "Golden Triangle." It represents a gold mine for your company, because it is the very top of your customer base. In many organizations, The Golden Triangle is equal to about 20 percent of the total customer base. This follows the "80/20 Rule," or "Pareto's Principle," which

states that <u>20 percent of your customer base is of greater value than the other 80 percent</u>.

In some companies, 20 percent of the customer base also causes 80 percent of its problems!

The percentages themselves aren't as important as the concept of disproportionate segment value. The 80/20 Rule works for most companies in relative terms. That means that a much smaller portion of your customer base tends to be of greater value than the rest of the customer base. Segmenting your customers using the marketing pyramid makes that fact apparent.

But now ask yourself: Does your company do anything <u>differently</u> with those more valuable customers in The Golden Triangle? Do you communicate more frequently with them, for example, or do you have a special e-mailed newsletter for them, or do you give them preferential treatment, such as a frequent buyer program or a password-protected Extranet? In other words, is your company mining the gold?

You might be surprised to learn that many companies <u>don't</u> treat their very best customers in a different way at all. Maybe your company is one of them.

Another Use for the Marketing Pyramid

Here's another interesting fact to consider about your marketing pyramid. If you can segment your customer base, or your prospect base, you can also <u>prioritize</u> the audience by segments. The marketing pyramid forces you to think hierarchically -- D will have a higher priority than E, C will have a higher priority than D, and so on. Once you prioritize your audience segments, you can build an entirely <u>segmented direct marketing program</u>. You can actually base the intensity of your direct marketing activity on the priority of the segment.

For example, the software company used to illustrate the pyramid concept may want to structure a customer communications program that calls for two newsletters with a special editorial slant on cloud computing sent to segments D and E on an annual basis.

But the company would be wise to invest in a special newsletter that focuses on the same topic and send it four times a year to segments A, B, and C. What's more, the company may want to include a <u>personalized e-mail or letter</u> only to the customers in segment A with each issue of that newsletter. Maybe the company can offer something special to segment A in that message. After all, segment A is The Golden Triangle.

This is direct marketing at its best -- building a program that takes strategic advantage of audience segmentation.

Now that you've experimented with the marketing pyramid, use it again and again as your own "secret tool" to segment audiences and develop more effective program strategies that address those segments. Based on your own segmentation scheme, you could vary your direct marketing program in intensity to fit with the levels of the pyramid. The marketing pyramid provides you with an easy way to help you think programmatically -- and keep your program strategies on track. One last point. Remember the first marketing pyramid -- the one with the combination of suspects, prospects, and customers? If you turn it upside down and slice off its top, it turns into something else (<u>Figure 1.3</u>).

Figure 1.3: The Marketing Funnel

Suspects

Prospects

Qualification Process

Sales Contact

Sale
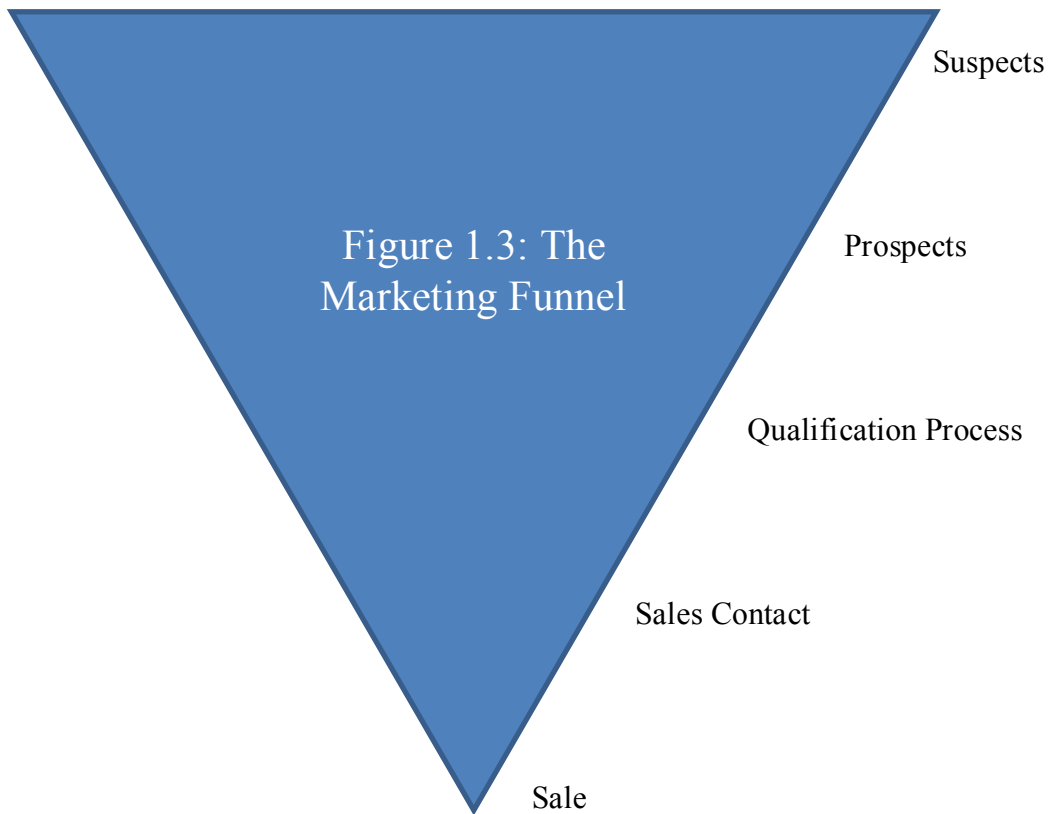
Figure 1.3   The marketing funnel.

This is more than merely an upside down marketing pyramid. Now it's a "Marketing Funnel." Here's the way it works...

You throw suspects in the top...

... shake them down until they become prospects...

... develop a qualification process to push them down the funnel...

... get those top prospects ready for being contacted by your sales force...

... and Presto...

... that's when customers drop out at the bottom!

Audience and Media

Formulas exist in direct marketing to establish basic principles. When a formula is used repeatedly, you can be reasonably confident that it works -- over and over again.

One of those often-used formulas is the "40/40/20 formula:"

40% of success is attributed to your Audience

40% of success is attributed to your Offer

20% of success is attributed to Creativ3

This formula expresses the <u>relative impact</u> of audience, offer and creative/format on the success of a direct marketing program. It suggests that audience and offer are of equal importance, while format/creative is of lesser importance.

The percentages themselves are a subject of debate among some direct marketers. Many experts believe that the audience is MORE important than offer, because if you are not targeting the right audience, nothing else matters. And while offer is undoubtedly second only to audience, in our experience we have found that the format or creative approach are often "the swing factor." Increasingly, the creative plays the role of attracting the attention of the audience and getting the direct marketing noticed in the first place. So while the offer itself is crucial, it may never get noticed if the creative doesn't do its job well. We'll address offer and creative in the next two chapters, but on the assumption that audience is still Number One, let's examine the audience factor first.

"The Consumer (or Customer) with an In Box"

The recipient of your direct marketing is a "consumer" like any other. The big difference is that this person is a consumer in a business setting —with different responsibilities in his or her "business life." That's why we may prefer to call them a "customer" rather than a consumer, since they will not necessarily be the end user of what they buy – raw materials, equipment for others to use, etc.

In consumer direct marketing, we first look at demographics — attributes such as a consumer's gender, age, income, and where the consumer lives. Business attributes are different. The "demographics of business" include:
- the individual's functional area/job title
- the individual's purchasing authority/influence
- the individual's department and department size
- the company size and type.

Three Key Audience Strategies

There are three important audience strategies you should consider when you design direct marketing programs:

1.   Micro-segmentation

Business-to-business direct marketers have discovered that there is no such thing as a single audience for their products or services. Rather, there are numerous audience segments -- each of which has separate and distinct needs. Micro-segmentation is the process of breaking an audience into finely defined segments -- and then targeting those segments with appropriate offers and messages. As demonstrated earlier with the marketing pyramid, an audience can be sub-divided into distinct segments, using value-based criteria to distinguish one

segment from another. Then direct marketing activity can be keyed to each of those individual segments.

2.   Cross-functional direct marketing

In the context of the typical business organization, buying decisions, especially for products over a few thousand dollars, are today made by <u>groups</u> of individuals. As a result, direct marketers increasingly need to <u>extend the reach</u> of their programs to different functional areas within an organization, and perhaps even different levels within a functional area.

There are <u>multiple buyers and influencers</u> in any organization who play a role in the buying decision. While you may know with reasonable certainty who your primary target is, secondary targets can be just as important to reach. You may have to reach business buyers and influencers in three basic management areas:

•   General Management — CEO, COO, president, general manager

•   Financial Management — CFO, controller, purchasing manager

•   Functional Management — marketing, sales, IT, HR

Audience situations can be far more complex than that, however. For example, if you market information technology products, you may also have to reach technology buyers and influencers:

•   Senior Management — CIO, VP

•   Mid-level Management — Director, manager

•   Technical Management/End User — Engineer, programmer, software developer.

One of the primary objectives in reaching multiple levels is to create widespread awareness for your product or service. Ideally, your direct marketing promotion will create "cross-talk" among various employees. In fact, you can

design direct mail to actually <u>create</u> that cross-talk. Here are two examples of how to accomplish this:

• Mail to one manager and include an additional piece in the envelope. Ask the recipient to pass along the additional piece to another colleague who might be interested.

• Send a mailing package or e-mail to two or more managers in the same company and reference each of them in the letter copy, or include their names in a "CC" notation at the bottom of the letter or top of the e-mail.

3. Relationship direct marketing

Individuals in a business are not always ready to buy products or services when you are ready to sell them. There may be factors you cannot control, such as the company's budgeting process, the need for additional approvals, or purchasing procedures which may have a direct impact on plans to purchase. There may be a casual interest in the product, but not an immediate need.

The smart business-to-business direct marketer compensates for this uncertainty by making sure to be in front of prospects <u>periodically</u> -- with a program of regular, on-going communications (often called a continuity program). This is important for a number of reasons:

• It provides numerous opportunities for the prospect to respond at different times -- when the prospect is ready to do so. There is evidence that, if a prospect is interested in a product but does not need it immediately, he or she will retain the mailing piece or white paper for future reference. It is not unusual for a direct marketer to receive an inquiry from a campaign sent to prospects or customers months or sometimes even years earlier.

• It builds awareness so that the prospect may already have the product or service in mind when a purchase decision is reached. Indeed, in today's world,

most business customers do considerable research before proactively contacting any salesperson.

•   It encourages pass-along by the prospect to other levels within a prospect's functional area, and to functional areas other than the prospect's area.

•   It provides opportunities to reach new individuals who may take over the prospect's job -- not insignificant, given the high turnover in many business positions today.

•   It offers yet another marketing opportunity should the prospect move on to another company where he or she may be in a position to influence a purchase.

Audience Strategy and Mailing Lists

Audience strategy drives the process of evaluating and selecting mailing lists. As you may know, there are three basic kinds of lists:

Your house list

The house list is typically comprised of customer and prospect names collected via a variety of methods: input from the sales force, trade shows, leads from various online and offline media, etc.

The house list should be segmented into customers and prospects, with further segmentation of each based on criteria available on the list. Ideally, the customer list will be further broken down using value-based criteria, such as "RFM" data (recency, frequency, and monetary value). Prospect lists should be sub-classified into segments based on their likelihood to purchase: A, B, C, D, or Hot, Warm, Cold.

House lists can be a company's best-performing lists -- IF they are properly structured and segmented, and scrupulously maintained.

Response lists

These are lists with names of individuals who have demonstrated a propensity to respond. Typical response lists include subscriber, buyer, and member lists.

Compiled lists

These lists are compiled from a variety of sources, including telephone directories.

Conventional list wisdom used to rank response lists above compiled lists in terms of being most effective in generating response. While this is still true in most cases, the business-to-business list world now has available some interesting "hybrid lists" which combine the best qualities of response and compiled lists. These lists often include additional data, often acquired via telemarketing surveys, which make them more valuable to marketers.

There are tens of thousands of business-to-business mailing lists, telephone number lists, and e-mail lists available. You should carefully evaluate all types of lists with <u>target audience segmentation criteria</u> in mind. You begin the process by surveying all available lists and narrowing down the choices based on selectable criteria available on each list. Some lists are quickly eliminated because they do not have adequate selects. Once you make your selections, you order the lists and generally perform "merge/purge" data processing to eliminate the duplicates.

For the most part, response lists are rented for use, not sold. You rent the names on the list for one-time usage. In some cases, you may want to obtain the names for multiple or unlimited usage, which can be negotiated. If a name responds, you own it. Otherwise, you cannot re-use the name without paying for it again.

List owners and managers seed rental lists with decoy names. It is both illegal and unethical to make unauthorized use of rental lists.

Typical business-to-business response lists rent from $ 175 - 250 per thousand names and up. There are additional charges of perhaps $5 to 10 per thousand names for each additional select criterion and for keycoding.

The list review and acquisition process is not for the inexperienced or queasy. The business of lists can be bewildering. Because the ultimate success or failure of a direct mail campaign rests largely on the list sources, you may want to work with direct marketing agencies, list brokers, or others qualified in list segmentation and selection.

Using SICs to Select Lists

One of the most common means for selecting lists is using "SIC" codes or "NAICS" codes. SIC stands for <u>S</u>tandard <u>I</u>ndustrial <u>C</u>lassification, and NAICS stands for North American Industrial Classification System. These are government-originated systems.

By overlaying SICs or NAICSs with geographic data from MSAs (Metropolitan Statistical Areas) or SCFs (Postal Sectional Centers), direct marketers can precisely target the type of company they want in the specific geographic location they want.

Limit Your Risk by List Testing

Testing is one of direct marketing's great differentiators. While you can test many other things — media usage, offers, creative approaches, even types of postage — list testing is generally an experienced direct marketer's first priority. Basically, list testing means selecting a test quantity from several different lists, coding each list for tracking purposes, and evaluating the results with the intent of re-using some lists, adding new lists and potentially eliminating some lists. Again, this is something you shouldn't "fool around" with — a direct marketing agency

or experienced list broker can be a valuable ally when it comes to list testing.

Direct Marketing Media

The following is a list of the basic media available to the business-to-business direct marketer:

Direct Mail

Self-mailers, letter packages, postcard decks, catalogs.

Self-Mailers

Includes anything not mailed in an enclosure: postcards, flyers, multi-panels w/tear-off reply cards, brochures, "all-in-one" formats. Often used to generate leads, seminar attendance, drawing prospects to a Web site or landing page; less often for order generation. Also used as first part of 2-step approach (step 1: generate lead; step 2: fulfill lead).

Packages

Still the most common form of direct mail. Typically, letter, reply card/form, reply envelope, enclosure(s), outside envelope. Lead generation packages tend to be "lighter", order generation packages "heavier" on information. Could also be dimensional to carry DVDs, sample products, etc. Also used as first or second part of 2-step approach (see above). Greatly varies in size, contents, creative approach.

Catalogs

Multi-page, multi-product pieces. Typically includes all ordering information "in one place." In technology marketplace, very common for software, some computer hardware, electronic components, accessories/supplies, etc.

Telephone

Outbound; inbound – 800, 866, 877, 888 (advertiser-paid), 900 (caller-paid) numbers.

<u>Inbound</u>: primarily used for taking leads and orders. "Natural" speech preferable to scripting, but scripting essential for message control.

<u>Leads</u>: Must get all basic information, including SOURCE CODE, and qualify as much as possible.

<u>Orders</u>: Must get all credit card information, bill to/ship to addresses, and phone number. Also get source of order. Should be prepared to give out ordering information. Providing order verification number is a good idea.

<u>Outbound:</u> Can be used in a variety of ways, including: surveys, qualifying leads, prompting customer or hot prospect orders, verifying names/addresses, etc. Scripting/experienced telemarketers essential.

Print Advertising

Ads, Free Standing Inserts (FSIs), blow-in/bind-in reply cards; with coupons, 800 numbers, Web site addresses, reader service numbers.

Magazine/journal advertising with <u>direct response</u> objective. Can be used for both lead generation and order generation. Typically not as efficient as direct mail for quality lead generation because it is primarily an awareness medium. More often used for low-dollar item order generation (under $200). Distinguishing features: long copy, heavy on benefits, order coupon or accompanying bind-in reply, toll-free telephone number, Internet URL listing or landing page.

Electronic or Interactive

<u>The Internet</u>: E-mail, Web Sites, Newsgroups, Blogs, Social Media

Broadcast

Radio; TV; Video; Satellite/cable TV

Television has not traditionally been effective for business-to-business direct marketing because it is primarily an awareness medium, although targeted satellite and cable television may present better opportunities. Radio is sometimes used to generate leads or orders. Many business-to-business marketers also have discovered the power of video in attracting and cultivating customers, with videos on their Web sites and on YouTube.

Other Media

Events (seminars, trade shows); overnight deliveries

Media Integration

In an ideal world, offers and creative messaging will be designed to "cross over" various media, and the media will be intelligently combined and integrated to give the direct marketer the most bang for the buck. You should consider utilizing more than one medium in an integrated fashion for several reasons:

A single medium is no longer adequate to break through to the typical business-to-business audience.

Today's business-to-business audiences are more sophisticated, busier than ever, and overwhelmed with promotional communications. As a result, if your offer and message are reinforced across several appropriate media, and effectively used in combination, you have a better chance of breaking through the clutter.

Integrating direct mail/e-mail and telemarketing offers you a potent "one-two punch."

Utilizing direct mail/e-mail and outbound telemarketing in particular has proven effective in numerous combinations, including the following:

Call - Mail - Call: Call first to pre-qualify or verify an important list of names. Follow with a primary direct mail piece and/or an e-mail (only if the prospect has opted in to receive e-mail from you). Follow up to a portion of the list with telemarketing.

Mail - Mail - Call: Mail a primary direct mail piece and/or e-mail to a list. Follow up with another communication a few weeks later. Follow up with a call to respondents and to select non-respondents.

Call - Mail - Call: Call an important list to announce a mailing. Follow with a primary direct mail piece and/or e-mail. Follow up with a call to respondents and select non-respondents.

Telemarketing is also one of the most effective media for handling inbound responses.

Audience, offer and creative strategies can be cost-effectively leveraged across numerous media.

If your core direct marketing strategies are sound, you can leverage your work across media. Do it effectively and you can spread your costs, achieve impact for your brand, and gain offer and message consistency throughout a campaign.

Later in this book, we'll explore in depth how to integrate the Internet with other direct marketing media.

Offer Development

Second only to audience in importance is the "offer." There are really two parts to the direct marketing offer...

1. **The <u>underlying</u> offer.**

The underlying offer is comprised of your company, your products, your services

and (more importantly) your target audience's <u>perception</u> of those things. It may be obvious, but the underlying offer can have a definite impact on the effectiveness of the promotional offer and, therefore, on results. For example, if a company or product has little or no awareness, the direct marketing will have to work extremely hard to do its job.

Similarly, if the perception of the company is positive or negative, it can affect direct marketing results in a good or bad way.

The underlying offer is also a key differentiator in influencing the ultimate buying decision. Products or services and the companies behind them must have <u>credibility</u> with the prospective purchaser.

Many years ago, there used to be a saying in the computer business: "You can't get fired for buying IBM." The rationale was that, if something went wrong, the purchaser could at least say he or she had bought the product from the world's best known computer company. IBM undoubtedly leveraged that very powerful and credible position in the marketplace -- even if their products were not always superior to others.

Today, that mentality in business is far more subtle -- but it still exists. In business-to-business marketing, the purchaser is looking for reasons NOT to buy. After all, the wrong purchasing decision can potentially jeopardize an individual's performance or credibility on the job. That's why it is very important to <u>build a case</u> in your direct marketing that helps to <u>remove any doubt</u> about your company and your product or service. You must be able to assure prospects that <u>they take no risk</u> when they consider purchasing from you.

One powerful way to build credibility is to let others do it for you. A commonly used technique that works repeatedly in this regard is the testimonial or case study. Companies always seem to achieve better than average results when they have good, solid success stories with names of customers that can be

referenced. Another way to build credibility is to use statements, white papers, benchmark reports, or mentions of industry awards from objective analysts, journalists, publications, respected bloggers, or industry experts.

2.   The direct marketing or <u>promotional</u> offer.

The promotional offer is what you, the advertiser, are willing to give to the target audience to <u>elicit a response</u>.

The promotional offer is critically important in business-to-business direct marketing today, because it helps to <u>differentiate</u> your product or service from everyone else's. The reality is that your direct marketing heavily competes not just with other direct marketing, but with other advertising and promotional media for products and services which may be the same or similar to yours. It often takes a compelling offer for your product or service to stand out from this crowded field. Strong promotional offers embody differentiation and <u>call positive attention</u> to your product or service. Offers that work the best have "high perceived value" to the prospect. That means there is something irresistible about the offer -- something that motivates the prospect to take action -- either to inquire, or to make an immediate buying decision.

Remember the "40/40/20 formula"? If you agree that offer is second only to audience in importance, you need to find ways to develop "high value" offers that relate to the target audience -- and elicit a high quality response.

Basic Rules for Offer Development

1.   Your offer should be directly related to <u>your direct marketing objective</u>.

The promotional offer changes based on two basic direct marketing objectives: In <u>lead generation</u>, the offer should be something of high perceived value so that the prospect will want to respond <u>and</u> provide qualifying information to get the

offer. If you want to generate qualified leads, offer something of specific value to the target audience that they really want to "buy" from you with "marketing currency" — the answers to questions you ask. The offer should be "audience-appropriate" -- a technical white paper is likely to be an appropriate offer for software developers, whereas a popular management book is probably a more appropriate offer for business executives. But be careful — the offer should be related to your product or service, not something so general and desirable as a free T-shirt or a contest with valuable prizes, or you'll get a lot of "false positives" from people who just want your offer but aren't good prospective buyers.

Proven Lead Generation Offers

Success stories

Evidence of how your product or service performs in real situations with named customers tends to have high perceived value as an offer. Testimonials from users in the form of case histories, "before and after" comparisons, or problem/solution success stories are desirable, especially if they demonstrate your product's superiority in the marketplace. Success stories will be stronger if you can get permission to reference specific customers and use their photos, quotes, etc. An alternative is to use stories in which you disguise the identity of the customers, but these are not nearly as effective.

Special reports

Special reports, research studies, industry reports, market analyses, and white papers can be strong offers if they are positioned as objective, or better yet, if they are authored by <u>outside</u> objective consultants or industry experts. This type of offer tends to position the marketer as a leader in its field, willing to share information and educate the target audience.

Comparative analyses

A point-by-point comparison of your product or service, versus the competition, can be powerful if you are attacking a market leader. Ideally, such an analysis would include a cost justification component which allows the prospect to objectively determine for himself that your product is the better value. This type of offer works well in a "fill-in-the-blanks" worksheet format, or as an interactive exercise online. If you use this approach, be sure you can validate your claims.

Seminars or special events

While seminars and special events involve a specialized set of logistical and promotional requirements, they do have a proven ability to attract qualified prospects. Event offers may include free seminars (typically half-day events with a top-notch agenda, guest speaker, and giveaway at the end), teleforums (a seminar held via telephone, often with a number of customers or guest speakers present), demo days (often tied in with a trade show), and virtual seminars (webinars); these will be discussed in detail later in the book).

In <u>order generation</u>, the offer must be compelling enough to turn a prospect into a customer, or encourage another order from an existing customer. Order generation offers may include free trials (typically 30 days in length), price incentives, product add-ons, gifts, or other items to motivate purchase. These offers should also include all terms and conditions of purchase. A satisfaction or money-back guarantee is a standard and necessary part of order generation. To succeed at generating orders, you must offer something that adds real value to the product. A deadline on the offer provides a strong incentive for the prospect to take action NOW.

2.   Often, you already have lead generating offers available to you without even knowing it.

For example, analyst or industry white papers, special reports, and benchmark

studies are high value offers. In fact, any information that's perceived to be objective is valuable. Analytical tools, such as checklists, electronic worksheets and ROI analyses are valuable. And information packaged in an interesting way -- downloadable from the Web as a podcast or on a YouTube video -- may be desirable, as long as the quality of the information is high.

Keep track of all the information available in your organization. Use the Internet to research other information that might be appropriate for use as a promotional offer. Build an "offer arsenal" of possible promotional offers that you have available for use over time.

You can sometimes take a "generic" offer and slant it to a specific target audience to make it seem to have higher value. For example, a white paper that might apply to all industries can easily be targeted to a specific audience simply by writing an industry-specific introduction for it.

**3.	The value of the offer should increase based on the anticipated difficulty you'll have in generating a response.**

For example, if you're targeting a very high level audience, a report authored by a well-known consulting group is preferable to a company-authored report. If you're trying to re-capture a dormant customer's business, a limited time, "customer only" discount or package deal is probably desirable.

You may find this underline{Offer Idea *Chart* useful in developing your own direct marketing offers.*

Offer Idea Chart

If you want to generate…	You should consider these offers…
An unqualified lead	Free information without qualification questions
A qualified lead	Any of these with qualification questions required: Free information, free gift, premium item, seminar, demo, sample, tree trial, analysis, free book, newsletter subscription, etc. Offer could be front-end, back-end, or both (time limit recommended).
A new order	Gift upon purchase, discount, additional product, add-on service, multiple product discount, complementary product, extended warranty, satisfaction or money-back guarantee, easy payment terms, free shipping, buyer club, etc.
A repeat order	Same as for a new order, but more emphasis on continuing customer relationship; cross-selling, frequent buyer, etc.
An order from a former customer	Major incentive, such as deep discount, sweepstakes/contest, etc.

Offer Description Makes a Difference

Don't underestimate the power of the written word when it comes to successful offers. It is just as important to describe the promotional offer in benefit terms as it is to describe the product or service itself. The offer must sound like something the prospect "can't live without" -- within reason, of course.

If the promotional offer is a special report, tantalize the prospect with what

he or she will learn by reading it. If the offer is a free trial, build up the benefits of the product and highlight the risk-free nature of the offer. Promote the offer with strong, active words that make someone want to pick up the phone or go online and ask for it right away. Use deadlines if appropriate, and always make the call to action prominent.

Offers that DON'T Work

Some business-to-business direct marketers simply don't spend enough time on developing an effective offer. Here are a few examples of offers that are doomed to fail.

The "If I Build It They Will Come" Offer

This is the most common offer — and it's really a non-offer. The business-to-business marketer assumes that the prospect knows all about the company and the product or service being promoted, and therefore makes a nebulous offer, something like "Send for free information." This offer does nothing to distinguish a product, nor does it work hard enough to attract prospects. It is a "throw-away" offer — and that's what most qualified prospects will do...throw it away.

The "Hey Isn't This Cool" Offer

This offer is just too cool for words — you know, a T-shirt, a baseball cap, a beach ball, trendy electronic gadget, whatever. The problem is, most of the time this kind of offer generates "false positives" — people who would love to have the gimmick, but have no real interest in the underlying offer (your product). This kind of promotional offer will typically generate a high response, but unless you carefully pre-select your audience and ask numerous qualifying questions, you'll be spending a lot of money sending gifts to people who will never buy your product.

The "You Need a Law Degree to Figure It Out" Offer

This is the kind of offer that has so many strings attached, or is so complicated or convoluted, that the prospect is basically left scratching his head. If you're trying to generate an order, of course you have certain terms and conditions you need to convey. But if your primary objective is generating a lead, you should make it easy, easy, easy to take advantage of your offer.

Creative Execution

The 20 percent in the 40/40/20 Formula is the creative execution. While it may be last in impact, the creative is certainly first in impression. Increasingly, it is the creative "product" -- the copy and graphics -- which distinguishes a piece of direct mail or a direct response ad and makes it stand out from the crowd. Formatting has reached a new level of sophistication. In direct mail, there as an ever-widening array of formats, though most of them continue to be variations on the basic self-mailer, envelope package, or catalog. But there seems to be an increasing use of odd-size pieces -- oversized postcards, square mailers and packages, tubes and boxes -- in an effort to penetrate the screen. Gimmickry such as pop-ups, sound chips, gift items, and posters is now used more often in business-to-business in an attempt to heighten response.

Direct mail creative execution itself has become just as sophisticated, if not more so. There was a time when advertising was far and away the "prettier" medium, but not anymore. Full-color photography and illustration are commonplace, and excellent design is no longer foreign to business-to-business direct mail.

To some extent, the impact of television and the Internet have contributed to the creative product. While it used to be that copy drove direct marketing execution, it is no longer the case. Now the best direct marketing is a carefully

coordinated combination of both copy and graphics -- sometimes it's hard to tell where one leaves off and the other begins.

What distinguishes great direct marketing creative execution?

Regardless of the medium used, you'll find that effective business-to-business direct marketing creative work (copy and graphics) has a number of distinguishing characteristics:

Great creative is audience-appropriate.

The most effective direct marketing creative appeals to a specific target audience -- and is delivered through media to which that target audience responds. The copy and graphics are not developed, designed, and written for the marketer -- but rather for the prospect to whom the promotion is directed.

This aspect of the creative work differentiates direct marketing from general advertising. Direct marketing creative tends to be less about the company and the product and more about what the company and product can do for the prospect. This creative spin could be a tough pill to swallow for some "corporate types" who are so protective of their corporate IMAGE that they forget they are addressing prospects. Great direct marketing creative is really a very careful combination of conveying the appropriate corporate message in a way that is very appealing to the target audience. (Not always an easy task.)

Great creative keeps the focus on benefits.

In direct marketing, benefits (what the product does for the prospect or customer) are always stressed over features (what the product does). Look at the following examples of copy written about a software product that works with Windows 10:

Copy with a focus on features:

 "Windows 10 compatible, with integrated GUI."

Copy with a focus on benefits:

 "Works seamlessly with Windows 10 so you can just load it and go, fast and easy. And everything's point and click, so it's a snap to learn and use."

Notice the difference? The first example simply details the features and assumes that the reader knows what GUI is and what it does (it's Graphic User Interface), while the second example describes those features in a way that the prospect can answer the question, "What's in it for me?" While it's often a good idea to include both features and benefits, benefits should always take priority.

Great creative includes just enough detail.

Related to the above point, it's important to convey some detail about a product or service without overwhelming the prospect -- especially in lead generation. Too <u>much</u> detail and there won't be anything left for the prospect to ask for. Too <u>little</u> detail and the prospect won't have a good sense of the product – and might not inquire at all.

In order generation, the opposite is true. When you are using direct marketing to sell direct, you need to provide <u>all</u> the detail necessary so that the prospect or customer can place an order.

Great creative includes a prominent call to action.

While a direct response piece can have a handsome appearance, its ultimate responsibility is to elicit a response. That means that the "call to action" must be easy to find. Good direct marketing makes the call to action prominent, sometimes repeating it. It should be very clear what action you want prospects or customers to take, and how they should respond.

Although less common today, there may still be a physical reply form of some sort, typically a reply form or a business reply card which can be mailed or

even faxed. Offering multiple response paths tends to increase overall response. In terms of lead priority, phoned in responses tend to be the hottest leads, then online in responses, and then mailed in responses.

The Internet, however, changes that dynamic. Web response paths, and to a lesser extent e-mail response paths, have grown sharply in popularity, both with marketers and respondents. Industry experience suggests that the Web response path is second only to inbound telephone in generating quality leads.

Creative Work that Breaks Through

With direct mail and print advertising in particular, it has become more and more difficult to <u>break through</u> to the prospect. One reason is because of promotional clutter.

Promotional clutter is at an all-time high. Now virtually every medium is being used to convey promotional messages, and all direct marketers pay a price in terms of diminishing response.

Some of the typical promotional media a business manager has to face each day include:

Advertising: Newspaper

Advertising: Magazine

Direct Mail – External

Internal Mail/Memos

Telephone/Voicemail

E-mail – External and Internal

Web Ads and Messages

Overnight Deliveries

…and even the occasional FAX

With this kind of environment, creative execution that has the ability to

break through is important. Direct marketing creative work must:

Have Impact

The direct marketing should arrive in a "package" that is appropriate for the prospect or customer. Direct response advertising needs to stand out from the competition in a trade journal or newspaper to attract a reader's attention. Direct mail should be appropriate to the target audience: mailing packages tend to work better with senior managers in larger organizations, while self-mailers are fine for mid-level managers and below in larger organizations, and even for senior managers in small businesses.

Be Readable

Regardless of the medium, the direct marketing should be readable. Short sentences and paragraphs are preferable. Copy should be crisp and clearly written. In general, type should be easy enough to read for an aging American population; current demographics make it likely that part of most business-to-business audiences are in the over 40 age bracket.

Be Inviting

Good direct marketing makes you feel as if you are being invited to take advantage of a great opportunity, often at no obligation or risk. The tone of the promotion should be non-threatening, friendly, and invitational.

Be Intriguing

Creating a sense of excitement, or doing something unusual, is often necessary to break through promotional clutter. You can accomplish this by considering the use of high-impact graphics or photography, unique formats in direct mail such as dimensional or bulky packages, and animated graphics in electronic media.

Be Compelling

Don't forget that the ultimate objective of your direct marketing is to get a

<u>response</u>. Everything about the direct marketing creative should work to that end, no matter what. Look at the direct marketing as a "greased chute": Imagine that every element of a mailing package, or every word of an ad or telemarketing script, is designed to push the prospect down a chute. The more compelling the creative, the more you've greased the chute -- so the prospect moves faster and faster towards responding.

How to Write Winning Direct Marketing Copy

In the olden days of direct marketing, copy was king. It was the copywriters who called the shots; in fact, they often started in the business as salespeople who later translated their face-to-face selling arguments into lengthy direct response ad copy. Graphics were not nearly as important early on.

That has changed considerably with today's highly visual approach to advertising and promotion. In an era when technology has driven digital publishing to new heights, photographic imagery and relatively sophisticated artwork have become common in most promotional media, and direct marketing has followed suit. Full color is almost a pre-requisite, although direct marketers sometimes attempt to break through by using black-and-white as a contrasting differentiator.

There is no question that "look and feel" now plays a key role in the creative product. Whatever the graphic approach, however, the underlying importance of the core creative concept is the message itself -- expressed in a <u>copy platform</u> that sets forth the selling argument and the basic content of the direct marketing. Without that, the direct marketing is little more than pretty pictures.

So in that context, here are seven tips to help you write winning direct marketing copy.

1.   Me, Not We

Characteristic of winning direct marketing copy is the "me-to-you" correspondence style of writing. Great copy is really a conversation or dialogue between the writer and the reader. It engages the prospect in a copy Web of sorts -- by weaving a story that ends in a strong, convincing reason to respond.

2.   You, You, You

Perhaps the most important word in direct marketing is "You" -- something the reader just can't get enough of. Using "you" tells a prospect that it's him or her you care about -- and forces YOU to focus on the prospect's real needs and desires.

3.   Write Like You Talk

Excellent direct marketing copy has a certain informality to it. The copy is conversational, friendly, and easy to read -- almost as if the writer is conversing with the reader. (Don't mistake this tip for poor writing -- sloppy copy does not reflect well on the marketer!)

4.   Make the Complex Simple and Make the Simple Complex

Your direct marketing may need to promote a product that is complex and involved or, alternatively, a product that is really quite simple. A wonderful "trick" of DM copy pros is to make complex products seem simple and simple products seem complex -- merely by adjusting the copy. The former helps overcome product objections, while the latter "romances" even the simplest of products -- making both seem all the more desirable.

5.   Benefits, if You Please

If you have a good grasp of the prospect's "pain," then you can turn it into a marketing gain -- by showing how your product or service is of <u>benefit</u> in meeting the prospect's needs or solving the prospect's problem.

`   6.   Over...and Over...and Over Again

Repetition is important in direct marketing copy, since people tend to <u>scan</u> rather

than read entire documents. Repeat important benefits, highlighting them with graphic techniques such as bullets, bold type, underlining, and color.

7.   **Strong Open, Strong Close**

You have a few seconds to capture a reader's attention, so the opening salvo should be strong -- whether it's teaser copy on an envelope, the first sentence of a letter, the headline of an ad, the start of a Web page, or the beginning of a telemarketing call. Just as important, the "close" must include a strong call to action to motivate the prospect to <u>respond now</u>.

Adjusting the Creative Execution to Different Media

While direct marketing creative execution should embody all of the qualities we've been talking about, the creative output must be adjusted for different media:

Direct Mail

In direct mail, the creative execution must fit within a specific format. With a self-mailing format, the cover of the piece tends to contain the most compelling headline and graphic. The mailing panel is equally important, however, since it carries the recipient's name and address; it is therefore a good idea to put offer-related "teaser" copy on this portion of the self-mailer. Inside the self-mailer, copy and graphics typically must work around folds, flowing logically from panel to panel. It's a good idea to have boxed-in lists of bulleted benefits and, if appropriate, graphics with call-outs illustrating product benefits. Self-mailers often have tear-off reply cards, which should be both prominent and easy to complete and fax or mail.

A mailing package offers more creative flexibility than a self-mailer in that it has more elements: typically, an outside envelope or other carrier, a letter, a brochure or other kind of insert, and a reply device -- a reply card, or a reply form

with a reply envelope. Each of these elements is written and designed separately, but they must function together as a coordinated unit. Well-constructed mailing packages contain elements which effectively reinforce one another.

The catalog format offers the most creative flexibility because it has the most real estate. Here, each page is a separate element, sometimes functioning as part of a section and then, as part of the whole. Effective catalog pages tend to be a well-organized, integrated combination of descriptive copy and supporting graphics. All ordering information must be clearly spelled out. The call to action should be prominent on each page, and the order form and/or references to toll-free number and Web site should be focal points of the catalog.

Telephone

Creative execution for telemarketing is restricted to copywriting, but it is no less important. In fact, too many business-to-business direct marketers don't spend enough time carefully crafting outbound telemarketing scripts.

A telemarketing script should be written conversationally, but it should be a basic guide, never to be read verbatim by the telemarketer in the business realm. Good telemarketers learn to deliver scripted copy in their own style so it sounds natural and friendly. The telemarketer must be able to engage the listener immediately, so strong opening copy that gets right to the key benefit is advisable. Telemarketing copy must be short yet packed with benefits. It should help guide the listener and encourage action.

Print Advertising

Print advertising has many of the qualities of direct mail creative execution, but the available space tends to be a challenge. Typically, a print ad is a full page or less in a trade journal or newspaper. The ad competes with numerous other ads in the same medium, as well as with the editorial content of the publication. Ad placement can be an important factor in the ad's overall effectiveness. In trade

journals, sending your prospect to a landing page rather than a general web address is important to capture the most possible leads. The inter-relationship between copy and graphics is of prime importance in print advertising. The ad must grab a reader's attention so he or she stops turning the page, then engage the reader, and finally lead to a response.

Broadcast

Television is not yet a viable medium for business-to-business direct marketing. Direct response television typically targets consumers with longer commercials or infomercials on shopper channels or at non-peak broadcast times. Television shows targeted to business are used primarily as vehicles for awareness advertising.

Radio, on the other hand, is used with increasing frequency as a direct response medium. Radio is very targetable in local markets and satellite radio, and costs are reasonable when compared to other media.   "Drive time" on news stations in particular is known to be a good business-to-business buy. Copy for radio is akin to a print ad with no visual image -- it must <u>create</u> a visual image or use compelling benefits to attract attention. Radio copy should make a strong informational offer, using a telephone number or Web site address repeated several times as the response path.

Digital/Interactive Media

Digital or interactive media presents the business-to-business direct marketer with the most exciting creative potential. There are two basic media, each with its own creative considerations: e-mail, and the World Wide Web.

E-mail can be used a text-only medium, or graphically with HTML and other applications. The creative aspects of e-mail will be addressed later in this book.

The Web is certainly the interactive area receiving the most attention from

direct marketers. Creatively, the Web combines the qualities of several direct marketing media, with some of its own unique ones. It is similar to direct mail in that it can accommodate integrated copy and graphics. Like broadcast, the Web also facilitates the use of sound and multimedia. But the Web is unique in its construction and its instant interactivity -- both of which require specialized creative considerations. You'll find more about that later on as well.

Implementation and Analysis

All of the material in this chapter up until now provided the building blocks you need to develop sound strategies and execute effective business-to-business direct marketing programs. As a direct marketing practitioner, you soon realize that implementation is very much an ongoing, never-ending cycle of setting strategy, planning programs, executing projects, measuring and analyzing results, and starting all over again in an effort to do even better.

Now you'll see how you can continually improve and refine your direct marketing programs.

How to Build Your Marketing Database

Perhaps the area with the most "payback potential" is your house list -- or what <u>should</u> be your marketing database. The house list usually starts out as a simple name and address file of customers, to which various prospect lists may be added over time. If the house list is intelligently segmented and scrupulously maintained, it can become the basis for a true marketing database -- a list that is <u>enhanced with marketing intelligence</u> about each of the individuals on it. Unfortunately, too many businesses fail to recognize the value of their house list and, as a result, it falls into general disrepair. In the business world, there could be any number of significant reasons for this:

The list has the wrong contacts.

For companies selling to larger businesses, the in-house "customer list" may actually be comprised of purchasing managers — the people who issue the P.O.s, not the REAL buyers, influencers or decision-makers. That's because the list was originally built from "bill to" records -- accounting data that is typically easier to get and more up-to-date than end user information.

You should be collecting the "ship to" contacts for direct marketing purposes. Your marketing and sales departments should work collaboratively to populate the in-house database with the names, titles, and addresses (which may be different from the corporate purchasing addresses) of the "real" end user customers.

The list is actually many different lists.

The larger the company, the more likely it is that no centralized database of customers and prospects even exists; rather, a number of in-house lists are really spread across numerous company business groups, divisions, or subsidiaries — often worldwide. Even worse, these unique lists contain duplications and inconsistent data fields, and may even be maintained with different database programs. Sometimes, company politics perpetuates separate list sources. If this sounds like your organization, you should work towards centralizing the marketing database while allowing each separate organization its own "usage rights."

The list is embarrassingly out of date.

The data turnover on a business list is frightening. Imagine how often employees come and go, or change titles, mail stops and phone numbers, in larger organizations. Many companies simply can't keep up with basic database maintenance.

You should maintain origin dates of all records and check to make sure

"old" data (which could be as little as six months old) is reviewed and updated. Communicate with customers and key prospects periodically and ask them to help you keep your list updated. And think twice before you try to handle list maintenance inside. You may be better off investing the money in outsourcing the data entry to protect the integrity of your valuable marketing resource.

The list can't be segmented.

If you market your products or services to different audiences, you should collect the data necessary to IDENTIFY and SEGMENT those audiences. A marketing database isn't much of a database if it doesn't include meaningful criteria (such as job title, size of company, and SIC/NAICS) which can be used to break the customer or prospect database into smaller segments, and then can be TARGETED with appropriate messages.

The marketing database should be designed to accommodate segmentation criteria, including customer value data (such as "RFM" -- recency, frequency, and monetary value). Then you should accumulate, maintain and utilize this data for marketing to customers and prospects.

The list isn't being used often enough.

If the house list isn't being used as part of a regular, on-going direct marketing program, the list isn't performing to its maximum potential. Without regular use, the list isn't being continuously cleaned and maintained, and vital data isn't being added in selectable fields. And that means a valuable resource is being wasted.

Strategies for Better Databases

Profile customers first and use the customer profile to build a target prospect profile.

In direct marketing it's a known fact that, in many ways, your best prospects tend to mirror your best customers. That's why it often pays to profile your customers by <u>using the data in your marketing database to analyze your customers' characteristics</u>. Once you know what your customers "look like," you can then apply that profile to building a profile of target prospects.

Use outside sources to continually build your database.

View your marketing database as a "living" thing which needs to grow. You can use a variety of outside sources to build your list, starting with the most obvious source -- current customer information provided by your sales and account service organizations.

Then concentrate on the prospect portion of the database (keeping it separate from customers). Continually add to and "scrub" the prospect database by adding prospect lists from sales reps, trade show and seminar attendees, advertising and PR inquiries, direct marketing respondents, and so on. Always code each prospect so you know the source.

Segment and prioritize the database.

Segment your database into meaningful audiences so you can prioritize those audiences for direct marketing purposes. If possible, break customers into identifiable segments that <u>represent their importance</u> to your organization. Break prospects into "hot/warm/cold" categories based on purchasing criteria you establish.

Use the database as the core of your direct marketing programs.

Once you've built and segmented your database, use it! The database should become the core of every direct marketing program -- the central repository of marketing intelligence -- the marketing resource that helps you identify your best customers and prospects.

Questions to Ask About <u>Outside</u> Databases/Lists

Because outside lists play such a crucial role in successful direct marketing, it is important to know what to ask about them. Use the following as a checklist of questions to ask when evaluating outside lists for usage in direct marketing programs.

Does the list have...

full names?

accurate titles?

full addresses, including mail stops if available, suite numbers, ZIP codes?

phone numbers and fax numbers with area codes, if available?

e-mail addresses, if available?

From which sources was the list built?

How often is it updated?

Will the list provider assure the accuracy of the list or guarantee deliverability?

Are test quantities (generally a minimum of 5,000 records) available?

How often is the list used, and by what kinds of marketers?

What are the conditions of usage? (One time, unlimited, etc.)

Are there any restrictions?

Are electronic files, tapes or labels available?

Is keycoding available and at what cost?

Which selects are available and at what cost?

How long does it take to get the list?

For e-mail lists, are the addresses all verified as "opt-in"?

For multiple list databases, is duplicate elimination available and at what cost?

Why Direct Mail Still Works

There is growing concern among business-to-business direct marketers that direct mail is losing its effectiveness. Varying with the offer and the strength of the list, typical lead generation response might be in the 2% to 4% range, while typical order generation response rates are usually well below 2%. Depending on the price point of your product or service, the audience you're targeting, and the quantity you're mailing, these response rates simply may not be enough to justify the investment.

That's why testing is critically important. While there are upfront costs for creative and production, the unit cost of direct mail falls fairly dramatically as the quantity increases. It may be cost-effective to test direct mail in increments of 5,000 pieces to determine the impact of lists, offers, creative, format, or even timing and type of postage on direct mail response. A 5,000-piece quantity should yield statistically valid test results, although some direct marketers test with even smaller quantities.

A basic rule of thumb is to test one thing at a time -- so you know which variable is affecting response. The goal is to build a "control" -- a mailing that continues to be successful -- and then test against the control until you beat it consistently and establish a new control. This is the scientific aspect of direct mail that is often neglected by the inexperienced business-to-business direct marketer who does little if any testing on a regular basis.

Despite industry concerns, direct mail continues to rate near the top in terms of most effective media utilized by business-to-business direct marketers. This continues to be true even with the increasing usage of telemarketing, and the remarkably rapid growth of Internet marketing. Why?
Direct mail compares very favorably to other media costs. You can reach a prospect at a total cost that typically ranges from $1 to $5, versus $7 to $15 or more for an outbound telephone contact. Direct mail compares <u>very</u> favorably to

direct selling -- it typically costs at least $300 to make a single sales call to a single prospect. For marketers of complex, high-end products, it is not uncommon for the prospect to require multiple personal visits before a sale is made, so the cost of selling is more like 3 to 5 times the cost of a single sales call. Direct mail helps reduce that cost by <u>pre-qualifying</u> a prospect so that the salesperson can potentially reduce unproductive selling time.

Direct mail continues to be a medium with <u>very high</u> precision. Direct mail provides the following advantages. You can:

- **address** individuals personally by name and title

- **segment** an audience by certain selection criteria

- **target** that audience very precisely with a specific offer and specific message

- **control** the communication -- who gets it and when

- **test** variables to determine their impact on response

- **measure** and track the response by list source and by type of responder

- **analyze** the results and compare them to previous mailings to improve on-going direct mail efforts.

The Ins and Outs of Postal Service Requirements

Any time you use direct mail, you need to be aware of the requirements established by the U.S. Postal Service -- and there are many. It is suggested that you check with the U.S. Postal Service (<u>www.usps.gov</u>) regularly, or consult a mail house for updated information regarding postal requirements. Here are just a few of the basics.

<u>First Class Mail</u>

First class mail is letter, flat or postcard size mail that travels at the established first class rate. As of this book's publication date, postcards were

defined as a single piece with a minimum thickness requirement no larger than 4-1/4 inches high by 6inches wide. Letter mail must be a maximum of 6-1/8 inches high by 11-1/2 inches wide and 1 ounce or less to mail at the first class rate. If it is larger, then it is a "flat" and there will be a per piece surcharge. If it is over 1 ounce, additional postage rates will apply based on the number of ounces. If the piece does not fit into a height/width grid provided free of charge by the Postal Service, it is a size that cannot be automated and will therefore not only cost more, but likely travel slower than mail that can be automated.

Standard Mail

Standard mail, formerly "third class" or "bulk rate" mail, has similar size requirements for letter and flat mail, but different rates apply.

Automation

The U.S. Postal Service basically "pays" mailers for keeping their address files up to date, using 9-digit ZIP codes, presorting, and barcoding their mail. The more of the burden you take upon yourself, the cheaper it is to mail.

The Postal Service will provide assistance with address updating free of charge in some cases, but the smartest long-term strategy with any mailing list that you control and use on a regular basis is to care for it. The list should be continuously cleaned, updated, and formatted to take full advantage of the postal requirements. If it is feasible, the list should be appended with 9-digit ZIP codes and barcoding information. It should also be run against the NCOA (National Change of Address) file maintained by the Postal Service and implemented by approved mailhouses nationally.

When using outside lists, you should weigh the increased cost of data processing services related to NCOA, 9-digit ZIPs, and barcoding against the cost of mailing at the un-discounted postal rates. Whether you save money or not is often based on mailing quantities and the condition of the lists you use.

Implementing Media Integration

Today, experienced business-to-business direct marketers utilize a <u>combination</u> of media to maximize the power of direct marketing and achieve superior results. <u>Explanation of the Media Integration Plan</u>

1.   Direct mail and print advertising are utilized to <u>generate leads</u>.

2.   <u>Response</u> comes in via reply mail, inbound phone calls to an 800 number, faxes of the reply device, e-mail inquiries, or through a Web Response Form at a special URL or landing page.

3.   <u>Fulfillment</u> takes place using traditional direct mail or outbound fax, or the respondent can be fulfilled instantly by receiving information and/or the offer at the Web site.

4.   The respondent's name, address, phone number, e-mail address, and answers to qualifying questions are collected at the response stage and used to initiate a <u>cultivation</u> process, which uses outbound telemarketing, traditional mail, and outbound e-mail or even SMS text messages (if the customer has opted in) to periodically contact and re-qualify the prospect.

Implementing Channel Marketing

Many business-to-business direct marketers are involved in <u>channel marketing</u> -- marketing products and services through VARs (Value Added Resellers), retailers, distributors, representatives, agents, or other marketing partners. Computer hardware, software, and networking manufacturers have widely adopted this selling model to more effectively reach diverse markets, often on a worldwide basis. Insurance companies have long distributed their products and services through captive or independent agents.

Direct marketing is an effective way of implementing channel marketing

programs. It can be used to acquire and communicate with channel partners, as well as to drive prospects to the partners.

Depending on your marketing and sales relationships, you may need to execute cooperative programs with numerous types of partners. Here are a few tips for getting the most out of these specialized kinds of direct marketing programs.

Cooperate but don't capitulate.

Cooperative marketing programs should be just that — cooperative. You should agree on common objectives, offers, messaging, and logistics. But one partner should take the lead, and it's usually the partner who's putting in the most money. If that's your company, you need to diplomatically take control of the program.

Accentuate your compatibilities.

Get to the root of what is fundamentally special about your partner relationship — and then highlight the benefits to the prospect of buying from the partners. Convince the prospect that your partnership makes you stronger and differentiates you from the pack.

Centralize lead processing.

If possible, centralize the lead processing and fulfillment. If leads go directly to partners, you immediately lose control over them — and your ability to track responses and analyze results is lost as well.

Offer resellers turnkey programs — and make it easy to participate.

Resellers in particular love programs that support their business, but take very little effort on their part. Design direct marketing programs that are fast, low cost, and easy to customize for resellers. Consider doing "VAR versions" of your end user promotions, and get larger VARs to sign on up front so you can simply tag them on to your existing program. It'll be easier, faster and cheaper for

everyone.

Also consider adding incentive programs for the sales teams of larger resellers -- so they get excited about promoting your products over someone else's. And finally, make sure the sales teams (yours as well as your partners') are informed of any direct marketing programs you're executing on their behalf.

How to Make Lead Programs Accountable

Tracking response and analyzing results is ultimately what makes business-to-business direct marketing accountable. In a sense, order generation programs are easier to analyze than lead generation programs -- they either generate sales or they don't.

Tracking begins with the most basic of techniques: coding. All list sources should be coded by assigning a "source code" -- a unique identifier of letters or numbers for each list source -- so you can track response by list. Whenever possible, the list code should appear on a direct mail reply form or card. Based on the production method used, the code can be printed somewhere on the reply device.

Telemarketers should be trained to <u>ask</u> for the code, and Web Response Forms should have an area in which the code can be entered or selected from a drop-down menu.

A tracking code can also contain other identifying data. For example, you could include additional codes that track geographical area, company size, industry, job title, etc., if you select your lists with utilizing such criteria.

Some in-house databases may use unique identifying codes for each record, either a randomly assigned alphanumeric code, or a "match code" based on pieces of data from name and address, assembled in a unique way. These kinds of codes

will tell you who responded from a house file, but you would have to relate the respondent's record back to the original database in order to gather tracking data for a particular mailing.

Lead generation programs can be difficult to track. You inevitably receive responses that are not identifiable (sometimes called "white mail"). Furthermore, even though you may have a handle on the exact number of leads and the quality of leads generated, <u>tracking them through to the sale</u> often requires the cooperation of a telesales, direct sales, or channel partner organization.

This is essential, because what appears to be a successful lead generation effort may not be. Generating a high quantity of inquiries, for example, may look good, but if those leads are largely of low quality, then the program was probably a failure. Only by sending those inquiries through a lead screening process, and then sending the resulting qualified leads through a prospect qualification process, can you ascertain whether or not the lead program was truly successful.

That kind of analysis means that the direct marketer needs information that often goes <u>beyond</u> the responsibility of direct marketing alone -- into the area of <u>sales</u> <u>conversion</u>.

Assuring <u>total trackability</u> from point of inquiry through conversion to sale is a goal every direct marketer should strive for.

This means you'll need at least two things:

1.   <u>A closed loop system</u>

Ideally, you'll have a "closed loop system" that gives you the ability to track a prospect from the point of inquiry, through the various stages of prospect qualification, through the contacts made by the sales organization and, ultimately, to the point of sale. Your marketing database can be the central repository of contact information in the process -- but you must establish a full-circle system that provides checkpoints and mechanisms so you can effectively track progress each

step of the way.

2.   <u>Full cooperation from the sales organization</u>

Not even the best closed-loop system will work without the full cooperation of your sales organization and channel partners. Most tracking systems break down when the lead leaves the marketing area. Unless you set it up this way, sales organizations typically are neither motivated nor compensated to keep marketing updated on leads followed up on or the progress of prospects. It is therefore important for senior marketing and sales management to <u>work together</u> so everyone in the organization understands the importance of conversion to sale information in analyzing the effectiveness of direct marketing.

This concludes the Business-to-Business Direct Marketing "Crash Course." Entire books have been written on the subject, so only the highlights were covered here. But the content is essential background as you move forward into the world of business-to-business Internet direct marketing.

As you'll see in subsequent chapters of this book, much of what is "hot" about the Internet involves interactivity, online response and fulfillment, and database-driven customization. These concepts will sound familiar to you, because they all come from the world of direct marketing.

2

The Age of Internet Marketing

This is the Age of the "e." E-marketing is the new term for marketing; eCRM is the latest positioning for Customer Relationship Management; e-commerce is an integral part of selling for most b-to-b companies. Today, organizations (even very small ones) are either e-enabled or moving toward becoming e-businesses.

The "e" is representative of the influence of the Internet on business, our lives, and our world. Now that we are long past the Dot-Com Crash of 2000–2001, we are certain that the Internet's impact is long-term and sustainable.

Before we delve into specific strategies, we need to examine the marketplace, so Chapter 2 sets the stage for the rest of this book. Here we look at some important statistics, consider the Internet's role in the b-to-b world, and explore the growing importance of the Internet as a gateway to global marketing.

The Numbers Game

In this chapter and throughout the book, you will see statistics regarding Internet usage, e-business, digital marketing, and b-to-b e-commerce. The

numbers are changing so quickly they will be out of date by the time you read this sentence. Rely on such Web sources as eMarketer (*www.emarketer.com*), InternetNews (*www.internetnews.com*), and the Pew Research Center (*http://www.pewinternet.org/*) to gain access to the latest statistics.

Just to put things into perspective, let us examine a few of the more significant facts. In 2017, according to another great source, Internet World Stats, (*www.internetworldstats.com*), there were more than 326 million Internet users in the United States, more than 118 million in Japan, almost 72 million in Germany, and more than 59 million in the United Kingdom. Internet World Stats also indicated that the number of Internet users in Latin America reached close to 404 million by mid-2017. Iceland led the world's major countries with 96.5% of its population online, compared with 84.2% penetration in the U.S.A.

According to Retail Touch Points (*www.retailtouchpoints.com*), online retail sales are expected to account for 17% of all retail sales by 2022. By 2017, this was more than $459 billion in sales. eMarketer says that digital advertising ad spending will soar from $83 billion in 2017 to more than $129 billion by 2021. This increase is fueled by the growth of mobile advertising.

Reflecting the enormous growth in sponsored search advertising worldwide, global search revenue was expected to reach $83.9 billion by 2021, according to *www.statista.com*.

In the b-to-b realm, *www.avatarsyndicate.com* projected that worldwide e-commerce sales would increase to $6.7 trillion by 2020, with $1.9 trillion of that in the U.S. and $2.1 trillion in China.

The Wired World

Today the Internet is considered a mature medium, despite its relative

newcomer status. It is certainly the technology area with the most significant and explosive growth ever. The Internet is very serious business, and it is an unavoidable fact of business life. While nearly 100% of large businesses (more than 1,000 employees) do business online, there is still a great deal of opportunity for smaller businesses. According to *www.entrepreneur.com*, only about half of businesses with 10 or less employees have a functioning Web site.

With more than one billion Web sites in the world today, there has never been a time when a mass medium has held such potential. The Internet is more accessible to more people globally than any other medium except television. Web sites, blogs, white papers, and e-mail newsletters are for the most part free.

With all this, however, there are still significant challenges facing the Internet. One of the greatest of these is the privacy issue. With the mass adoption of e-mail by consumers and businesses alike, this "private" one-to-one communication quickly became a medium for unsolicited e-mails ("spamming").

Now more than ever before, the heat is very much on those who do not respect an individual's privacy on the Internet. As Jennifer Barrett Glasgow, Chief Privacy Officer Emeritus, Acxiom Corporation, notes, "The (privacy) picture is complicated by the growing incidence of identity theft coupled with the rapidly expanding uses of "cookies" and other hidden technologies that monitor and record our movements across the Internet. Added to this are larger corporate structures across which more information is being shared and mega-marketing databases are being developed.

"We also have the growing concerns over spam (unsolicited or undesired bulk electronic messages), spyware, phishing (attempts to fraudulently acquire

sensitive information, such as usernames, passwords and credit card details, by masquerading as a trustworthy entity in an electronic communication) and pharming (an attack aiming to redirect a Website's traffic to another, bogus Website). Studies report that well over half of all e-mail is spam. According to Framingham, Mass.-based marketing intelligence firm IDC, 2007 was the first year that spam email volumes were expected to exceed person-to-person email volumes sent worldwide. And despite the passage in 2003 of the CAN SPAM Act , consumers don't know how to make it stop.

   "If that weren't enough, we are moving into the age of marketing text messaging to our cell phones based on our location at any given moment, personalized advertising on cable TV based on the shows we have been watching, and RFID tags that can track purchases we have made all the way to our homes.

   "While these could be very exciting opportunities for marketers, they also pose risks of consumer backlash if we don't understand the privacy dynamic. In the consumer's mind all of these practices to defraud, deceive, track me down wherever I am, and watch everything I do can be lumped together and constitute a growing 'invasion of my privacy,' driving the policy makers to become engaged. And as Abraham Lincoln said, 'Public opinion in this country is everything.'"

   No less daunting is the technology of the Internet itself and access to it. On the service side, major telecommunications and cable companies have long since entered the Internet Service Provider (ISP) market. Both phone and cable providers now routinely offer the "triple play" – phone, Internet and television service bundled in one package for a discounted monthly fee. The Internet access alternatives available to businesses and consumers are proliferating, as are the ways access can be provided. Internet access over both telephone and

cable connections is a required element for businesses. It's only a matter of time before Internet access is bundled with electric service. The end result will be the same: the continued massification of the Internet. Indeed, by the end of 2016, there were more than 106 million broadband Internet access accounts in the U.S. alone, according to Statista.

For most individuals and businesses in the U.S. today, Internet access has reached the status of a utility. People do not even need to think about turning it on and off, just like like the telephone, cable television, and electricity.

Infrastructures are available today that solidify the Internet economy and make it a global reality. Wireless Internet is routinely available today in most hotel rooms, many coffee shops and restaurants, airports, college campuses, and even some whole cities around the world. Wireless connections to the Internet via smart phones continue to grow in large numbers, with the expectation that by 2021, 92% of mobile phone users will have Internet access on these devices (Statista). Statista also says that global mobile Internet access subscriptions worldwide grew to 3.5 billion million by August 2017, with the Americas and Europe leading the world in percentage of mobile broadband subscription penetration.

A Paradigm Shift of E-proportions

The 1970s were the early days of computer personalization driven by database marketing, now a common and accepted practice. In those days, it took mainframes in climate-controlled, glass-enclosed, raised-floor computer rooms to make all of this marketing magic happen. Nearly 50 years ago, something quite profound happened to marketing. Computer technology changed it forever. Today, you can easily run a sophisticated database program that does much the same thing, only better, right from your desktop or tablet.

We can state without reservation that the impact of the Internet on

marketing today is no less profound than the computer revolution of the late 20th century. Once again, database marketing is playing a key role in the evolution of marketing, driving the Internet to be the ultimate one-to-one relationship-building marketing tool.

Computer technology has stretched across physical boundaries, and we have created a virtual world no less real than our physical one via networked communications. The Internet has caused networking, telecommunications, hardware, and software companies to completely reengineer themselves. Practically all other businesses are following suit by reorienting their business operations and information systems for the electronic future. Organizations are building and improving Intranets (internal Internet-based networks) and Extranets ("private use" external Webs), depending more and more on the Internet for entire networking infrastructures. What's more, tools like [Dropbox](#), [Google Drive](#), [Slack](#) and [Trello](#) allow businesspeople to share information and work together in real time, whether they are in the same office space, or thousands of miles away from each other.

What Marketers Can Leverage on the Internet

E-mail

E-mail began, innocently enough, as a convenient electronic means of communication between one person and another over a local area network. It was largely restricted to, and intended for, internal use.

Early on, it was such companies as America Online (*www.aol.com*), CompuServe (*http://webcenters.netscape.compuserve.com/menu*), and Prodigy that popularized the notion of e-mail communication outside the boundaries of corporate networks. Seasoned Internet users may have learned how to send and receive e-mail, but consumers and general business users needed both Internet access and e-mail software to take advantage of electronic communications.

They got it through the private online service providers.

America Online (AOL), for example, recognized the true mass-market opportunity early on, even though CompuServe and Prodigy got there first. AOL used aggressive marketing tactics to saturate the market. Back in the day, diskettes and CD-ROMs from America Online were everywhere – sent through direct mail, take-one displays at copy stores, or as a result of buying a "bagged" magazine with a disk enclosed. It was America Online that first told millions of young and old alike "You've got mail," a phrase so ingrained in popular culture that it became the name of a Tom Hanks movie.

America Online, CompuServe, Prodigy, and a few other early online service providers put their own marketing front ends on the Internet to give it shape and make it palatable for "the rest of us." While setting the agenda, the online services were unabashedly self-serving and restrictive, and as such, had to scramble and reinvent themselves when the popularity of the Web overall finally usurped them.

Prodigy disappeared inside AT&T, and CompuServe was purchased in the late 1990s by AOL. AOL has managed to survive under the ownership of Verizon despite market pressures and its ill-fated merger with Time Warner.

With the mass acceptance of external e-mail, this "private" one-to-one communication quickly became another promotional channel for business-to-business marketers. It wasn't long before unsolicited, indiscriminate bulk e-mailings ("spamming") were commonplace.

It is this kind of environment, coupled with the Internet's explosive growth, that has led to a tougher legislative and regulatory environment that is already placing severe restrictions on unsolicited e-mail. More on this to come in a later chapter.

Blogs

Blogs, or Web logs, can be highly effective corporate communication tools. For examples, visit the blogs area of the Hubspot site (*blog.hubspot.com/*) or the landing page for Dell's several blogs (*en.community.dell.com/dell-blogs/*). According to Don Hunt, a public relations expert with Lambert, Edwards and Associates, not every company needs or even can benefit by having a blog. Hunt suggests that blogging can be important for credibility building if your firm is large, is on the bleeding edge of technology, or is uniquely relevant to its industry. It's not good for commodities or price-sensitive propositions. That said, search engines give blogs high placement, and when they are well done, they can be great for business lead generation. To get a taste of how blogs are being used today, check (*www.digg.com*), a blogging aggregator.

The World Wide Web

Likened to the Wild West in its infancy, the Web as a quickly maturing adolescent was still a place with a lot of electronic marketing flotsam and jetsam, but now the Web is well beyond that in terms of business usage, having matured as a business and marketing medium. The Netcraft Web Server Survey Industry estimates that new Web sites initiated monthly ranges from several hundred thousand to several million. In the early days, marketers glutted the Web with "brochure-ware"—nothing more than corporate collateral posted on Web sites. Although this is still often the case, business-to-business marketing use of the Web is proliferating as inferior marketers weed themselves out. The tantalizing promise of the Web—electronic commerce— has now matured into a significant factor for business marketers.

Marketing Benefits of the Internet

The Internet Is Boundless

Review the statistics presented earlier in this chapter, and then imagine the

impact on b-to-b marketing as marketers continue to significantly shift their promotional dollars from traditional media to Internet-related advertising and marketing activities.

Television has long been accepted as the world's greatest marketing medium for reach, but at some point in the not-too-distant future, the Internet could possibly overtake television, even as it converges with it. Actually, convergence is already here as exemplified by the previously-noted "triple play" packages offered by cable and telephone companies and providing Internet access, hundreds of TV channels, and phone service, all in one bundle. The Internet/TV technologies and services mentioned here and others now in development will continue to blur the lines between television and the Internet.

The Internet Makes Global Marketing a Reality

The Internet continues to grow as rapidly worldwide as it has in the United States. Europe and Asia continue to see extraordinary increases in Internet usage, and the number of Internet users in China has already surpassed U.S. numbers. While 985 million Internet visitors use English as their language of choice, nearly 771 million surf the Web in Chinese, and 312 million use Spanish. Overall, nearly 75% of Internet visitors use languages other than English.

The Internet has long since become the first truly cost-effective, widespread global marketing medium. With the Internet's roots in worldwide networking and its technology enabled via simple mobile or television cable access, any marketer theoretically could reach any online consumer anywhere in the world at any time. Information can be transmitted via e-mail or over the Web and received instantly, without regard to time zones or geographic location. No technical skills are necessary to receive it.

Very little on the Internet is currently regulated in terms of international

markets. As such, the Internet represents a kind of worldwide electronic free trade zone. Nations are still trying to determine what regulations and taxes, if any, should be imposed. The U.S. Congress in 1998 enacted the Internet Tax Freedom Act, which placed a three-year moratorium on new and discriminatory taxes on Internet commerce and created a commission to develop a uniform system for the application of existing taxation of remote sales. The moratorium was extended several times before it was made permanent in 2016. The World Trade Organization in 1998 reached agreement among its 132 member countries to not impose customs duties on electronic commerce transmissions.

Also in 1998, the U.S. and Japanese governments agreed to keep electronic commerce essentially free from regulation and cooperate at an international level to remove barriers to electronic commerce. A not-for-profit organization was established by the U.S. government to take over the technical management of the Internet Domain Name System (DNS). It is called the Internet Corporation for Assigned Names and Numbers (ICANN). The Digital Millennium Copyright Act was passed to ratify and implement the World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Performances and Phonograms Treaty, protecting copyrighted material online.

With this favorable legal climate and the growing Web population in countries throughout the world, U.S. businesses that do not globalize their Web sites could be missing significant opportunities.

The Internet Reaches People with Intellect, Power, and Money

Despite the ubiquitous nature of the Internet, early Internet users were somewhat elite—educated, influential, and upscale. In the case of businesses, this often means key decision makers.

The core audience of the Internet is still there, even as the Internet becomes

a truer reflection of the U.S. and global population. It is likely that these affluent individuals will still be primary users of e-commerce and thus continue to form the core of the Internet's true buying public. The Internet is home to these desirable and discerning consumers and business people. They are predominantly individuals who may watch television only occasionally but are avid Internet users and in many cases Internet buyers. By the way, the Internet has long shaken its early reputation as a predominantly male haven. In the U.S. online women now outnumber men. According to a report by Media Metrix and Jupiter Communications the number of American women online surpassed that of men as early as 2000. While the U.S. and Canada are the only countries exhibiting sexual equality for online numbers, a good number of other countries boast female Web visitor numbers in the 45% range.

As the Internet has become ubiquitous in consumer homes and smaller businesses, the bar has dropped even further, changing the demographics and making it more a reflection of society. Yet b-to-b marketers will still be able to find and target the upscale, influential buyers they are looking for—those who started the stampede in the first place.

The Internet Offers Increased Business Penetration

As a business tool, the Internet is unprecedented in its penetration of the business community. The Internet's historic roots are implanted in science and business, and business-to-business usage has continued to lead the growth of the Internet. With the emphasis on Intranets and Extranets, business-to-business usage has virtually exploded. The Internet will continue to be an accepted place, potentially the preferred place, for businesses to do business and for marketers to reach business people. In fact, the opportunities for segmentation and targeting proliferate dramatically with the Internet's growth.

One of the very real differentiators of the Internet's power is that it has a

remarkable leveling effect on business. It can make a very small company look larger than it is. That means even a tiny company can compete, at least online, with organizations many times its size. That company can now extend its marketing efforts through the Internet to any part of the globe and take advantage of the same Internet channel used by industry giants. Internet technology is inexpensive, is widely available, and can be completely outsourced. A company does not have to make a major investment to get on the Net and use it as a powerful means of marketing.

Even if a company does not aggressively use the Internet to market itself, that organization can benefit greatly from using the Internet as a competitive research and business learning tool. This is one of the sometimes hidden benefits of the Internet. It is nothing short of amazing how much information companies post about themselves on their Web sites. Sometimes you have to wonder if they are so enamored with the technology that they will put even the most sensitive company documents out there for anyone to see. This is a gold mine for all of us who consider some form of marketing as our livelihoods. What used to take weeks of work now takes minutes, because competitive research can be accomplished with a few clicks of the mouse. The value of this aspect of the Internet extends far beyond marketing alone. With the amount of information resident on the Web, virtually any research in any discipline can be conducted online and at no cost for the information itself.

On the downside, however, the Internet is certainly seductive. A number of studies have suggested that unrestricted employee Internet and social media usage can seriously reduce company productivity. As a result, an entire business centered on ''site blocking'' has developed, as software companies pitch firewall products that cut down on unauthorized Web visits.

Another hidden benefit of the Internet for marketers is the way in which it

improves overall business efficiency. Beyond marketing, using the Internet to do business is both efficient and competitively wise.

One of the most-used applications in this area is Internet conferencing. Through such technologies as Internet telephony and audiovisual streaming, communicating in real time over the Web is becoming commonplace, dramatically increasing business efficiency as online meetings replace face-to-face meetings.

The Internet Provides a Unique Form of Communications Intimacy

If marketing is about building relationships, then Internet marketing is about building lasting relationships. With the medium's maturation and the increasing integration of database marketing practices, targeting and one-to-one marketing on the Internet are fast becoming the norm, and that means marketers will be able to address the individualized needs of constituents.

Targeting on the Internet, as you will see in subsequent chapters, is not only feasible, it can be as efficient as direct mail in reaching particular audiences. Today there are more specialized Web sites than there are specialized trade publications—primarily because virtually every specialized publication has established a sister Web site, and many of these trade pubs have gone 100% online. That means you can be as selective with Web-based media as you can with print-based media.

The same is true of lead generation and order generation programs. You can select the most appropriate Web sites for banner ad placement and reach a targeted audience, as you would with traditional print media. Outbound unsolicited e-mail certainly does not have the acceptance of traditional direct mail, nor can it match direct mail list selectability, but the use of e-mail is another option that should be considered, if cautiously. Legitimate opt-in lists of individuals who are willing to receive promotional e-mail are increasingly

available for rental.

Customers and prospects who are receptive to promotional e-mail could form the basis for an e-mail list that is potentially one of your best-performing lists. E-mail lists will continue to come onto the market, and the selection criteria will continue to improve as promotional e-mail gains acceptance. E-mail newsletters are enormously popular because they put valuable information into subscribers' e-mailboxes, usually free of charge. E-mail is one-to-one correspondence, quite like traditional direct mail. Today at least, e-mail is private, personal, and read more attentively than any other medium.

The World Wide Web is truly an intimate and personal "playspace" for adults. Used effectively, the Web can deliver personalized content to each and every visitor, and even automatically to a visitor's computer desktop via opted-in push technologies. As a result, a marketer can initiate a one-to-one relationship via e-mail and the Web with a prospect, customer, or business partner. The marketer can also learn from that relationship via database marketing and grow the relationship over time.

The Internet Changes the Economics of Marketing

The stunning cost implications of electronic marketing in part fuel the Internet's unprecedented growth. The Internet is not only cost-effective, it is downright cheap in comparison to other media. The Yankee Group (now 451 Research) estimated that Internet direct marketing is 60 to 65% cheaper than traditional direct mail marketing.

A marketer can build and host a Web site and reach a worldwide audience at a cost that is far less than the cost of one national television commercial. Electronic communication has a whole different cost structure from traditional print, direct mail, telemarketing, or television media. There are no media placement costs associated with launching a corporate Web site or employing

e-mail as a marketing medium. You may have to rent e-mail addresses and work with a graphic designer and copywriter, but you do not have to engage printers or mail houses, or pay postage, when you disseminate e-mail. There are no hotel, travel, or on-site materials costs for virtual seminars and events. There are no printing and mailing costs for electronic fulfillment. Even order taking is cheaper with the Internet, especially if electronic catalogs are used to at least partially replace traditional paper catalogs.

The Internet Established a Brand-New Sales Channel

The Internet completely transforms the selling process for marketers. Successful electronic commerce users have found that they can dramatically reduce the cost of sale via the Internet. The story of Amazon.com (*www.amazon.com*), a company that defied the standard practice of opening retail store locations and instead chose to sell books exclusively on the Internet, is legendary.

Amazon.com became one of the most successful Internet business launches ever and forged the way for other hard goods marketers (including many competitors) to stake their claim on the electronic frontier. With the advent of secure online ordering, electronic commerce is reaching its full potential as more and more marketers use the Internet to sell their goods and services.

A review of both specialized and general media sources suggested that 1997 was the year the Internet found its legs as a tool for selling. Although electronic commerce was still in its infancy, 1997 saw the Internet's first $1 billion in advertising revenue, according to Reuters, up from $267 million in 1996. As proof positive of the future, consumer goods giants took to the Internet in 1997, not just by establishing top-shelf Web sites, but also by aggressively integrating Internet advertising and electronic commerce initiatives into their promotional marketing strategies. In 1998, consumer giant

Procter and Gamble organized an unusual Internet marketing summit to elicit ideas for future initiatives.

In 1998 and 1999, e-commerce really hit its stride. There was greatly increased activity on the consumer side, but the majority of Internet-based sales were still being generated by businesses selling to businesses. The c continued successes of the past two decades have been nothing short of mind-boggling.

Dell Computer (*www.dell.com*) is just one example of that. By the end of 1997, Dell was logging $4 million a day from online sales. By 2000, Dell had reportedly achieved ten times that number: $40 million a day from e-commerce alone. According to the company, online sales accounted for 25% of Dell's business by early 1999, and by 2000, half of Dell's revenues already were from online sales. The majority of Dell's sales are business-to-business. As of 2016, the firm's annual sales revenues were an impressive $61.6 billion.

Networking giant Cisco Systems (*www.cisco.com*) had already established an industry-leading e-commerce benchmark by the end of 1997, averaging $9 million per day of online sales. That translated into 40% of the company's total annual revenue being generated via the Web, even in those "early days" of e-commerce. As of 2017, Cisco's annual sales revenues topped $48 billion worldwide.

Intranets and Extranets

B-to-b companies are not just driving electronic commerce. They quickly went beyond Internet marketing usage alone, creating intranets and extranets, perhaps two of the most-used words in the trade press in their current reporting of the Internet.

Both intranets and extranets are populated with marketing initiatives. Technically an Internet-enabled internal network intended primarily for

employee usage, an intranet is a media channel in and of itself—a very targeted one, in fact. Imagine if a Fortune 500 company were to allow advertising on its intranet—so that its employees would receive promotional messages from select providers of products and services. What if that same company were to actively promote its own products and services, and those of its divisions, to the employee base? This kind of intracompany advertising can easily occur over an intranet—and it is already in use.

Through an intranet, large companies can market themselves very effectively and provide highly valued service to a very targeted audience—their employees. Many companies now have built enterprise information portals (EIPs), a kind of super-intranet through which employees and other insiders can easily access all of the company's information resources from anywhere.

An extranet is really a private-label Web site, offering access to a select group of customers, prospects, partners, or suppliers outside the sponsoring organization's network. It is the extranet, and all its variations, that companies started using in earnest in the 1990s to help solidify existing business relationships and form new ones.

These extranets have proliferated rapidly and now take on numerous forms. Some extranets service only customers; others are targeted specifically to business partners. Some are designed as private consortiums where members share resources and do business with each other. Still other extranets provide private-access seminars, courses, and conferences, either free or paid, to prospects, customers, partners, or students. The extranet is both a useful marketing channel itself and, like an intranet, a place to potentially reach targeted audiences.

This, too, is an aspect of the Internet that is not quite the same as any other

medium. You can create intranets, extranets, Web sites, Web communities, and newsgroups—tangible places where business can be conducted, marketing information can be exchanged, and dialog can occur—and then you can use these newly created media vehicles to place promotional advertising that takes further advantage of Internet marketing.

Even at the beginning of the Internet marketing curve, there was a remarkable richness to the medium. Clearly, the Internet is having a permanent impact and a lasting effect, not just on marketing, but on the manner in which businesses conduct business.

How the Internet Intersects with Direct Marketing

As mentioned earlier in this book, direct marketing as a major form of marketing started in the late 1800s in the United States. This is when marketers began to create and place direct response advertising in some of the country's leading national magazines. These magazines were the only medium available to reach large portions of the population with advertising messages. Many of those early ads used direct marketing techniques, such as cutout coupons and money-back guarantees, that you would recognize today. Even more remarkable, numerous ads promoted products for direct sale to the American consumer.

That was just the beginning of direct marketing's rising popularity. With the advent of direct mail, the direct marketing business went through its own paradigm shift. Cut-out coupons that appeared in early magazine advertising did not go away—they still exist in newspaper circulars and in some print advertising—but a new format for the coupon was introduced: the business reply card and order form in direct mail. Generating leads and orders via direct mail and, later, by phone, quickly became the staple of consumer and b-to-b direct marketers alike.

Database marketing was another direct marketing breakthrough of historic proportions. Yet it was a small, far simpler technological innovation that truly changed the direct marketing business forever. It was this innovation that opened the door for personal direct marketing interactivity: the toll-free 800 telephone number.

The 800 number has been in existence since 1967, yet it has been so thoroughly embraced by the world in recent years that the supply of 800 numbers has long been exhausted. In 1996, 888 numbers were introduced. Since then, 866 and 877 numbers had to be added to additionally supplement 800 numbers.

The impact of the toll-free number on direct marketing cannot be underestimated. Think about what it really did. It meant that a marketer could effectively open up the entire North American market and serve customers from anywhere, still maintaining the brand and product awareness so important to the marketer. In many cases, a marketer could even select a toll-free number that supported and enhances the brand (some examples: 1-800-CALL-ATT, 1-800-THE-CARD [American Express], 1-800-MATTRES [Dial-a-Mattress]).

The toll-free number is now universally recognized and accepted by all marketers. Today, its importance is fading now that phone data plans make it inexpensive for customers to dial long-distance numbers, but it revolutionized mail order marketing. Many mail order marketers learned that by offering a toll-free number, two things happened:

1. Their number of orders via the toll-free number outpulled other response paths.

2. In addition, the total number of orders from all sources generally increased as well. In other words, adding the toll-free number had a

residual effect: It increased the overall volume of orders coming in from all response paths.

This is a principle that applies well to b-to-b direct marketing. By offering multiple response paths, you tend to increase overall response. That is because individuals tend to respond, well, individually, and by offering them many response options, you respect each individual's desired way of responding. Some people are comfortable picking up the phone; others prefer responding via mail. Today most would much rather respond over the Internet.

With mass acceptance of the toll-free number came the "put it everywhere" syndrome. It was not long before you began to see toll-free numbers appearing frequently in print ads and television commercials. You even began to see them as customer service enhancements on consumer goods products—cereal boxes, potato chips, detergents, and the like.

In effect, the toll-free number has now become not only an accepted part of marketing, but an accepted part of life, part of the fabric of America, a commodity that is no longer just a marketing gimmick, but rather a necessary business tool.

The Web Address Is the Toll-Free Number of the 21st Century

Clearly you have noticed that there is something different appearing at the bottom of magazine ads and at the end of television commercials today. It is not a toll-free number anymore, it is the company's Web site or landing page. For some years now, the "www" has been everywhere on ads and TV, the way the toll-free number used to be. The Web address has become the new toll-free number—at least in the minds of advertisers and their advertising agencies, and that is just one basic reason why the Internet is transforming direct marketing. It is a transformation that is destined to reach far beyond what the toll-free number had to offer.

It's clear that Internet usage will continue to grow. That means the Internet ultimately will be the medium with the most extensive worldwide reach—even topping television. As indicated earlier, widespread acceptance and dropping access prices even in third-world countries will dramatically accelerate this growth.

It's All About Integrated Marketing

Now we have reached and surpassed a point of intersection between usage of the Internet and usage of traditional direct marketing media. At this intersection point, the Internet and other media crossed. After the intersection point, the Internet trajectory continues upward and traditional media begin to flatten out. As time goes on, usage of the Internet continues to increase, so the gap widens.

In b-to-b marketing, the Internet incline is likely to be much steeper than in consumer marketing. Earlier adoption of Internet marketing by business marketers was the primary driver of this phenomenon.

Our own "direct" experience has convinced us that the Internet is as much a true direct marketing medium as it is an exciting channel that enhances all forms of marketing communications and facilitate response.

The significance of Internet marketing is even greater with a more clouded economic picture. When you consider the potential to economically reach large audiences via e-mail, online advertising, blogs, affiliate marketing, and your own Web site promotions, Internet marketing can look like a media bargain.

The Internet will surely dominate—but it will not completely replace other media. We cannot see direct mail dying off, any more than other forms of direct marketing and advertising have disappeared. Direct mail will continue to have its rightful place, as advertising has had before it, but Internet marketing

has already become an accepted and increasingly popular method for successful b-to-b marketers. Now the challenge is how to intelligently integrate Internet marketing with advertising, direct marketing, and other means of promotion so that it becomes part of the mix, not a standalone element. Moreover, marketers will need to learn how to ensure that the same measurement criteria can be applied to Internet marketing as to traditional direct marketing.

Transition to Integrated Marketing Now

As marketing becomes more reliant on the Internet, b-to-b marketers now face a new media world—one that has different kinds of challenges. With the upward spiral of the Internet trajectory, you will need to adjust your marketing and media strategies. What this really means is that you will need to redefine your use of direct marketing in the context of the Internet if you have not already done so.

Much of the impact of the Internet in this new future will be based on "one-to-one" e-enabled communications. This is the notion of addressing individual prospect and customer needs via personalized e-mail and Web-based communications. It is already playing a prominent role in b-to-b and b-to-c marketing. We will talk more about this in the Chapter 8, "Building Customer Relationships."

Are you taking advantage of Internet and traditional media integration? To do so, you should continue to use advertising, mail, phone, and other traditional media, but now is the time to continuously enhance them by adding Internet response paths, offering Internet fulfillment, using e-mail for follow-ups, driving individuals to your Web site, and inviting prospects and customers to virtual events that occur on the Internet.

Now is the time to perfect a marketing strategy

that will combine the best of traditional media

with the one-to-one power of digital media.

At the end of the book, you will find a complete blueprint to help you implement this strategy. For now, if you are ready to take your business forward online, here is an overview of the basic steps you will need to take:

1. Assess your Internet marketing readiness. Now is the time to evaluate your organization's Internet marketing capabilities. Are you pursuing Internet marketing now? How far along the media integration curve are you? Evaluate your company's current use of Internet technology and your current use of Internet marketing.

   – Do you already take inquiries over the Web? Are you doing electronic fulfillment? Are these things in your future plans?

   – Is your Web site capable of order entry, processing, and tracking?

   – Do you have a marketing database that can be integrated with the Internet? Have you started to use database-driven Internet marketing?

   – Is your organization planning investments to make all of this happen?

2. Make the move to Internet direct marketing. Do not let the assessment process deter you. Understand your current state of readiness and recognize where you are today—and where you will need to be soon. Study what your competitors are doing and make sure you are keeping up or, better yet, at least a step ahead of them. Integrate the Internet with your use of traditional media and conventional direct marketing. This book will help you understand how to do that by showing you successful strategies and tactics used by other b-to-b marketers.

3. Prepare your management for the Internet-dominated future. The Internet already has top-of-mind awareness among senior management at most larger companies. Make sure your company does the same, even if it is a

smaller business. Help your management upgrade for the digital future by sharing Internet direct marketing information from authoritative sources.

4. Develop a digital marketing action plan. If you are in a position to do so, participate on or chair a committee in your organization that is charged with developing an implementation or optimization plan for using the Internet as a strategic marketing tool. You may find that there is an even larger issue—using the Internet as a strategic business tool, and even becoming an e-business. If management is already on that course, so much the better. Then Internet marketing and electronic commerce can be positioned as a logical subset of your organization's e-business plan.

Going Global: How Internet Marketing Can Create a Worldwide Business for B-to-B Companies

As a marketing medium, the Internet is the easiest, most cost-effective route to global marketing. There has never been a single medium that, even at its inception, offered this promise. The Internet is very much a medium that already has the infrastructure necessary to serve international markets from the United States, and to encourage businesses from outside the United States to market their products and services here. Now, how does all of this impact b-to-b marketing?

If your company has any kind of substantial sales revenue, chances are there already is an international marketing component to your business. As a matter of course, most U.S.-based companies extend their marketing activities into Canada without hesitation.

After Canada, the next market many U.S. companies seem to pursue is the United Kingdom. Logic tells us it is because of the commonality of the English language that England, Scotland, and Ireland are prime targets, with Australia and New Zealand close behind. These markets are also exhibiting

strong Internet usage.

Depending on the geographical distribution of a company's sales offices or distributors, the rest of the world may change in marketing priority. Certain European countries may be next in line. Latin America may show the most promise for some. The Pacific Rim may be a likely target. Japan, Hong Kong, and China are certain to be tantalizing markets for larger U.S. companies. The point is that U.S. companies have already established a strong foothold beyond the boundaries of the United States. Taking full advantage of the global economy is nothing new for them.

What is new, however, is the global marketing impact of the Internet. The Internet truly flattens the world. The rate of growth in Europe is impressive, but even more so in the Asia Pacific region.

Even if the b-to-b marketer wants to make use of e-mail alone, global marketing becomes an inexpensive reality. With an e-mail address in hand, a marketer can reach anyone, anywhere. E-mail is delivered in most cases to an individual's personal computer private mailbox. Sending e-mail from the United States to Hong Kong is no more expensive than sending it from one town in Massachusetts to another. The Internet simply does not recognize physical distance. What could be more attractive for a global marketer?

The primary place for business to be done on the Internet is, of course, the *World Wide* Web. Most of us simply call it the Web, but we should not overlook the significance of those first two Ws.

Surf the Web and you quickly realize that you can happen upon non-U.S. sites very easily. (They are typically identified by a country abbreviation at the end of the URL, such as .uk for the United Kingdom.) It is just as easy to get to a site in any state as it is to get to a site in any country of the world. It is no more complicated to get to a U.S. site from outside this country. It is all quite

transparent and instantaneous.

It is not difficult to understand why this phenomenon occurs. You can search, find, and link to any Web site in the world, simply by entering its URL. Your computer does not care where the host computer is—and you pay no premium or penalty for accessing a site on the other side of the globe.

That is one extremely compelling reason why global Internet marketing—and the electronic commerce associated with it—is predicted to continue its dramatic escalation. Today, nothing brings the world closer at a lower price, than the Internet. B-to-b marketers with global goals are now establishing multiple language versions of their Web sites; Internet translation tools are available that make this fairly easy to do. Many of these same marketers use their Web sites to accept and fulfill orders online from customers worldwide.

In fact, they do not even have to process the orders themselves. Today, there is a whole class of Web sites that "insulate" the marketer from the entire order-taking and fulfillment process. These "electronic malls," or Web communities, are really Web storefronts, established by an electronic commerce reseller who rents space to marketers on a multiadvertiser Web site. Some malls are set up so that the marketer still handles inquiries and orders. Others overlay an order-processing front end onto the site so that the marketer becomes one of many who take advantage of a system already in place—at a cost that may be far lower than doing it in-house.

Another option is outsourcing Internet services to ASPs (Application Service Providers). ASPs offer sophisticated e-business and e-commerce offerings on a subscription-type basis, so companies do not have to invest in the technology and infrastructure.

There are, of course, both advantages and disadvantages to such approaches. On the positive side, the marketer gets someone else to do all the

promotional, technical, and operational work. On the negative side, the marketer shares resources and customers with others and therefore relies on the site owner's capabilities to bring in and support the business, or relies on the ASP's resources, which may be limited. Nonetheless, these are fascinating business models that can potentially launch a marketer's worldwide business effort quickly and cost-effectively.

For some marketers with a large international component to their businesses, the Internet is nothing short of a marketing miracle. Imagine the small company with international marketing goals. With the Internet, this business owner can communicate 24 hours a day, 7 days a week, with points worldwide via inexpensive e-mail. The savings on international phone calls, delivery services, and travel can be astonishing. Similarly, if this same business establishes a Web site, a literal world of opportunities opens up:

- The company can promote its Web site to prospects and customers simply by including the URL on business cards and letterhead, and in literature and other promotional materials.

- The Web site can be a repository of information, in multiple languages if necessary, that can be accessed by anyone, from any place at any time.

- The Web site could become an order-processing channel so that the company could accept orders from its worldwide customers and acknowledge these orders electronically.

- The company can set up an extranet, using the Web as a place where business can be conducted privately between the company and worldwide customers and suppliers.

- The company principal could even hold special events or conduct live video conferencing via the Web.

The marketer can take full advantage of the Internet's global reach in numerous ways. The following are just a few of the possibilities.

Expanding Markets and Territories

Marketing no longer has to stop artificially at a country's borders. An Internet marketing program can make a global initiative not only possible but also practical. A company's Web site can be translated in multiple languages, and it can address country-specific issues. An intranet can be established to provide low-cost, instant communications with every sales office, sales representative, distributor, reseller or retailer worldwide. An extranet can be used to admit partners, suppliers, and customers into select portions of the intranet. The Web site can be promoted inexpensively throughout the world with links on other Web pages and in e-mail newsletters. Simple, inexpensive mailings can be executed in each target country to drive prospects to the corporate Web site.

Developing Global Marketing Partnerships

Internet marketing makes joint ventures attractive and easy to implement. A b-to-b marketer can join together with one or more partners whose products or services complement the marketer's products or services. Then this consortium can pool their resources. They can execute cooperative e-mail campaigns by sharing each other's lists or form a collaborative Web site that features their solution set. They can also use their own extranet to speed communication with sales and marketing personnel from all participating companies throughout the world.

Providing Worldwide Customer Service

In an era where swift, cordial and accurate customer service is mandatory, the b-to-b marketer can use the Internet as the foundation for 24-hour-a-day, 7-day-a-week, 365-day-a-year customer support. How a company services its

business customers differentiates it from its competitors. The Internet can facilitate online customer service centers and provide customer-only information, service, support, and, in the case of software and information, live product. With Internet telephony, companies are able to interconnect the Internet and voice response, so customer service takes on a new level of quality.

Approach Global Marketing with Caution

Despite all the apparent benefits of global Internet marketing, it should be pointed out that marketers cannot take other countries and their populations for granted. The European countries are a good example. Europeans live on a single continent, have open borders, trade freely, and have moved in large part to a unified European currency, yet each country retains its very distinct personality and, in the case of marketing, individuals in each country may react differently to promotions.

Additional issues may occur that could create barriers to Internet-related marketing activities. For example, Europeans generally are less likely to share personal profile information. In fact, some countries have regulations restricting the use of such information. Stringent privacy regulations covering all of Europe make it illegal to solicit via e-mail without the express permission of the consumer. E-commerce may also be less desirable to Europeans because of remaining individual country currencies, individual country taxes, shipping products across borders, and other issues. As a result, you cannot assume that an Internet marketing program that works successfully in the United States will automatically succeed globally.

If you are going to make a serious effort to market in Europe or anywhere

else in the world, you would do well to learn about the likes and dislikes of the business population in each target country. You will need to know what kind of messaging works and does not work, and how much of what you routinely use in the United States will work in other countries. You will also have to recognize the fact that, to best appeal to a specific country's population, you will need to understand cultural differences and communicate in that country's language. U.S. companies that have mailed English-language material into the Quebec province of Canada have learned that lesson the hard way.

Generally, concentrating on any specific country means doing your marketing homework by enlisting the help of an outside resource within that country or by relying on your own local country representatives. People who live in the target country, or at least have intimate knowledge of that country, are the best sources of marketing information.

Global marketing can cause numerous problems for the U.S. b-to-b marketer. In many cases, U.S. direct mail campaigns use colloquial expressions and "American humor" that may not translate well into other languages. Several languages, most notably German, take up considerably more physical space than English, and mailing sizes, specifications, and postage vary from country to country. The European size for mailing packages, for example, is different from standard U.S. sizes. Advertising specifications are publication specific, and, depending on the publication, the primary language may not be English. Even English is not English—at least in the rest of the world, which tends to use the British conventions for spelling (e.g., colour, not color; organisation, not organization) and grammar. What's more, the meanings of words can change.

The Internet generally makes global marketing less complicated, but marketers with a sizable stake outside the United States should take advantage

of the medium's ability to version messages for different prospects based on where they reside—respecting their individuality and catering to it. With that in mind, the Internet clearly has the potential to escalate global marketing in a way no medium before it has done—providing business marketers with a potential for worldwide business they could previously only dream about.

The New Response Model: "Intersponding"

We have been talking about how the Internet transforms direct marketing and drives the globalization of marketing. Now it is time to address the most intriguing aspect of Internet direct marketing: how the Internet has fundamentally changed the way people interact with marketers and respond to them.

The Nature of the Internet

It is important to put the Internet in the context of other direct marketing media to discover whether or not it "looks and feels" the same—so we know how suspects, prospects, and customers will react to it.

What Is Its Content?

Internet content is diverse. Like print advertising and direct mail, the content of the Internet is largely based on the written word. As with printed media, the Web portion of the Internet can and does rely on graphic images to support marketing messages.

What Is Its Form?

Unlike most print and direct mail (the exception being augmented reality), the Web enables moving graphics and sound to be conveyed to the suspect, prospect, or customer. In that respect, it is more like radio or television. Like the telephone, the Web can enable one-to-one, interactive communication with

e-mail, chat, and voice. Yet, unlike any direct response medium, the Web can present the suspect, prospect, or customer with a virtually unlimited amount of marketing information in multimedia format.

What Is Its Delivery Format?

Print advertising is delivered through magazines and newspapers. Direct mail is delivered via the U.S. Postal Service or another delivery service. Radio and television are delivered via airwaves or satellite through passive listener or viewer devices. Most telemarketing is delivered over telephone lines. Only the Internet is delivered directly via a computer, tablet or phone. That said, in today's world, much of radio and TV can be accessed online as well. This online-first aspect is the most intriguing part of Internet direct marketing—and one of the primary differentiating factors that sets this medium apart from any other.

Finally, unlike any other medium, the computer delivers Internet-based Web content in an entirely new form: nonlinear information. All other media are linear: They have a beginning, middle, and end. Direct response print advertising has a headline at the beginning, body copy in the middle, and a call to action at the end. A direct mail package is typically organized in a very logical, linear fashion: The outside envelope is first, followed by the letter, brochures and any inserts, and the reply device with a call to action, and each individual element of the package is linear, with a beginning, middle, and end.

Each element in a good direct mail package reinforces the offer and call to action, so even if two different people read the package elements in a different order, all of the elements relate and ultimately lead to the call to action. This is true, by the way, of other direct mail formats as well, such as self-mailing pieces and catalogs. Direct mail is logical, linear, and integrated. Even telemarketing calls and direct response television commercials are logical and

linear, with a beginning, middle, and end, but then we come to the Web.

The Web Defies Logic

Admittedly, many Web sites are logically designed to lead you through from beginning to end, yet the Web site is faced with a technical limitation that is paradoxically its most unique strength. Web sites need to be nonlinear so that each visitor can have immediate access to the majority of the information on a site. This is essential because the Web site visitor sees one "page" at a time on the computer screen, yet the Web site has many pages that must be served up to the visitor. How does the visitor find out what is on those pages?

The functional way most Web sites deliver this nonlinear information is through a home page. On that home page, the visitor typically will see almost every area or section of the site's contents at the same time. It is more like a book's table of contents than anything else is, but not quite, because the sections on the home page are nonlinear and modular. You could flip through the sections of a book and move from page to page, but most readers still tackle a book from beginning to end.

The Web site, on the other hand, invites nonlinear reading. The home page encourages movement and flexibility, even though each section has its own purpose and its own content. It is a very different look and feel.

Actually, the difference is startling. With every other direct response medium, the direct marketer makes a concerted effort to progressively disclose information to the suspect, prospect, or customer in a logical, sequential pattern.

With the Web, however, the visitor is exposed to everything simultaneously. He or she has the ability to see it all, at least on the surface, at one time, from this giant control panel called the home page, and here is the important point: The visitor is no longer directed by the marketer – instead, the

visitor does the directing.

You could make a case that a direct mail catalog provides the same flexibility. In some respects, it does. The reader can thumb through the pages of a catalog randomly, and its contents page is kind of like a Web site's home page. However, when the visitor to a Web site browses pages, he or she is exposed to far more "eye candy" and interactivity than with a printed catalog. A Web site is not physically bound, as a catalog is, so the nonlinear nature is more evident—a benefit as well as a feature. Interestingly, some firms have put their entire catalogs up online with the ability for visitors to click through for more information and instant ordering.

With a Web site, the visitor has a new level of control over the manner in which information is delivered. He or she can randomly move around the Web site, starting anywhere, going anywhere, finishing anywhere, or not finishing at all. In fact, a visitor can leave a page or an entire site very quickly, go to other pages at numerous other sites, and return just as quickly.

Web pages become almost separately interconnected elements, functioning as tiny bits of marketing information in a much greater scheme of things, sometimes melding from one marketer's site to another. This presents a challenge for Internet marketers—to keep visitors on your site and to remind those visitors of exactly where they are: on your site.

It also means that there is a whole new dynamic in Internet marketing. With the power in the hands of the prospect or customer, the marketer needs to be mindful of that individual's wants, needs, likes, and dislikes. Instead of randomly receiving promotional messages from you, as might be the case with direct mail or advertising, the Internet prospect or customer expects you to either ask permission to communicate or to know when to make a contact.

The Internet promotes one-to-one communications intimacy and

encourages a correspondence relationship between the marketer and the end user—the kind of relationship that demands something of one another. This is conceptually different from traditional marketing, and marketers need to deal with the implication.

With the Web, it is almost as if the visitor is a bumblebee, moving from flower to flower, creating his or her own unique formula for consuming marketing information—a formula designed to meet his or her uniquely individual needs. It is truly randomized, because things just do not happen when you expect them to, and a visitor may want to interact with you at any time during the process.

Intersponding: A New Response Model

In fact, we submit that the Internet creates an entirely new response model, which we can call intersponding—a new kind of interactive, instant, interspersed pattern of responding. To see what this means from a marketing perspective, let us go back to that Web site visitor. There he or she is, navigating through a Web site, uniquely and freely. Perhaps no two visitors move through a Web site in exactly the same way. (Tracking software permits us to see how the typical visitor navigates our site and to find places where they tend to stop or exit, so we can fix these problem areas.)

Our site visitor goes from place to place, consuming bits and pieces of information as the need arises, sometimes at random, sometimes in logical order. Because Web browser software makes it so easy to go from page to page with Back and Forward buttons, the pattern may be quite complex. That is a good reason for your Web site to provide navigation elements that remain on pages appearing after the home page, so that the visitor can continue to

move with total freedom from section to section, yet recall the section for reference. It is just as easy for the visitor to print an occasional page when the need arises.

The Web makes it easy to select and copy text and graphics from other Web sites—and even to obtain the HTML (HyperText Markup Language) source code for each Web page with a simple click of the mouse. This is unheard of, and unthinkable, in any other medium! It provides a level of insider access to a Web site visitor (who could just as easily be your competitor as your customer). It puts the power of not just easy information access but easy information duplication in the hands of the individual.

In sum, the Web offers a single unique individual a very unique, personal way of interacting with information on your Web site or through one-to-one e-mail communication. In a very real sense, the information this person receives is being individualized, because the visitor is requesting and receiving it in just the way he or she wants it to be delivered.

The level of individualized information intensifies even further as databases are used to enhance Web sites. With database marketing, the marketer captures information about how the visitor is using the Web site and uses that information to structure and refine the information flow to the individual visitor. When the visitor returns to the Web site, the Web site will "know" the individual's likes and dislikes and feed personalized information to him or her by creating Web pages on the fly that include uniquely personalized content.

This is a built-in aspect of many sites on the Web, which allow you to individualize or personalize pages by providing profile data. The data is analyzed by a database engine. Web pages are then created just for you. You can "pick them up" at the Web site, or have them "pushed" to your computer in some cases. Try it yourself. Go to (*www.individual.com*) and create an

individualized news page, just the way you want it. Or visit any of the larger commercial sites or portals and find the My Page feature for a completely personalized experience on each site.

Now, what about the responding part of intersponding? Well, this is truly interesting: If a Web site is set up correctly, the visitor can instantly respond at any time along the way—whether it seems logical or not to respond at that point. Some Web sites embed e-mail response areas so that visitors can click an underlined address, type in an inquiry or response, and send it immediately. Many Web sites go beyond that, however, by using interactive forms. These forms collect basic information about the visitor—name, address, phone number, and so on—and sometimes ask qualifying questions of the visitor. Well-constructed Web sites prominently show a link to this form on the home page and provide multiple links to the form throughout the site. Even better, the visitor is offered something special (good direct marketing!) for completing and sending the form. It can be sent with a simple click of the mouse. We will talk more about these Web response forms later.

But wait, there's something wrong…. So far, all of this does not sound very different from the traditional way of responding, does it? The Web site has a form that a visitor fills out and sends—the same as with a direct mail reply form or order form, the same as with a call to an 800 number. What is the big deal? Remember this is not responding, this is intersponding. There is another facet of intersponding that makes it completely unique.

Not only can the visitor interactively respond via the Internet, he or she can also instantly have a request fulfilled via the Internet. *After the visitor* sends the Web response form, he or she can:

- Instantly and automatically receive an answer that verifies the visitor's instructions or acknowledges an order

- Receive a more detailed acknowledgment of ordering information via return e-mail

- Unlock or receive documents or special Web pages, personalized to the specific needs of the visitor

- Download a demonstration, trail, or full version of a software product onto the visitor's computer for immediate use

- Gain access to a private event or virtual seminar that offers the visitor a free interactive learning experience

- Be acknowledged as a returning visitor or customer, and therefore be given special treatment. For example the visitor's name, address, and previous ordering information can be stored by the marketer and recalled for use by the visitor when a new order is placed.

Each of these potential responses is an intersponse—an interactive, instant fulfillment of the visitor's inquiry—an immediate payback for the visitor's time and trouble.

Intersponding feeds the need for so many things on the part of the prospect or customer:

Instant gratification

Total and immediate responsiveness

One-to-one communication

Personal correspondence

The ease and convenience of an automated response

Intersponding completely changes the relationship the prospect or customer has with the computer, the Internet, and the marketer. Even though the prospect or customer is sitting in front of a machine and typing on a keyboard, the response he or she receives is warm, personal, and intimate—because it is

intended just for him or her and is delivered instantly, a direct response to an immediate need. Properly executed, it is the ultimate in fulfillment—what everyone expects when they think of personalized customer service and responsiveness. Ironically, it is what good old-fashioned commerce used to be.

In the American past, there was a time when you could visit a friendly neighborhood store and the proprietor recognized your face and knew your name. He or she knew your family, too, and also knew what you liked to buy, how much you needed, and when you would probably be back. In short, the proprietor had a relationship with you.

The proprietor was not just a store clerk, but a person. He or she chatted with you about the weather, ordered products for you, held them for you when they came in, and sent you on your way with a smile when you were done shopping.

For the most part, we have relegated these kinds of personal business relationships to the past. We have few experiences in our consumer or business lives that replicate them. It is sad, but people just do not seem to know whom they are doing business with anymore.

Maybe that is one more reason for the Internet's popularity. The Internet can, in a business relationship sense, be that proprietor. It may be sobering to think that individuals need to go to a computer, tablet or smart phone to get the same kind of personalized attention they received from a real live store clerk years ago, but the reality is that businesses cannot always provide that kind of face-to-face contact anymore. Customers are all over the world, retail establishments are depersonalized and automated, and the cost of maintaining intense personalized relationships is high.

It seems that is the Internet that facilitates the return of marketing personalization once again.

Seven Proven Internet Marketing Strategies

In the following chapters, we will explore in detail seven proven Internet marketing strategies you can put to work to dramatically improve your b-to-b marketing efforts and increase profits:

1. **Generating and qualifying leads with the Internet.** Lead generation and qualification is the heart of most b-to-b marketing programs. Learn how lead practices apply to the Internet, how the Internet can be integrated with direct mail and telemarketing, and how to use e-mail, Web response forms, Web sites, content marketing, and Web advertising to enhance your lead generation and qualification efforts.

2. **Using Internet events to promote products and services.** The Internet offers b-to-b marketers a remarkably cost-effective alternative to live conferences, seminars, and similar promotional events. In addition, the Internet can be used to promote and enhance traditional marketing events. See how you can create Net events that bring qualified prospects to you.

3. **Executing e-fulfillment.** You can use the Internet to qualify prospects and instantly fulfill their requests for information via "pull" and "push" technologies. Find out how to create instant e-fulfillment programs.

4. **Building customer relationships with the Internet.** Discover the power of the Internet in developing one-to-one relationships with customers and providing customers with superior service around the clock. Learn how to develop a customer-driven extranet.

5. **Using or establishing business communities and exchanges.** See how successful b-to-b marketers take the concept of the Web community and

apply it to their own marketing programs. Learn how to participate in business communities and maybe even build one of your own.

6. **Using the Internet to create and manage partner programs.** Find out how the Internet brings new meaning to partnering. Discover the power of affiliate marketing programs, partner links, and partner service sites.

7. **Selling with the Internet.** Learn how b-to-b marketers are successfully launching electronic stores on the Internet, securely selling everything from books to industrial products—and generating millions of dollars a day.

Each of these seven strategies is grounded in the fundamental principles of direct marketing. They are timeless, recognizable concepts that have been taken straight out of a direct marketing playbook. Internet marketing may require a new set of practices and a new way of thinking, but it is, at its heart, good, solid direct marketing. Read on and see for yourself.

3

Generating and Qualifying Leads with Your Web Site and Content Marketing

The lead generation and qualification process is common to virtually every business-to-business marketer, large and small, regardless of industry or target audience. Most marketers know they could be doing it better, and many have now learned that the Internet can significantly improve the process.

This is the first of three chapters that discuss lead generation and qualification in the context of the Age of the "e." Here we discuss the use of your Web site and Content Marketing. In the next two chapters, we will cover the use of online advertising and e-mail. The basics of lead generation and qualification remain the same, but you will see how to integrate Internet marketing into the mix to make the lead generation process faster and more cost-effective.

This chapter discusses how to make the best use of your Web site with Internet-enhanced lead generation and qualification techniques, including

Content Marketing. Your company is probably investing a good sum of money in its Web site, and the key issue is whether or not you are getting a true *return on that investment* (ROI). To obtain a marketing ROI from your Web site, you need to be able to prove to yourself and to your management that it is achieving *measurable results*. This means your Web site must be structured to capture and qualify leads, provide e-service to customers, become a fulfillment center and, in some cases, accept online orders.

A Word about *.com*

Before we begin, a word about *.com*. It used to be that every company's Web site had to have a *.com* on the end. In a few cases, *.net* was adopted as an alternative, primarily by ISPs and other networking companies. The only other choices were *.edu* (educational institutions), *.org* (typically not-for-profit organizations), and *.gov* (government).

Now all that has changed. New suffixes, such as *.biz, .tv, .md,* and *.info* are available as the Web expands to keep up with the demand for domain names. Although *.com* has become a standard for U.S.-based commercial organizations, other suffixes are gaining strength. According to www.domraider.com, in 2017, *.com* was still firmly in first place for total domain name registrations, followed by *.cn* (China), *.tk* (Tokelau), *.de* (Germany) and *.net*. DomRaider reported that in 2017 there were 329.3 million domain names registered worldwide, and there was continued strong growth in registrations up to about 500 million in a few years' time. What is Tokelau? Unfortunately, it is mainly a phishing site with bad actors using the .tk suffix to try to hoodwink people.

The Lead Generation Dilemma

For some years, direct mail response rates in general have been declining. Several factors probably contribute to this, not the least of which is media oversaturation. In addition, there is increasing competition in virtually every product category. Individuals in business are overwhelmed, as are consumers, with hundreds of promotional messages each day, coming to them via direct mail, print advertising, television, radio, e-mail, social media, and Web pages.

Typical direct mail lead generation raw response rates can range from about 1/3 of a percent to 3%. When a traditional lead generation mailing response rate exceeds 3%, it is often a time for celebration. Order generation response rates generally fall below 1% because generating an order with direct mail is a tougher challenge than generating a lead.

Direct mail response rates can be enhanced by using follow-ups to original mailings. A follow-up is generally a simple letter or a "double postcard"—a postcard mailing that sends the recipient to the Web for more information. Such a mailing can be mailed to the same list as the original mailing, using the same offer, at a very low incremental cost. Typically, a follow-up mailing lifts the response rate by half the response rate to the original mailing. If the original mailing achieved a 2% response, the follow-up is likely to achieve an additional 1% response.

Is a 1 or 2% response rate really good enough today to justify continued promotional investments in traditional direct mail? Are there proven strategies to lift response rates—and more important, to generate a *higher percentage of qualified leads?* How can you get your share of the other 98% of the audience who, for whatever the reason, did not respond?

One answer is *leveraging your direct marketing across several*

complementary media. Yes, direct mail is still a proven lead generation medium that can be effectively and precisely targeted, tested, controlled, and measured, but when it is enhanced with other media, direct mail becomes even more effective and efficient in getting the job done.

Enhancing Direct Mail with Telemarketing

Some b-to-b direct marketers are achieving significant success boosting response rates by adding *telemarketing* to the media mix. Industry experience suggests that telemarketing seems to have the most positive impact on direct mail when it is used as a follow-up medium. Here are two examples:

1. If an individual responds to a mailing or an ad, or attends an event, a call from a telemarketer can often further qualify that person's interest. This individual can then be prioritized and placed in the appropriate response or lead category.

2. If an individual receives a direct mailing and does *not* respond, a follow-up call from a telemarketer may prompt a response. In fact, there is some evidence that aggressive telemarketing that is conducted right after a direct mail campaign can increase overall response, even if the target audience has not yet responded.

Telemarketing does have some drawbacks, however, when applied to lead generation in the b-to-b market:

1. Telemarketing is significantly more expensive than direct mail on a per-contact basis. A high-quality direct mail contact in a quantity of 10,000 may cost in the $2.50 to $5.00 range, but a telemarketing contact could cost from $7.00 to $15.00 each – or more – for a few thousand calls.

2. Telemarketing costs do not typically decline on a unit cost basis with increasing quantities because telephone line charges and personnel costs remain stable. Direct mail costs almost always decrease on a unit cost basis as mail quantities increase.

3. More and more, b-to-b telemarketing is being screened out by voice mail or assistants answering the prospect's phone, especially in the case of management. The result is that it can take five to seven phone calls to connect with a "live" target prospect—if at all.

Obviously, this means you need to carefully control the use of telemarketing as it relates to the lead generation process.

Lead Quantity vs. Lead Quality

We have established that direct mail, when enhanced by telemarketing, may produce higher response rates than direct mail alone, but the incremental cost could be significant. In a moment, we will see if the same holds true with Internet-enhanced direct mail lead generation. First, however, there is an issue we need to address: the *quantity* of responses versus the *quality* of responses.

If the challenge is falling direct mail response rates, why not simply increase mailing quantities? At first glance, it seems like a logical strategy. In many cases, this is exactly what you *should not* do.

As you probably know, the economics of direct mail marketing are such that the more you mail, the less each mailing unit costs. For example, you might be able to mail 50,000 self-mailing pieces at a cost of $1.50 each. That same mailing piece, however, may cost you $3.00 each at a quantity of 20,000. This simple fact of direct marketing life may lead to the mistaken belief that mailing more equals more response. That may be true, but here is the question

you need to ask yourself: Is a higher response rate what you *really* want?

If you are marketing higher-priced products to businesses, this may not be what you want. Suppose you are marketing a product at a price point of $5,000. Businesses with 25 or fewer employees may not be a good market for your product. Chances are a business owner or manager of that smaller size company would not purchase a product at that price unless it were absolutely essential. To limit your risk, you would probably not want to mail to these smaller businesses, so you would use mailing lists that provide selectivity on the basis of business size.

Suppose your sales channel has found that the product is very appealing to a particular individual within a business, such as the person in charge of marketing, and your channel partners have also told you that certain vertical industries seem to be more interested in the product than others. You would want to make sure that the lists you use offer additional selectivity to accommodate these audience characteristics: You would select on the basis of names and titles of marketing directors or managers, if they are available, and SICs (Standard Industrial Classification codes) and/or NAICS (North American Industry Classification System) to get at the right industries.

Using list selection criteria is a basic direct marketing technique to winnow down the universe and ensure that you are selecting the right audience with pinpoint accuracy. This is *targeting:* fine-tuning your audience selection criteria so you can be sure you are making the right offer to the right people. The obvious result is that *your total mailing quantity will decrease,* not increase, and typically, your total number of responses will decrease as well.

In this scenario, you are reducing your number of marketing impressions, so your potential to generate total response would logically go down. In addition, each marketing impression will now cost significantly more than if

you had done a broader campaign. However, reducing the *quantity* can actually result in increasing the *quality* of the leads generated. Targeting works because it is based on the basic concept that it is better to generate a higher percentage of quality leads than to generate a high number of responses of lesser quality.

Why Is Lead Quality So Important?

In many cases, mailing a lower quantity at a higher unit cost will beat mailing a higher quantity at a lower unit cost, maybe not in overall response, but in *quality* of response. Most b-to-b marketers recognize that it is better to have a higher percentage of qualified responses from a smaller pool of leads than a lower percentage of qualified responses from a larger pool of leads. One important reason is because your sales follow-up process will be far more efficient as a result.

When direct mail is highly targeted, it can be highly efficient. With the integration of the Internet, there is golden opportunity for direct marketers to not only increase this efficiency, but also to actually escalate the return on investment (ROI) of lead generation programs.

B-to-b direct marketing is the *opposite* of advertising, or general media marketing. Direct marketing uses a rifle rather than a shotgun. In some cases, as with lower-priced products with broad appeal that are sold directly, it may be worthwhile to increase mail quantities rather than reduce them. For many b-to-b marketers, however, the highest return and lowest risk comes from mailing narrow and smart—targeting a more finely defined audience that is more likely to be interested in your product in the first place.

How To Enhance Targeted Lead
Generation with the Internet

Now let's add the Internet to the lead generation and qualification process. With the Internet, you can target interactive media just as you target direct mail, and the incremental cost of Internet direct marketing is so low that you could improve the results of your lead generation campaign at almost no risk. That's the mail-enhancing power of the Internet.

First, by introducing the Internet as an electronic response path in your mailing piece (pointing the prospect to either an e-mail address or, better yet, a specific Web URL – also called a "landing page") you can potentially increase overall response to your mail campaign. Then, if you enhance your direct mail with carefully targeted Web advertising or opt-in e-mail, you can increase the overall response rate. Finally, if you create a special Web response form (WRF) to capture responses and ask respondents to answer a number of qualifying questions, you can significantly increase the number of qualified leads. The bottom line is that you enhance your direct mail lead generation by leveraging the Internet. That means you acquire more qualified leads from your direct marketing lead generation campaign at a very low incremental cost.

As with direct mail, the Internet should be used in a very targeted fashion. Media for Web advertising should be researched and carefully chosen, ideally using the same or similar sources as for the direct mail campaign. The Web response form should be designed for the campaign specifically to qualify respondents. E-mail should not be broadcast to individuals who do not want it but rather targeted to prospects who demonstrate an interest in the product *and* gave permission to communicate with them via e-mail.

When you use the Internet in the same careful, precise, and efficient way as

you use direct mail or telemarketing, it becomes *Internet direct marketing.*

> *Internet direct marketing can be targeted,*
>
> *tested, controlled, and measured—just like*
>
> *direct mail marketing.*

Because of the current economics of Internet usage, Internet direct marketing can be even more cost-effective than traditional direct mail lead generation. After all, there are no materials or postage costs.

There is an added bonus to Internet direct marketing: There is nothing to physically produce, so your production timeline is compressed. Instead of waiting to print and mail something, you can get on the Internet very fast, and you can make modifications to programs just as fast. That means you can see the results of your efforts quickly as well.

Although the Internet can be proven to enhance the traditional media used in your lead generation programs, it is inaccurate to assume that the Internet can replace direct mail or telemarketing entirely. For one thing, the Internet has not reached the level of maturity of direct mail in terms of your consistent ability to hone a prospect list by using key criteria to select exactly the right individuals for a mailing program.

In addition, access to individual names and titles via the Internet is problematic. As you will see in Chapter 4, prospecting via the Internet presents a whole set of unique challenges to the b-to-b marketer. Nevertheless, augmenting traditional lead generation media with the Internet is something successful b-to-b marketers are doing today.

The Internet Can Improve Your Entire Lead Management Process

Think about how to incorporate the Internet into your own lead qualification

process. Ask yourself how the Internet can play a role in facilitating that process:

- How can you use the Internet to generate leads in the first place?

- How can the Internet support and enhance your use of traditional direct marketing media?

- How can you incorporate the Internet into your existing lead qualification process so that it helps to produce a larger number of qualified leads and, ultimately, a higher lead close rate?

- How can you move toward true electronic lead capture and qualification over the Internet—integrating that information with your marketing database?

- How can the Internet enhance the relationships you have with marketing and channel partners—so that they, too, benefit from your lead generation activities?

- How can the Internet help you strengthen the relationship between your marketing and sales organizations—so you receive the feedback you need to know how well your lead generation and qualification programs are working?

- How can the Internet become a feedback mechanism for prospects—so you can continuously requalify them and know where they stand in the qualification process?

- How can you apply Internet technology to automate your sales lead management system—so it becomes a flexible, responsive system, accessible across your enterprise and to select parties outside your enterprise?—so you can increase response, qualified leads, and profits.

The First Step: Web Response Forms

The Web response form (WRF) is the electronic equivalent of a direct mail reply card and, as such, represents a fundamental change in the way people may prefer to respond. A WRF can be part of a "landing page"—a termination point of a specialized URL designed to funnel response from traditional or interactive direct marketing media. Unlike the passive e-mail address, the WRF is active. In fact, it is interactive. And Internet marketers are using it with great success.

Here is how it works. You place a direct response ad, you send out a piece of direct mail, you place a banner ad or e-mail newsletter ad, you add a response option to a blog, or you send out an e-mail. In the call to action, you may include traditional response paths, such as an address or fax number, and a toll-free phone number to take inquiries or orders. But you also add as a response path a special Web URL, set up as a unique identifier for the specific campaign, if possible.

The special Web URL can "hang off" of your existing Web site. Simply create a URL address, such as *www.*[your Web site name].*com/*[promotional identifying code or word]. The downside is that some individuals may go to the corporate Web address anyway, not typing the extension. These kinds of special URLs therefore work best when they are direct links from within an e-mail or Web site. You should expect a percentage of total leads generated by a campaign using a special URL to go to your corporate Web site rather than the special address, so it is generally a good idea to mention the campaign on the home page and then drive prospects to the same WRF off of the home page. To track the respondent back to a particular list or other coded criteria, you should assign an access code, generate it onto the mailing piece in a

prominent place, and then ask the respondent to enter that code on the WRF. To become even more precise, you can use variable data printing or personalized e-mail to address each prospect by name and send them to their own Web site such as *www.*[your Web site name].*com/*[prospect name]. This is called a PURL or Personalized URL. Once at the Web site, the prospect can be greeted by name, offered customized opportunities, and tracked as an individual.

As another option, you can apply for a completely unique URL that relates specifically to the product promotion—although there is an additional cost associated with it. Completely unique URLs associated with a high-value offer may be beneficial because they lead the prospect away from a general Web site's home page. That is important if you are truly trying to track the lead back to a specific campaign, rather than have it go to a general Web page where you cannot track it.

Why? For the same reason you include a reply card in direct mail and say "Respond today for this free offer by returning the reply card" instead of saying "Contact us for more information." In direct marketing, you need to facilitate response by telling the respondent specifically what to do and where to go. Making a specific offer instead of offering general information is a proven response generator. Asking for a specific response to that offer facilitates and potentially increases response.

Directing a prospect to a corporate Web site in a lead generation campaign opens up a multitude of options that could actually be a barrier to response. When prospects go to a Web site's home page instead of a Web response form, they may not be able to easily find the response path. Many Web site home pages are too busy and filled with links, and most Web marketers do not give a lot of thought to including a WRF that stands out from all the home page

clutter.

There is another nasty side effect to not using a WRF. B-to-b prospects are very accustomed to the Web as a means of learning about companies and their products. That means they may go to a company's general Web site when they see an ad or receive a piece of direct mail—even if a special URL is included in the promotion. Prospects visit the general Web site, look around, find the information they want, and then leave. As a result, the campaign generates responses, maybe even good leads, but they cannot be attributed to that specific campaign. The campaign "leaks leads," because the marketer never captures any identifying information about the prospects. When the marketer analyzes the campaign, it may look as if it did not do so well, even though leads were actually coming in—but through a response path that was not being measured as part of the campaign.

That is why it is essential to tie a compelling and unique offer to your WRF—preferably something a prospect can receive only by going to that specific WRF. If the offer is unique, prospects will be more likely to go to a special place to get it. A common mistake is making a direct marketing offer that is already on your Web site. If anyone can gain access to the offer through your corporate Web site and it is not necessary to provide identifying and qualifying information to read it, you may get a visitor—but you will not get a lead.

Obviously, if you do a lot of direct mail promotions and do not find it feasible to use different URLs for your WRFs, you could use your home page as the destination. Then it is important to have a prominent area on your home page that highlights promotions so that respondents can get there quickly. This should link to a promotions page that briefly describes each promotion and shows a unique graphic that helps the respondent relate it back to the direct

mail piece received. As mentioned earlier, if you wish to track the response by list or other key criteria, you will need to generate a tracking code on the mail piece and ask the respondent to fill in that code on the WRF.

Web Response Forms Tighten the Lead Qualification Process

The WRF is designed to tighten the lead generation and qualification process. When the respondent goes to your special URL, he or she finds the WRF—a page or a series of pages, along with an interactive form, reinforcing that individual's interest immediately. The WRF potentially turns that preliminary interest into an action. A WRF can also capture valuable marketing information about the respondent and ask qualifying questions. See *www.perfectforms.com* for examples.

WRFs can be especially effective as the termination point of Web banner advertising. The Web banner ad can be linked directly to the WRF. The prospect clicks on the ad and is routed instantly to the WRF. In this case, since the banner ad is just a teaser, the WRF can be a Web response area, or even a Web "micro-site." The purpose of this area is to share information so that the prospect can make a more informed inquiry and possibly even a purchase.

A Web response area can be thought of as "electronic fulfillment" (more about this later). Electronic fulfillment is something that has become standard in the Age of the "e." As the cost of printed materials goes up, electronic fulfillment becomes all the more attractive.

For some direct mail lead generation campaigns, all that is needed is a cost-effective postcard that encourages a prospect to get an offer by visiting a special URL. There, the prospect arrives at a Web response area and finds complete information about the offer and the product being promoted. The

prospect can then "pay" for the offer with "marketing currency" by typing in his or her contact information and answering some qualifying questions. The prospect sends the form, the marketer gets the lead, and the prospect instantly receives the offer online via electronic fulfillment. Very tidy.

The Basics of Constructing Web Response Forms

Web response areas and WRFs can be constructed in a number of ways, but here are some of the basic things to include:

1. A **headline** at the top of the WRF welcomes or thanks the respondent for visiting. The headline acknowledges the fact that the respondent came to this special page to get or do something. The headline should tie in directly with the promotion itself in terms of graphic look and feel and copy.

2. The WRF **reinforces the promotion and summarizes the offer**. It is a good idea to use some of the copy from the original promotion to integrate and leverage the messaging.

3. If necessary, **one or more pages provide product information**.

Instructional copy tells the respondent what he or she will receive if the WRF is completed and sent. The offer can be handled in a variety of ways:

– Instant fulfillment: The respondent sends the form and instantly receives the desired information in return.

– Unlock and download: The respondent sends the form and receives instructions telling how to unlock and download a document or software, typically a trial or demonstration version of the product.

– Private access: The respondent sends the form and receives an

acknowledgment, either instantly or via return e-mail, that includes a special URL and/or password which allows access to a separate private Web area or virtual event (more about virtual events in Chapter 4).

- Traditional fulfillment: The respondent sends the form and receives the information requested traditional mail, or receives an item ordered via traditional mail or delivery service.

The form itself allows the respondent to interactively fill in basic data: name, title, company name, address, city, state, zip code, phone number, and e-mail address. The form should also ask several qualifying questions, including whether or not the prospect grants permission to use e-mail for correspondence. Some marketers mark certain questions as required (i.e., the form cannot be sent unless the required fields are completed).

- It is generally a good idea to offer a link to the corporate Web site only at the very end of the WRF or on the acknowledgment page the respondent receives once the WRF is sent. This funnels the respondent's actions and does not let him or her "escape" from the WRF but gives the person the ability to learn more by visiting the corporate Web site after responding.

The WRF is an excellent way to capture responses electronically. Including a Web URL typically helps increase overall response to a direct marketing campaign. If the target audience is composed of technical professionals or individuals who frequent the Web, they may in fact prefer the Web response path to more traditional response methods. Individuals who "live" online and use the Web extensively for research and information are far more likely to respond over the Web than they are to return a reply card or make a phone call.

Finally, there is growing evidence that individuals who respond via WRFs

are highly qualified prospects. We have seen numerous examples of direct marketing campaigns in which the respondents using WRFs were more highly qualified than those returning reply cards.

There is some logic to this if you consider the fact that a Web respondent has to "work harder" to respond. Finding the URL may be easy, but typing in all the requested information and answering questions on a computer screen takes some time and effort. There is no easy way around this. WRFs can be simplified by using drop-down menus for multiple choices (to indicate your state, for example) or radio buttons and check boxes, but individuals still need to type certain basic contact information, which can be tedious. Doing so suggests that the prospect wants to obtain the offer or get more information and is willing to do a little bit of work to get it. In today's high-pressure, compressed-time business environment, that is an important indication of a prospect's interest.

Despite the WRF's advantages as a response mechanism, it is not entirely foolproof. As mentioned earlier, even if you use a special URL, potential prospects could go to your regular Web site instead. That is why, if you are doing a promotion that features a special URL, you might want to mention that promotion and have a link to a version of the WRF on your Web site home page for prospects who show up there instead of coming to the special URL.

Another potential problem is the interactive form itself. Be sure it is constructed properly. Test your form with several different computers and browsers. It is also a good idea to try it out on several different people to see if the form is easy to understand and easy to use. You need to be sure that the respondent can easily send the WRF—and that you receive the information you need.

Using Your Web Site for Lead Generation and Qualification

Is the money being invested in your Web site offering you a true return on your marketing investment? To obtain a marketing ROI from your Web site, you need to be able to prove to yourself and to your management that it is achieving measurable results. This means your Web site must be structured to capture and qualify leads, and potentially to accept online orders from prospects and customers.

Many books are available that cover how to build and improve Web sites. Such books go into the necessary detail you will need to execute a Web site project. Our focus here is not on the design and technical elements of building Web sites but instead on how to use your Web site in the context of direct marketing—to generate and qualify leads, get response, and achieve measurable results.

Seize the Opportunity to Set Your Web Site Apart

For a Web site to be used as a lead generation and qualification tool, it must follow the basic principles of good direct marketing: You must appeal to your target audience, make audience-appropriate offers, and execute the creative aspects of the site in keeping with the audience's needs. You must also include a strong call to action.

Begin with the design of your Web site and its home page. In Chapter 2, we discussed the nonlinear nature of the Web. You saw how a site visitor could jump from place to place, freely and randomly. This is true, but it is also true that a Web site can be designed to highlight or emphasize certain areas so that

the visitor is drawn to them. The design of a page can assist the visitor in locating offers and finding a Web response form.

One possible way to influence the visitor's navigational path is to make the most prominent part of your home page a special, highlighted offer. If it stands out from the rest of the page and leads to a Web response form, the offer could potentially draw a majority of visitors to that area. Another way is to feature a promotional area that makes the same offer to visitors as a current direct mail or direct response advertising campaign. Leveraging the direct marketing offer could potentially enhance response.

The Web provides the distinct marketing advantage of speed. An offer can be posted on a Web site in time to coordinate with any direct marketing campaign—before the campaign even appears in print. If the offer is prominently featured on the home page, perhaps through an on-site banner ad that ties in creatively with the direct mail or advertising, you will gain from the power of integrated media.

Good direct marketing copywriting can also improve the effectiveness of a Web site. Direct marketing copy tends to be written in a friendly, me-to-you style with a heavy emphasis on benefits. It uses short sentences and an informal structure that makes it easier to read and follow. It makes liberal use of "graphic signals" and eye rests, such as indented paragraphs and bulleted lists.

As you explore Web sites, read the words carefully and evaluate the structure and quality of the writing. Notice how tedious it is reading lengthy copy on a computer screen? A good site will take that into account by keeping sentences and paragraphs short; using frequent subheads in bold or in color; breaking copy into sections; using bulleted lists that offered click-throughs to more information; tables; and indents; and boldfacing or italicizing appropriate

words and phrases. What's more, a good site contains most or all information on each page "above the fold" – in other words, it does not require the reader to scroll down.

Incorporate Direct Marketing Techniques into Your Web Site

Here are a few ways you can use direct marketing to improve the efficiency of your Web site in generating and qualifying leads:

1. Make it easy for a prospect to locate and gain access to a Web response area. Many Web sites either bury the response area or do not even have one. A prominent response area on a Web site, even a simple Web response form, will encourage prospects to identify and potentially qualify themselves. Reinforcing that response area throughout the Web site by providing links across many of your site's pages will remind prospects of the offer and give them multiple opportunities to respond.

2. Create a promotional area with special offers. Turn your response area into a promotional area featuring special offers that change from time to time. Tie these offers in with direct marketing campaigns by leveraging the copy and graphics used in other media and "Web-izing" the creative for use on your site.

3. Place an on-site banner ad. A banner ad is a promotional technique most often used as advertising on other Web sites to draw people to your Web site, but you can also create and place a self-promotional banner ad on your own site—to draw attention to a response area on your site. The banner ad could reinforce a campaign in other media or promote a free offer independently and could link to an on-site Web response form.

4. Offer a free subscription to an e-mail newsletter on your site. An e-mail newsletter is really an electronic continuity program that gives you the ability to communicate periodically with prospects and customers. You

can offer an e-mail newsletter to prospects who provide you with contact information and answer questions on a Web subscriber form. Then build a list of subscribers and send them an e-mail newsletter regularly. Use the e-mail newsletter to convey valuable information as well as to make offers and further qualify prospects. Rather than sending the entire newsletter via e-mail, you might test sending a link to a newsletter that appears on your Web site and encourages the reader to stay on the site to find out more.

5. Drive traffic to your Web site via traditional media. After you optimize your Web site, be sure to capitalize on its existence. Promote the Web site aggressively, especially if it has informational or educational value. Include your Web site address in all promotions and on business cards. Drive traffic to your Web site using other media. For example, business-to-business marketers may achieve significant success generating Web site traffic simply by mailing an oversized postcard promoting the site to prospects and customers. If you have a special offer of any kind, make that offer on your Web site and promote it in order to drive individuals to the site. Leverage the informational and educational value of your site content with public relations efforts such as news releases that point readers back to your site or a specific landing page.

Characteristics of Effective Marketing Web Sites

Use the following as a checklist to determine if your own Web site includes some of the more common characteristics of effective marketing sites.

Compelling, Well-Designed Home Page

An effective marketing Web site starts with a well-designed home page. The

home page is not unlike the cover of a magazine. It should be interesting, attractive, and intriguing to your target audience. Key content areas should be highlighted so that visitors can find what they need quickly and easily. The home page itself serves as a gateway into the entire site. From a marketing perspective, it should embody the personality of your company and immediately convey a distinct message. It is generally a good idea for the home page to have a look and feel that complements your corporate or promotional identity.

Here's something to consider in page design. The Poynter Institute tracked eye movements of individuals reading print and online news sites. According to Poynter, "Online participants read an average of 77 percent of story text they chose to read. This is substantially higher than the amount of story text participants read in broadsheets and tabloids. Broadsheet participants read an average of 62 percent of stories they selected. Tabloid participants read an average of 57 percent. Why would people read more of a story online? Home pages prominently feature brief, up-to-the-minute breaking news reports, which we coded as stories. We wondered whether the shortness of these and other online stories could have been a factor."

You don't want to overreact to such a study, especially since the sample was only 600 readers, but the researchers concluded that a Web site's best to engage the reader is through compelling text.

Timely Updating

The Web is a dynamic medium that demands freshness. Some marketers take advantage of this by prominently posting the date each day on their Web sites. Others include daily updates to give the impression of immediacy. Although daily updating may be too ambitious a goal for some, you should at least set a periodic update schedule, perhaps monthly, and adhere to it. Another way to

keep the site fresh is to show real-time social media feeds from Twitter and other media you update regularly.

Consider establishing a prominent What's New area so that you can localize the information that needs frequent updating. Change this area on a periodic basis. Review the remainder of your site at least monthly for possible updating. Consider refreshing the overall look of the home page at least every year.

Frequent updating is one of the important differentiators of a Web site. Some sites make use of streamed content from other sources to keep their sites current – for example, the Investor Relations page of a bank might stream a stock ticker at the bottom of the page during trading hours. Others use content management systems to automatically update pages.

One clever technique for keeping your home page fresh is to employ rotating images or copy that changes within the page. You can set up your home page so that it actually has several different versions, or specified areas, that continuously change as visitors hit the page. In this way, each hit generates a page with a different image, providing the impression of a new page with every visit.

Intuitive Navigational Flow

The nonlinear nature of the Web requires a navigational system that is structured to offer visitors maximum flexibility and freedom to move around. Most navigational systems use several buttons, icons, or images, accompanied with words or phrases, to identify major areas of a Web site. Often these buttons run across the top or down the left side of the home page, sometimes in frames that remain visible on subsequent pages. Once inside a particular section, additional navigational buttons or text links may be necessary to help the visitor move from page to page.

Continuously improving Web technology is making navigational systems more useful. Often the navigation buttons respond by appearing to be highlighted when visitors roll over them with the mouse. Some buttons or icons respond when clicked on by moving or changing color, or even producing a sound (although that generally requires a plug-in). These techniques bring enhanced gamelike interactivity to the Web and help visitors feel like they are making something happen when they roll around the site or click on their mouse. Use these techniques with care, however, so that they do not become distracting or overly flashy.

The use of "dynamic HTML," JavaScript, and Java applets have made navigational systems even better, as long as a visitor's browser supports these technologies. With dynamic HTML, for example, visitors can see subtopics in drop-down menus when they roll over navigational buttons on the home page. This is especially useful for sites with a lot of depth beneath the home page.

Regardless of the technologies employed, the key point is to make navigating a Web site easy, intuitive, and idiot-proof. As most business people are quite Web-adept, they move through Web sites and pages skillfully and quickly. Web sites with well-founded navigational structures will assure that visitors have a good experience—and stay awhile.

High-Value Information Content

An effective marketing Web site offers visitors reasons for spending time at the site and coming back. Snappy graphics and technological tricks attract attention, but they soon lose their impact if there is no substance to the site. Most Web experts agree that content is king. Good sites go beyond simply providing product details—they also include product benefits and, more than that, offer high-value information that visitors can use, whether or not they purchase the product. The rationale for this is simple: If prospects or customers

learn something from a Web site, they will come back for more. Many times, they will also "pledge allegiance" to the site's sponsor by considering that company's product for purchase when the need arises. You lose nothing by posting high-value information that relates to your products or services on your Web site—by doing so, you help to position your company as a knowledgeable leader in your field and gain the respect and potential buying interest of visitors to your site.

It is content that keeps your site "sticky"—which means visitors come back frequently. Your goal should be to have a visitor bookmark your site and use it as a primary informational resource. More about content marketing at the end of this chapter.

Fast Response Time

Do not underestimate the "hang time" problem with the Internet. You can do a lot on your end to help ease the slow-Web problem by designing your Web site for the fastest response time so that pages load quickly. In general, that means containing graphic images to small files, being wary of full-page background graphics, and assuring that any advanced technologies, such as integrated databases, multimedia, Internet telephony, or live chat, are supported by adequate Web servers.

Response Orientation

A good lead generation and qualification Web site should provide prospects and customers with opportunities to interact and respond. Response paths should stand out and be clearly defined on the home page and referenced throughout the site. Offers should be prominent and lead directly to qualifying Web response forms. Downloads should be easy to execute. Customer service areas should include e-mail links, online forms, and, if possible, 24-hour autoresponders. Games and contests can help to draw attention to response

areas, but they can also generate a large number of unqualified responses—so use them with caution. Make your Web site active, not passive. Make calls to action prominent, and make it easy for visitors to find response areas by instructing them where to go and what to do.

Respect for Privacy

This is listed as a characteristic for effective Web sites because it is becoming increasingly important as the Internet grows more influential as a business-to-business medium. It is recommended that you post a privacy policy on your Web site. You can find out more about privacy policies at the Data & Marketing Association site at (*www.thedma.org*). Put "Privacy Policy Generator" into the search tool.

The Internet privacy issue looms as states, the federal government, and other countries increasingly scrutinize the digital world. It is far too easy to abuse someone's right to privacy electronically, and good b-to-b marketing use of the Web should include ethical practices. Post a privacy policy on your Web site, refuse to use unsolicited e-mail unless you are certain it is acceptable to the recipient, and protect the privacy of your database and any e-mail marketing lists you have in your possession.

Use of Personalization and Customization

It may seem odd to add personalization to the list after the preceding warning about privacy. Despite privacy issues, however, Web site users are quite accustomed to and, in many cases, responding better to personalized sites. A study conducted for the Personalization Consortium supports this notion. Although 82% of the consumers surveyed said privacy was a key factor in their decision to purchase online, 63% of them reported they are more likely to register at a personalized Web site with customized content. Nearly half of the adult users with two years or more of online experience said they use

customization. Additionally, 53% of those surveyed said they would be more likely to purchase from a personalized Web site. This seeming paradox actually makes sense. If your Web site is serving the individual needs of a visitor via personalized and customized content, the benefit the visitor derives from this could actually reduce the concern about privacy. On the other hand, if you use personalization, you need to be even more cautious about protecting the information associated with a visitor to your site.

What You'll Get When You Follow the Rules

Follow some of the rules listed earlier and you'll get more visitors, as well as visitors who come more often and stay longer. A study released by Booz-Allen & Hamilton and Nielsen found that online users behaved differently based on their informational needs. The study provided some insight into different levels of interactivity and interest. Of the seven categories described in the study, a few have special relevance to the b-to-b marketer.

One category, titled "Do It Again," consisted of users who engaged in sessions of about 14 minutes in length, with page views of as much as two minutes in length. Users in this category spend 95% of their time at sites visited at least four times before. Another category, called "Loitering," consisted of users similar to those in the "Do It Again" category, but who spent 33 minutes in a session, again with two-minute page views. Loiterers spent a substantial amount of time at sites that were familiar to them, and they came back for more. If your Web site can be designed to attract users in one of these two categories, you are likely to achieve success with your Web site.

How Do You Get Repeat Visitors to Your Web Site?

If a prospect visits your Web site and does not complete and send a Web response form, you do not necessarily lose the lead, as long as you design your Web site for repeat visits. As indicated in the Booz-Allen/ Nielsen study just referenced, it is important to encourage the prospect to check in periodically.

The most successful Web sites enjoy heavy repeat traffic because there is something new for the prospect to experience each time he or she visits. The key is to find ways to encourage a dialog and build a relationship with visitors so that your site will be tops on their list of bookmarks. A frequent browser today could be a buyer tomorrow. Here are a few technology-driven techniques you can use to engage visitors and turn a Web site monologue into a dialog.

Automated E-mail Response

It is easy to build in a "mail to" e-mail link so that visitors can instantly inquire about your products or services, but it is just as important to respond promptly if not instantly. A variety of autoresponder or autobot tools are available that can respond automatically to such requests. On good electronic commerce sites, for example, an order can be instantly acknowledged as soon as it is placed. An e-mail message is sent to the customer's mailbox verifying the order and providing an order number and shipping information. This is also a good way to prevent fraud, because if the recipient did not place the order, he or she can immediately inform the sender of the e-mail.

One effective way of encouraging a dialog with prospects is to invite them to sign up for a free alert service or e-mail newsletter. As soon as prospects enter their e-mail addresses, they should receive an instant e-mail acknowledgment letting them know they have been added to your list and also

giving them the option of unsubscribing. This is not just a courtesy; it also prevents against sending unwanted e-mail to someone whose e-mail address may have been added to your list without his or her knowledge.

Cookies

Cookies are not quite as controversial as unsolicited e-mail, but they do cause some concern in the Web community. Cookies are basically little files that your computer stores when you pay a visit to a particular Web site. A cookie allows the Web site to identify your computer when you return to the site. Although your Web browser can be set to alert you to the use of cookies and turn them off, some users are not even aware they can do this.

On the positive side, a cookie can be very useful in identifying a returning visitor so that the Web site can provide customized Web pages on the fly, if the appropriate database technology is in place. The ultimate value is that a visitor can have a very personalized experience and see pages intended just for him or her. This is a strong motivation for the visitor to return to that particular Web site. E-commerce Web sites routinely use cookies to identify returning customers and help facilitate the ordering process.

Today's online advertising resources are using advanced technology that goes beyond the basic cookie. This technology can not only identify the user's address, but also the user's country and organization. This information is then used to deliver advertising targeted to that person. Some sites ask visitors to select their country and preferred language when the visitor arrives at the home page.

Although personalization and customization on the Internet are increasingly common and even desirable, this kind of information intimacy could spook some users if they are not prepared for it. It is a good idea to mention, somewhere on your site, that you use cookies or other such tools of

relationship marketing for the visitor's benefit and to encourage the visitor to inform you if that is objectionable. In Europe today, visitors are asked to click to acknowledge their awareness of cookies on each site before they proceed.

Database-Driven Personalization and Customization

Perhaps the most significant advance in marketing-oriented Web sites has been the adoption of database-driven personalization. Basic personalization, such as a Web page greeting you by name, is relatively easy to implement, but industrial-strength personalization needs to be powered by database technology.

Internet database and communication technology has advanced to the extent that entire books have been written about it. Suffice it to say that such technologies are revolutionizing marketing on the Internet. Tools are available that permit mass customization of direct mail pieces (through variable data printing), e-mail and Web pages, offering completely personalized communications to unlimited numbers of users.

Some of the best examples of such personalization online (called responsive design) can be viewed at this *web address*. "My" pages are now prevalent on the Web, and you will find them on major search engines, such as Google and Yahoo, as well as on other leading sites. "My" pages allow the user to customize preferences on a Web page. Then, on return visits, the page "remembers" what the user selected and provides the information formatted to those preferences.

Another well-known example that pushes personalization into the one-to-one marketing world is the ability to make purchase suggestions. The use of customer purchase history by Amazon.com *(www.amazon.com)* is an excellent example. Amazon analyzes each customer's purchase history and makes suggestions based on past purchases. In addition, Amazon makes suggestions

on the fly when the customer is engaged in the buying process. For example, as you are selecting a computer printer for purchase from Amazon you will be informed that "customers who purchased this item also purchased…." Then you'll see a printer cable, or a cartridge, or other items relevant to your planned purchase. And Amazon will invite you to rate your past purchases and use that information to further customize what you are offered as recommendations.

Obviously, for this to function day in and day out with millions of customers, a massive data warehousing capability must be in place. This might be justifiable for e-commerce, but it may be less attractive for non-purchase marketing applications. Nevertheless, the move to personalized, customized Web pages and one-to-one e-mail marketing campaigns is significant. It must of course be balanced against continuing concerns about privacy and the undisclosed use of customer data, but personalization is fast becoming a requirement for successful Internet marketing.

Interactivity and Multimedia

Online query tools and search engines are so powerful that requests for information can be pinpointed with remarkable precision. Internet interactivity has advanced to the point that real-time chat sessions are commonplace and online events, discussed later, routinely include real-time audio and video.

You can provide visitors with a wide variety of multimedia experiences, and the technologies to do so are getting better every day. To hear sound and view extended-time graphic motion or video, visitors will often need to download special software or use a plug-in browser accessory, but Web technology is advancing so rapidly that multimedia tools that do not require plug-ins are readily available. Even video conferencing can be accomplished online with inexpensive digital cameras and the appropriate software.

Multimedia opens up all sorts of possibilities for attracting repeat visitors, especially if you combine it with interactivity and personalization.

Creating "Micro-sites"

A micro-site or mini-site is a smaller, self-contained Web site that can stand on its own or be part of a larger Web site. Micro-sites are an effective way to launch a promotion, highlight a product, or drive response to a special offer. Because they are set up as discrete Web areas, they can be used to generate and qualify leads for specific campaigns. Here are three examples of effective micro-sites, each with a different objective.

Micro-site Helps Launch a New Product

A computer company wanted to launch a new software product to a target audience of technical professionals and senior executives. A high-impact direct mail package was created. It included a personalized letter, a die-cut color brochure, and a personalized reply form, mailed in an unusually sized outer envelope. The offer was an interactive tour of the software product. To encourage response, the offer was enhanced with a free downloadable white paper, plus a special discount on the product if purchased. The prospect was instructed to visit a special URL of a micro-site created especially for the product promotion.

Upon visiting the micro-site, the prospect was asked to provide a code from the mailing piece for tracking purposes, in addition to name, title, and basic contact information. Then the prospect could gain access to the micro-site, which included the product tour, along with benefits targeted to each specific audience who received the mailing. Also included was a special offer section. After the direct mail promotion was complete, the micro-site was attached to the corporate Web site as a special area featuring the new product.

Micro-site Promotes Special Offers

A leading telecommunications company wanted to make several specific service offers to small businesses in a particular region. The offers were to be promoted via television, print, radio, direct mail, and Internet advertising. A micro-site was created to promote and consolidate the special offers, and its URL was used in all of the advertising. Prospects who visited the micro-site saw graphics from the television commercials and print ads, reinforcing the campaign. They could go to the specific offer that interested them from the home page of the micro-site. Once in the individual offer area, a prospect was asked to select his or her state so that the state-specific offer Web pages could be served up to that individual. Although prospects may have been responding to one of the service offers, they could see the other offers on the micro-site. This meant the company had the opportunity to cross-sell other services. The micro-site was also accessible through the company's corporate Web site via an on-site banner that promoted the special offers.

Micro-site Transitions Customers

A major b-to-b company was merging a division into the parent company. Customers of the division were used to doing business through that division, but now the division's name and identity would be phased out. A micro-site was created to address the transition, and a direct mail campaign was launched to drive customers to the new site.

Customers were provided with a special access code to make them feel special. The code also tracked the results of the campaign. The site provided customers with the rationale behind the company's name change and reassured them that their primary business contacts would remain the same and that service would be unaffected. The site also reinforced the fact that new, even better products would now be available directly to the customer. Customers

had the ability to interact with the company, ask questions, and express any concerns via Web-based forms.

How Do You Measure the Direct Marketing Effectiveness of Your Web Site?

In the early days of the Internet, counting Web site hits may have been acceptable. Today, direct marketers realize that hits are irrelevant to overall result measurement. The gross number of hits a Web page gets simply represents the physical interactions performed by one or several individuals. Hits do not tell you anything about the level or quality of response, or the leads generated or qualified.

A variety of Web analysis tools and service providers at both the low end and high end now go way beyond counting hits. You can use these tools and services to track and analyze a visitor's interactions with your Web pages—sometimes right down to how long someone stays on a certain page or even a certain item on the page. This kind of information can be very useful in improving your Web site and making general judgments about marketing efforts. There are second-generation tools and services that improve analysis considerably. Now you can learn even more about the way a visitor interacts with your Web pages.

For example, WebTrends *(www.Webtrends.com)* offers numerous products that provide enterprise management, analysis, and reporting for e-business and Internet-based systems. Some of WebTrends' products perform data mining of Web traffic information, so companies can integrate real-time and historical visitor data with other corporate and marketing databases. SPSS *(https://www.ibm.com/analytics/us/en/technology/spss/)* offers Predictive Web

Analytics, which according to SPSS "requires little interpretation and can be used to immediately improve online customer interactions." The tool can provide an actual list of the visitors "most likely to convert." For those interested in online data analysis, frequent events sponsored by eMetrics (*www.emetrics.org*) provide authoritative information on Web site optimization, search analytics, metrics, competitive analysis, and more. The event is held each year at various cities – in a recent year these included London, New York, Milan and Las Vegas. The Digital Analytics Association (*www.digitalanalyticsassociation.org*) has the mission of "Advancing the use of data to understand and improve the digital world through professional development and community.

Marketers today have the opportunity to take advantage of robust tools available free from Google, Facebook, and other online advertising and social media. To learn about Google Analytics, visit *https://analytics.google.com*. For more about Facebook Analytics, see *https://analytics.facebook.com*.

From a direct marketing perspective, nothing beats obtaining hard, quantifiable data about and from visitors—and determining if those visitors are qualified prospects. That is what you get when you collect leads through Web response forms, asking questions so that you can qualify and prioritize your leads into prospect groups. Then you have the data you need to analyze true responder activity, not just visitor activity. That is the true measurement of a Web site's success, and this is not unlike the everyday demand for marketing accountability put on the traditional direct marketer.

Employing Web Site Links to Generate Leads

One of the unusual technological aspects of the Web is the ability visitors have

to seamlessly link from not just one page to another within a single Web site, but also from one Web site to another. As a result, a visitor to your site can instantly visit any other site with a quick click of the mouse, if you provide a live link. Similarly, a visitor on any other site can visit your site if there is a link to your site present on that other site. That is why employing Web site links is a way of generating response and, potentially, leads, that is separate and unique to the Web. There are both free and paid links available to Web direct marketers, and each kind of link has its trade-offs.

Free Links

Free links typically are provided either on a limited-time promotional basis or in return for a reciprocal link. The most obvious free link, one that you should certainly take advantage of, is the search engine link. Getting your site and pages listed by major search engines – listed here in order of popularity as of 2017: Google, Bing, Yahoo, Ask, and AOL Search. The easiest way to do this is through a variety of free or paid Web listing services, which can automatically send your URL to numerous sources (*www.addme.com* for example). You could also do it yourself by going to each search engine's home page—a considerably more time-consuming task. Getting listed on such engines will not guarantee leads, but it will certainly increase traffic to your Web site, some of which may well turn into leads.

You should also be aware of "meta tags," which help search engines identify key words for each of your Web pages. Using the appropriate tags may make your Web pages come up when prospects search on the particular keywords. However, meta tags are now less effective in securing top rankings in search engines because some site owners who load up their pages with them in the hope of fooling the search engines have abused them. Filtering technologies are now being used to prevent this, so evaluate the use of meta

tags carefully. Another technique is using a gateway page, which is "tuned with a specific set of key words," designed to improve the ranking of the page with particular search engines.

A second avenue for free links is an informational Web site. Not all informational sites accept free links, but some do. Some informational sites represent a number of sources, such as magazines or newspapers. Others are Internet-based directories or yellow pages. Still others are special-interest, affinity groups, or Web communities, established as loose affiliations of a number of organizations. The best way to find these sites is to do some searching of your own using keywords that may lead to business interests similar to yours.

A third place to look for free links is on Web sites that share similar or complementary characteristics with yours. An example might be a company that markets to the same kind of audience you do but does not sell a competitive product or service. Such sites may already have free links to other sites, but if they do not, it does not hurt to inquire. Simply contact the Webmaster and ask if the site will accept a link. Be aware, however, that the site will almost always want a reciprocal link—which means you will have to provide a link to that site from your Web site.

That may sound harmless, but there are some risks involved. For one thing, you want to be sure to provide links only to legitimate, "clean" sites to which you would feel comfortable sending visitors. (It is probably wise to have some general disclaimer copy on your site so that you do not become liable for another site's content.)

A bigger issue, from a marketing point of view, may be whether or not you want external links to appear on your site. By providing an external link, you provide a side door for a prospect to easily exit your site—and perhaps not

come back. Some Web experts believe that external links only serve to encourage the fickleness of a Web site visitor and that such links should be used sparingly.

Search Engine Optimization (SEO)

By setting up your Web site properly, you can increase the likelihood that your firm, its products, its blogs and other elements will appear at or toward the top of the page when your prospects search online. Here are some of the things you need to take into consideration to make sure your site is properly optimized for Google search specifically, according to Search Engine Watch (*searchenginewatch.com*).

First, search engines are looking for relevancy and the quality of your content. They also consider the user experience on sites – easy to navigate and easy to search. If your site loads quickly, that's a point in your favor, as is "cross-device compatibility" for screen sizes and devices.

Internal linking is a positive, as is a show of authority where a respected Web site or two links to yours. Tagging your images is important because Google's spiders (the bots that crawl the web looking for the most relevant answers to searchers' questions) can't see pictures, jpegs or gifts. Visit *searchenginewatch.com* for much more advice on this score.

Sponsored Search

Sponsored search has become a huge profit center for search engines, with Google the strong leader in the field. Google accounted for nearly 80% of all U.S. paid search ad spending in 2017, according to Search Engine Land. Here is Google's definition of sponsored search, which they have branded as Google AdWords: "Google AdWords is Google's online advertising program. Through AdWords, you can create online ads to reach people exactly when they're interested in the products and services you offer. You choose where

your AdWords ad appears, set a budget that's comfortable for you, and easily measure the impact of your ad." Sponsored search offers a unique opportunity for business-to-business marketers because it can be done on a very affordable and controllable basis, with budgets as low as a few dollars per day. To learn more about Google AdWords, visit *https://adwords.google.com/home*.

Success at sponsored search requires a marketer to follow a step-by-step process and maintain vigilance, because the bid amount necessary to command a strategic position on Google, Yahoo or their partner sites is in a constant state of flux. Larger firms may well choose to delegate this responsibility to an agency or consulting group that specializes in sponsored search and search engine optimization. That said, many smaller firms have gained leads and sales very cost-effectively using sponsored search.

For a small investment of money and time, any business-to-business marketer can experiment with sponsored search. Indeed, Google (and Yahoo) will even facilitate the creation and launch of a simple Web site for your prospects to click through to.

Links are also available on a paid and sometimes free basis within some e-mail newsletters. If an e-mail newsletter serves your market or you suspect it reaches your target audience, you should look into this opportunity. You may be able to obtain a link in exchange for providing a relevant article or quotes for a piece written by the newsletter's editor. As mentioned earlier, e-mail newsletters are requested by subscribers and closely read by them—which means they are also seeing your link.

Content Marketing (Inbound Marketing)

As b-to-b customers do more and more of their product research before ever making contact with a sales rep, the importance of identifying prospects via content marketing methods continues to increase. Content marketing involves

the creation and sharing of online material that does not explicitly promote a brand but is intended to stimulate interest in its products or services. Typical examples of content marketing include videos, blogs, social media posts, and infographics. Inbound marketing – a somewhat broader term – focuses on attracting leads via company-created Internet content, which brings potential customers inbound to the company. The *HubSpot blog* provides some great examples of b-to-b content marketing, as does the *Curata blog*.

A Future Consideration for Your Web Site

As the Internet shrinks the world, it is useful to keep in mind that the world speaks more languages than English. Although English predominates across the Web, a b-to-b company marketing internationally needs to consider the implications of creating its Web site in different languages. According to Internet World Stats, Chinese is quickly creeping up on English as a predominant language on the Web. In third place is Spanish, then Arabic, then Portuguese. There are almost as many Internet users in an "all the rest of the languages" category as there are English speakers. eMarketer says that China is already the number-one country for retail e-commerce sales worldwide, with the U.S. a very distant second. Forrester Research suggests that moving toward multilingual Web sites will be an inevitable necessity.

Don't overlook this trend if you anticipate doing serious business in non-English-speaking countries. A survey of more than 150,000 European Internet users across 15 countries indicated that 65% of the respondents preferred sites in their own language. In addition, it seems that Europeans prefer online companies that use their own country's suffix as opposed to *.com.*

At some point, if you have any interest in broadening your business beyond

the United States, you will likely need to build mirror sites that accommodate both the languages and cultural differences of other nations. Already, leading global b-to-b marketers are recognizing this important need. Take a look at the FedEx Web site *(www.fedex.com)* to see how a truly global company solves the problem. FedEx customizes its Web site for every country in which it delivers packages. Each country page is written in the appropriate language, and lists the delivery and rate information specific to that country. While FedEx used to have pictures of delivery drivers on its international sites, it has scaled way back on the photography to avoid cultural problems such as a Saudi Arabian audience (where many women dress extremely modestly in public, in burkas) viewing a woman FedEx delivery driver in short sleeves and shorts.

The Best B-to-B Web Sites

You could probably make the assumption that the best b-to-b Web sites are also the b-to-b Web sites making the best use of Internet marketing. Of course, it depends on the criteria used to select the best sites. There are several great resources for reading about the best b-to-b sites on the Web.

http://vintage.agency/blog/impressive-intriguing-innovative-top10-b2b-websites-2016/

https://www.dbswebsite.com/blog/2017/02/21/8-great-examples-of-b2b-web-design/

http://www.webaward.org/winners_detail.asp?yr=all&award_level=best&category=B2B#.Wb7wqMiGNPY

4

Generating and Qualifying Leads with Online Advertising

You can't cover the full spectrum of Internet marketing without addressing online advertising. When it comes to b-to-b lead generation and qualification, however, online advertising has lost its luster. Banner advertising in particular has been under attack for years now because of dropping click-through rates. Yet there are effective ways to apply online advertising, as you will see in this chapter.

Internet advertising continues to grow, even if at a slower pace than previously. *AdWeek* reported that online advertising in 2017 surpassed $83 billion. Peter Petrusky, director of the Entertainment, Media & Communications Practice at PWC, noted that "The emergence of new platforms, including broadband video, rich Internet applications, mobile, and social media promise to deliver new benefits for consumers, and create exciting new venues for marketers to realize value in digital media."

Of course, the real issue with online advertising for b-to-b marketers is not the growth of online advertising but whether or not it is an effective way to achieve an Internet marketing ROI that is equal to or better than other methods. This chapter will help provide some insights.

Creating and Placing Online Advertising

The click-through rate for most banner ads is so low that many marketers find it surprising if not frustrating. According to Mediapost, the average click-through rate on standard banner ads across the Web is just 0.14%. Eyeblaster has attributed the low click-through rate to the surge in social networking sites, with sophisticated visitors who tend to become immune to the lure of banners.

Many marketers take courage from the fact that more and more targeting is available for online and social media advertising, and that such targeting often yields much more robust click-through rates and better ROI.

While the traditional banner is a horizontal ad that generally appears at the top of a Web page, the IAB has standardized a number of different online ad sizes for rectangles, pop-ups, buttons, banners, and skyscrapers. These ads are measured in pixels – for example, a medium rectangle measures 300x250 pixels. (Each pixel is a single point in a graphic image.) At its site (*www.iab.com*) The IAB also offers helpful creative guidelines for digital video, pop-ups, rich media, and its Universal Ad Package.

As indicated by the IAB's broadening guidelines, today's online advertising consists of much more than banners alone. For example, there are:

> **Advertorials.** Advertorials are a form of paid advertising created to take advantage of the look and feel of a particular Web site. They are typically

integrated with the other copy and graphics on a Web page, offering the appearance of editorial matter even though the message is advertising. They typically include links to a sponsor's Web site and/or offer.

Buttons. Buttons are typically small banners. They often run next to one another at the side or bottom of a page. They tend to look more like sponsorship ads than promotional ads. Some advertisers feel that their less salesy nature might improve the chances of higher click-throughs.

Interstitials or Pop-ups. Interstitials appear between Web site pages. The new page loads, and an interstitial pops up to convey something about a company and its products or services. Because of their intrusive nature, there is a significant annoyance factor, yet interstitials have been shown to outpull banner click-through rates in a number of online advertising studies. One company developed the superstitial, a "polite" interstitial that only played when it is completely loaded. The superstitial occupied nearly the full screen and utilized rich media (more on that later). There is also a variation to interstitials called a "Webmercial," which essentially is an under-10-second commercial played over the Web. Many Web visitors block pop-ups as part of their browser preferences, which may limit exposure of these ads, especially to more sophisticated audiences.

Skyscrapers and Boxes. Skyscrapers are long, narrow vertical ads that appear to the right or left of an editorial page. They're hard to miss, even as a site visitor scrolls up or down the page. A variation of the skyscraper is the "extramercial," a vertical ad that runs along the right side of the editorial space on the Web page. They are intermingled with editorial

matter; visitors click on a bar that says "Expand Ad" to make the entire ad appear. "Messaging plus" ads are placed in large squares near the center of a page and are far more than traditional ads. They embody rich media and interactivity that turns them into micro-sites. Despite their higher cost, these advertising vehicles seem to be resulting in higher click-through rates.

Web Sponsorships. Some Web sites allow advertisers to sponsor content on pages or within entire sections of the site. Such content sponsorships may be in the form of promotional buttons, mastheads, banner ads, or other promotional vehicles. ClickZ (*http://www.clickz.com*) allows advertisers to sponsor regular columns on such topics as e-mail marketing and affiliate marketing. Some sites offer a wide array of promotional opportunities to advertisers sold as advertising packages, ranging from Web page sponsorships to participation in online seminars to creation of promotional micro-sites.

Games, Incentives and Online Coupons. Increasingly, e-mail sweepstakes and games are being used to advertise products on the Internet. Also on a growth curve is the use of incentive programs (rewards for providing information or buying on the Internet) and online coupons. These approaches are discussed in detail later in this chapter.

How Effective Is Banner Advertising?

Because banners are a very frequently used online advertising format, it is important to spend some time analyzing their effectiveness. Banners are like little electronic billboards or flashing neon signs on Web sites, appearing at the

top, at the bottom, or sometimes within a Web page. The advertising area is restricted to a small horizontal or vertical space—hence the name "banner." Basic banners use several frames, the last frame of which leads to a Web response form or other Web page. Banners typically incorporate some form of graphic movement through simple GIFs (Graphic Interface Formats). More and more, banner ads are relying on rich media (discussed later).

Although the banner ad may seem almost insignificant as an advertising medium, it can be used for both creating awareness and driving traffic to a Web site or a Web response form. You can read entire books about Web banner advertising, but the purpose here is to cover the basics of banners as they specifically apply to b-to-b digital marketing.

The trend seems to be toward declining banner ad click-through rates, but click-throughs are not necessarily the only measure of banner ad effectiveness – banners also may have a significant impact in brand building. In a breakthrough study of banner branding in Europe, banner ads were created displaying the site logo, the URL of the target site, and a strong branding statement, but *no* call to action. Sites that ran the banners did not have any hyperlinks to the destination sites. No additional off- or online advertising or promotion was executed during the campaign or in the month preceding the campaign.

The results of this study indicated that nearly half of the responses to the campaign came from people who saw the banner but did *not* click on it. Sixty percent of these indirect responders arrived at the destination site within 24 hours of seeing the ad. Indirect responders were more likely to return to the destination site than those who clicked on the banner. As the study's conclusion pointed out, had the campaign been analyzed purely on click-through rate, or even post-click conversion rate, the campaign would have

"failed." By aggregating and tracking the direct and indirect response data, this campaign achieved half the cost per acquisition compared to that of direct response only.

Even when considering banner click-throughs, however, the more important statistic for direct marketers is what percentage of those "clicks" become responses, or real leads. Clicking on a banner is not a complete action; the prospect needs to go one step further and fill out the form on the other end to make an inquiry or a purchase. With a high conversion rate, banner ad campaigns with a low click-through rate might actually end up being successful, but if the conversion rate is unacceptably low, even the highest click-through rates won't make a difference.

Is there a secret to using banner ads effectively? A lot of it has to do with the marketing mentality of the advertiser. If the banner ad is designed as general advertising, then it will do what general advertising does best— generate awareness, not response. When Ipsos-ASI *(www.ipsos.com), a* market research firm, and AOL joined forces to study banner ad effectiveness their studies indicated that online banner advertisements apparently matched television commercials in awareness. They found that both banner ads and 30-second TV spots were recalled by survey respondents just about equally. On the other hand, if the banner ad utilized solid direct marketing techniques— sound media selection to reach the right audience, a compelling offer, and response-oriented creative—it was more likely to generate responses and, potentially, qualified leads.

You should approach the creation and placement of banner advertising in much the same way you would implement a traditional direct response advertising campaign:

Set advertising goals and measurable objectives.

Establish budget parameters.

Determine your target audience.

Research available media targeting that audience.

Develop a media schedule.

Create the advertising.

Place the advertising.

Measure the effectiveness.

Analyze the results.

Refine the advertising program.

Of course, that is easier said than done. With traditional media, some b-to-b marketers execute and place their own advertising; others would not think of it. In this case, you are probably better off using skilled outside resources, such as interactive agencies, for banner advertising because it requires specialized expertise in media placement and creation. In today's world, *programmatic advertising* allows for real-time online media placement that is totally automated, targeting specific demographics and behaviors on an individual basis. *Behavioral retargeting* allows ads to be shown on numerous areas of the Web based on a prospect or customer's recent product/service browsing activity.

There are several electronic media placement services, some of which

might be useful for the b-to-b marketer to investigate. Perhaps the most prominent of these services is DoubleClick *(www.doubleclickbygoogle.com)*, which is part of Google. DoubleClick helps you "deliver a more relevant experience for your audience by taking advantage of solutions that offer a wide range of criteria for determining where and when your advertising is delivered, including: audience segmentation; geographic selection by DMA, zip and area codes; time of day and specific days; browser type and operating system; and keyword."

Conversant Media (*www.conversantmedia.com*) makes "over a trillion real-time decisions" every day "about billions of interactions. Each decision, both for the creative and media placement, is customized and unique for each person. And it's made in just milliseconds, across 1.1M Web sites via 6,000 direct publisher integrations and on 173,000+ mobile apps."

The programmatic advertising network Xaxis *(www.xaxis.com)* says this about its services: "At Xaxis, we know that there are two clear keys to achieving (this) ROI: 1) the programmatic media tech and 2) the team behind it. Our digital strategists set search parameters, define audience segments, and outline clear objectives…"

Moving Targets *(www.movingtargets.com)* integrates direct mail, e-mail and social advertising campaigns into a single media buy. As they explain, "Whether it is advertising, branding, brochures, content marketing, copywriting, event coverage, graphic design, motion graphics videos, photography, PPC, reputation management, sales funnels, SEO, web development or web design, we have tremendous passion for your business."

The online advertising environment continues to under significant change. In some cases, Web users may view banner ads and online advertising in general as nothing more than an annoyance, because they can sometimes slow

down a page from loading and be distracting. In a corporate environment, advertising can even consume precious bandwidth. Prospects who are particularly bothered by these phenomena may invest in one of the many ad-blocking software programs, which create concerns for online advertisers.

Rich Media Enhances Banner Advertising

If anything can enhance banner advertising, it is rich media. Rich media—the ability to build sound, motion, and interactivity into online advertising—has proven, at least, that there is life left in that little old banner ad.

Www.knowonlineadvertising.com provides a list of some of the best known rich media providers at *http://www.knowonlineadvertising.com/online-mobile-advertising/what-is-rich-media/list-of-rich-media-developers/*.

The advertising implications of rich media can be significant, although the quality of ad creative is also an important consideration, according to an Eyetrack III study (a project of the Poynter Institute).

Best Practices in Online Advertising

With the primary goal of generating leads or orders, online advertising is best used as a "feeder" medium. An online ad can incorporate a link to any Web page, so if a prospect clicks on your ad, he or she is instantly transported to the page of your choice (preferably a landing page where an action can be taken). Using the appropriate technology, prospects can even take action right from within the ad, without leaving the page they are on.

The banner ad can combine the best attributes of advertising and direct marketing. Think of the banner ad as an electronic direct mail envelope with interactive teaser copy. It appears on a Web site page, at the top, bottom or sides, depending upon the nature of the site and the price you paid for

placement. On Facebook, it can appear in a prospect or customer's news feed if you so choose. Just as your direct mail piece competes with others for the attention of the recipient, your banner ad competes for attention with other banner ads on that same site, as well as with the information resident on the site. In fact, your banner competes with anything else that crosses the visitor's path during a Web session—and that could be hundreds of Web pages.

Your first challenge, then, is to make your banner graphically stand out in some way. Most banners use a variety of colors, large type, and graphics— often animated graphics—to distinguish themselves. Some banners have several "frames" that rotate to attract attention. Rich media, as discussed, adds a whole new dimension to banner ads.

In direct marketing, of course, you need to go beyond standing out. You need to get response. So your banner ad should also *make an offer* and include a *call to action*. With a banner ad, you will not have the luxury of a lot of copy space, so you will have to be clever about it. If your objective is to generate a lead, your offer should have high perceived value to the target audience. Ideally, the target prospect sees the offer in your banner and is intrigued enough to click on it (a click-through), but it helps to *tell* the prospect what to do ("Click here for your free demo" or "To get your report, click now").

Click-throughs are nice, but mainly they are a measure of advertising *awareness,* not true advertising *responsiveness*. A click-through is not much of a commitment—a site visitor can click on a banner, take a quick look at your offer, and back up or move on in a few seconds. Converting that click-through to a completion, or a response, is the direct marketer's primary objective. So the real issue is, *Where does that click-through lead?*

There are three basic options for the terminating point of a banner or any online ad:

1. **The On-Page Response.** As online advertising progresses, building in an on-page, within-the-ad response becomes more common. That means someone who clicks on your banner or ad can take an action instantly— get an answer to a question, receive a piece of information, or actually place an order. At this stage, even if the visitor goes no further, the technology exists to capture not just the incident, but also the e-mail address of the respondent. This action does not provide you with any real qualification information if the visitor stops there. However, instant response with little or no qualification requires the least amount of commitment on the part of the respondent—so you could generate a high number of responses, even if they are unqualified. Online ordering driven by advertising, with the order taken within the advertising, is growing in the consumer market.

2. **The Web Response Form.** If you make an offer of value that elicits a response from a qualified prospect, you obviously want to capture information about that prospect. Your second option, then, is to have your ad lead directly to a special Web response form. The Web response form should continue to entice the prospect with the offer, encouraging him or her to complete the form and answer some qualifying questions to obtain the offer. If the offer can be fulfilled online (as is the case with information that the respondent receives or a demo that unlocks and can be downloaded once the form is sent), so much the better. Similarly, if you are using the banner ad to generate orders, the Web response form or landing page should offer the prospect the opportunity to learn more about the featured product and provide the ability to order it online.

3. **The Web Site.** Many online ads terminate at the advertiser's Web site

home page. The objective is to tease the prospect with the ad and then engage him or her at the home page of the Web site. This is fine if you are measuring the success of your advertising campaign by the amount of Web site traffic it generates, but Web site traffic is meaningless to a direct marketer unless it can be converted into measurable results—identifiable responses and qualified leads.

Of course, if your Web site home page does a solid job of highlighting a response area and making an offer to capture a prospect's interest, you could ultimately elicit a qualified inquiry. In that case, you could accomplish a lot by leading the prospect directly to your Web site. However, you may be better able to focus your prospect's attention by giving him or her a limited number of options, and that could make the Web response form more suitable for direct marketing. Even if the Web response form resides on your Web site, you can lead the ad respondent there by linking to the response form's specific URL.

Knowing where to send prospects from an online ad is the most important decision you need to make from a direct marketing perspective, but using the ad properly in the first place is also essential. Given the decline of advertising click-through rates, b-to-b marketers should be extra careful about usage. Here are a few "best practices" for making the most effective use of online advertising.

1. *Test banners and other online ad spaces against e-mail newsletter sponsorships.* Find one or more e-mail newsletters with sizable circulations that appeal to your target audience. Compare the cost per thousand for the banner advertising on a comparably targeted Web site to the e-mail sponsorship. Test banners and sponsorships head to head and

judge them in terms of lead quality rather than quantity. Include a link to a Web response form in the e-mail ad, and link the banner ad to a different Web response form so that you can accurately measure response to each.

2. *Test rich media ads and HTML5 against animated GIF ads.* Rich media banners may cost more and take longer, and not all Web sites may accept them, but they often pay off in terms of increased click-through and conversion rates. If you find a Web site targeted to your audience that accepts rich media ads, test them head to head against traditional, animated GIF ads. Determine if the increased cost is paying you back in terms of an increased click-through rate and qualified leads. HTML5 (the fifth version of hypertext mark-up language) has many benefits to banner advertisers, according to *www.bannersnack.com*. Most important, it can do what Flash used to do, and Flash has long been banned on iOS and slowed down on Chrome. HTML5 banners can be accessed from any device, allowing for videos, music and animation without extra plug-ins. It's easily updated, and ideal for creating mobile-responsive banners.

3. *Test the media, the offer, or creative approaches.* Pick Web sites that effectively target your audience and negotiate aggressively for the most attractive rates. Test Web sites one against the other. Also test at least two different creative approaches on the same site by asking the site to randomly rotate the banners or ads. Keep the offer consistent to test the creative (or alternatively, keep the creative consistent to test the offer). Different banners or ads should lead to different Web response forms so that you can track responses to each.

4. *Use banners as pre-campaign teasers.* Banner advertising has shorter lead times than traditional print or direct mail campaigns. Use this to your advantage by placing banner ads strategically on sites that reach the same prospects as your forthcoming campaign, *before* the campaign runs, leveraging the creative work but using it to tease the audience. The banner will then act as an electronic advance man, preparing the audience for the traditional media advertising to come.

5. *Promote an Internet event.* Banners, buttons, or other ads can be effective alone or in conjunction with direct mail, e-mail, or e-mail newsletter sponsorships in driving traffic to online seminars or events. The ad acts as a teaser invitation, pushing the prospect to an online promotion page with a registration form.

6. *Use banners to launch and support affiliate-marketing programs.* Affiliate marketing (see Chapter 10, "Developing Internet Partnerships") offers another viable method of reaching additional customers online. If you have products or services that can be resold by affiliates on the Internet, consider creating an affiliate program and providing your affiliates with free banners they can place on their sites so that they sell more of what you have to offer. Check Associate Programs (*www.associateprograms.com*) for a comprehensive affiliate programs directory.

7. *Extend banner effectiveness by extending your media buy.* Look for opportunities beyond the banner and you could dramatically improve your online advertising effectiveness. Many Web sites provide larger ad spaces, such as skyscrapers and boxes. As mentioned earlier, some sites

offer promotional opportunities such as contests, online seminar sponsorships, and micro-sites. In addition, many sites may offer subscription e-mail newsletters or opt-in e-mail lists. When you find the right sites for your online advertising campaign, also find out what these sites offer beyond the banner. By extending your media buy, you could reap the benefit of package deals that include discounted prices or promotional add-ons, thus extending the overall effectiveness of your campaign.

Online Ad Placement Is Critically Important

We have been concentrating on the creative and direct response aspects of online advertising, but let us not forget that placing your ads appropriately is just as important to your lead or order generation success. Media research will uncover a multitude of potential sites for placement, and selecting both the right media and the right placement schedule takes skill. This is where some of the advertising networks and media services, referenced earlier – and including today's sophisticated programmatic and behavioral targeting methods – can be very helpful.

Obviously, you will want to select sites that you believe appeal to, or target, your ideal types of prospects. As with traditional print media and direct mail or telemarketing lists, you should work your way down in priority from most to least targeted Web sites. An easy way to start if you have had success with traditional media is to map those media to what is available on the Web. In today's world, virtually every publication with sizable circulation either has a Web site or participates in one. Similarly, many direct mail lists on the market have Internet counterparts—chances are the list owner is on the Web or the

mailing list is available with e-mail addresses. At the very least, the types of individuals found on that list would have an affinity to a Web site somewhere.

Use this marketing information to point yourself in the right direction. Again, start with the most targeted Web sites—those that seem to perfectly target your audience—and work your way down to Web sites that may only in part target your audience.

If you are targeting software developers, for example, you would first concentrate on Web sites that appeal directly to software developers—sites sponsored by developer associations or user groups, specialized publications, developer conferences, and so on. You could stop there, or extend your research to the next category—Web sites that appeal, in part, to software developers. These might be sites sponsored by more generalized information technology publications and conferences, or some of the technology "super-sites," such as Information Week (*www.informationweek.com*).

You might then choose to go one step further, supplementing your media buys with specific pages on search engines that software developers are likely to use. In many cases, you can arrange for your banner ad to appear on a search engine only when certain keywords are searched on by the visitor.

Purchasing the media can get complicated, because not all sites sell online advertising in the same way. This is yet another area in which the Web is a unique medium: It cannot be sold on the basis of *when* an ad appears (the day or time) because time is irrelevant in the digital world. It is also difficult to "guarantee a circulation" as in print advertising, or to determine a quantity as in direct mail, so most ads that are not set up on a cost-per-click basis are sold on the basis of *number of impressions*—how many times your ad actually appears. That does not mean the number of people who see it, just the number of times it shows up. That is an important distinction. To see why, try this

experiment some time: Visit a Web site with advertising and go to a single page on which an ad appears. Instead of navigating around the site, just keep reloading the page several times and keep your eye on the ad. Each time you reload, it is likely that the ad will change, because it is in rotation with other ads. After several times reloading the page, you will probably see the first ad again. Each time you see that same ad counts as one impression. Such impressions normally are paid for on a cost-per-thousand (CPM) basis. Be sure to understand how the pricing works when you are planning your media strategy.

Other Important Facts about Online Advertising

- Online advertising can be purchased directly from the Web site owner or through the various Web advertising networks (put "Web advertising networks" into Google or another search engine for a range of available networks).

- Banner ads in general have a promotional life of about *15 days.* Prepare several banner ads in advance of a campaign, and ask for your ads to be rotated periodically.

- Banner ads can be created and placed on very short time frames. That makes it easy to pull ads that are not working or add them to new sites very rapidly. More elaborate online ads may take longer to create.

- Online ads and direct mail can be tested similarly. Consider testing not only media placement, but also different offers and different creative approaches. Because of short time frames, you can change entire online

ad programs quickly, so testing and program modifications can almost occur in real time.

- Try placing your online advertising on your *own* Web site. This is useful if you want to draw attention to a special promotion, offer, or contest by providing a prominent link to it. You could also benefit from placing a banner ad on your own site that integrates visually with an ad you are running. The on-site ad will reinforce your advertising and provide a convenient link to a Web response form from your home page for visitors who came to your home page as a result of the ad.

- Check with media sources for technical restrictions for online ads. You will generally need to keep graphics simple and file sizes small. Although banner ad sizes are now quite standardized, you may also need to resize the ad for use on certain sites. The Internet Advertising Bureau (*www.iab.com*) is a good source of current information on these topics.

- Make online ads more dynamic and eye-catching by incorporating motion and multiple frames.

- Consider testing rich media ads against traditional ads.

- Always test online ads and their links before going live. Look at ads through different browsers and on different computers. Be sure to check to see that your ads are appearing on the sites as contracted and that the links you specified are working properly.

- Find out in advance what the site or advertising network offers you in terms of tracking capabilities so that you can measure and analyze the

effectiveness of your advertising.

- Use online advertising in association with other media. For example, coordinating the placement of online advertising with traditional media, such as print advertising or direct mail targeting the same audience, can lift awareness and response. After the campaign is running for awhile, the online ads can be used to reinforce the advertising and provide a means for online inquiry generation.

- Analyze the results of online advertising campaigns as you would any other media. Don't just look at click-throughs, look at responses, typically called conversions. Technology is available to track "view-throughs" as well. View-throughs represent individuals who view the ad but don't click on it. Various research studies done on view-through visitors suggest that they are, in fact, good prospects, because they remember a company's advertising and return to the site at a later time.

Newsletter Sponsorships: For B-to-B Marketers,
It Could Be the Better Way to Advertise

One of the fastest-growing areas of the Internet is e-mail newsletters. (We'll talk more about them in the next chapter.) An important aspect of these newsletters is that many of them accept advertising, commonly called sponsorships. E-mail newsletters are often free to the subscriber, but they include a limited amount of advertising from sponsors to offset the distribution cost. Advertising is usually in the form of a small segregated area at the top or bottom of the newsletter, or sometimes embedded into the newsletter text. If the e-newsletter is published in an HTML version, your sponsorship will be

very much like an online banner or button. If the newsletter is text-only, your ad will be text-only also, but it will almost always contains a link to the advertiser's landing page, response form, or Web site home page. Some newsletters permit advertisers to sponsor an entire issue of a newsletter so that no other ad is seen in that issue, only the sponsor's. Newsletter sponsorships often tend to pull a higher click-through rate than banner ads, as well as a higher conversion rate. We have tested newsletter ads against banner ads and consistently found this to be the case for b-to-b lead generation. With a cost that is generally equivalent to banners, newsletter ads are an attractive media buy. You may have to pay more for special placement in the newsletter, but if it positions your ad higher in the newsletter, it could pay off in an increase in click-throughs and conversions. Writing these little ads is a challenge, though, because marketers are typically restricted to a small number of words.

There are some distinct advantages to this type of advertising:

- Advertising that appears in an e-mail newsletter, even if it is text only, is almost guaranteed to be read. This is because newsletter subscribers tend to read the newsletter carefully; otherwise, they would not subscribe to it. As they read the newsletter, they cannot help but come across the sponsor's ad.

- Although most e-mail newsletters are free to subscribers, and their publishers typically ask for nothing more than an e-mail address, the newsletters cover certain very narrow topics. Because of this targeted content, readers self-qualify as a legitimate targeted audience. Newsletter publishers can certainly give you circulation figures, but they typically will not release specific data about any subscribers. In some cases, newsletter publishers will share subscriber data with you in aggregate

form so that you know more about the types of readers. Some newsletters might also rent their subscriber lists.

- A newsletter ad can become even more effective when it incorporates a link to a specific Web response form or other Web page that further promotes the advertiser's product or service. Most e-mail programs provide the ability to directly link to Web pages, but to accommodate those that may not, it is wise to include the complete link address (including *http://www* if it is a Web link). Industry reports suggest over and over again that such links from newsletter ads are very effective.

- Some newsletters are a hybrid between e-mail and HTML, and with these, there are additional advertising possibilities that may prove effective. Here, you can place a text-only ad in the e-mail newsletter, but you can also place a more graphic ad in the newsletter's HTML version. You may also be able to sponsor an entire column or page in the HTML newsletter.

Incentive Programs and Games: Another Form of Online Advertising

An intriguing area of online advertising is incentive programs. These programs reward the prospect or customer for providing information, taking an action, or making a purchase. This phenomenon deserves its own section because it is proving for some marketers to be a way to increase advertising click-throughs, acquire prospects, and even increase customer loyalty.

Incentive programs come in a variety of flavors, with the most common incentives being sweepstakes and contests, volume deals, and price breaks, according to Forrester Research. Also popular on the Internet are online

coupons and other forms of "instant payback" programs.

Some b-to-b marketers gain brand awareness and goodwill by creating games – especially those that are "compelling enough to pass along." According to Andy Sernovitz, CEO of GasPedal Ventures and author of *Word of Mouth Marketing: How Smart Companies Get People Talking,* "If it's compelling enough that they'll forward it, it will work just as well for b-to-b as it does for b-to-c."

There are a wide variety of incentive programs, some initiated by marketers themselves. As you might expect, there are organizations on the Internet that specialize in online incentive programs. Here is one of the leading ones:

MyPoints *(www.mypoints.com)*

MyPoints includes b-to-b merchandise such as computers, office supplies and phone plans/equipment. More than 30 million members are registered with MyPoints. Rewards points are redeemable in the form of third-party gift cards and other benefits from 72 merchants, including retailers, restaurants, and airlines.

Online Advertising Is Undergoing Continuous Innovation

The dynamic nature of the Internet means that online advertising will be ever changing. New strategies, techniques, and tools will continue to be introduced in an effort to improve the effectiveness of online advertising. Especially intriguing is the growing use of video in online advertising, on company Web sites, and on YouTube.

Some would say that affiliate marketing itself, which we will discuss in detail in Chapter 9, is really a form of online advertising. Affiliate marketing largely uses banner ads placed on affiliate Web sites to drive traffic to

sponsoring Web sites. In this context, affiliate marketing can be seen as a major online advertising innovation.

The explosive growth of Sponsored Search through services like Google and Yahoo also bodes well for b-to-b marketers. Even with a very limited budget, marketers can test appropriate key words and ad copy in a controlled, highly accountable online environment.

5

Generating and Qualifying Leads with E-mail

For many b-to-b companies, e-mail has become an important form of digital marketing, in spite of the negative attitudes many b-to-b customers have toward of spam—unsolicited, indiscriminate bulk e-mail of a promotional nature.

Early on, unsolicited e-mail became such an annoyance that even before the year 2000, numerous states had already enacted anti-spam legislation. Nonetheless, according to Statista, spam accounted for 56.87% of messaging traffic in 2017, actually down considerably from previous years. At least part of the reduction in spam is due to the federal government's CAN-SPAM Act of 2003 (<u>C</u>ontrolling the <u>A</u>ssault of <u>N</u>on-<u>S</u>olicited <u>P</u>ornography <u>and</u> <u>M</u>arketing Act). This law bans false or misleading header information on e-mails, and prohibits deceptive subject lines. It also requires that every e-mail give its recipient an obvious and easy opt-out method. Finally, it requires that commercial e-mail be identified as an advertisement, and that it include the sender's valid physical postal address. Penalties for <u>each</u> violation of the provisions (meaning each individual e-mail) could result in a fine of up to $11,000.

The concept of permission marketing also helped foster e-mail's growth as a legitimate form of marketing, driven in part by the best-selling book of the same name by Seth Godin. The idea struck a chord with marketers everywhere, and it held special relevance to Internet marketers. Permission e-mail marketing requires sellers to send e-mail only to those people who give them permission to send it. Such permission is granted when a prospect or customer subscribes to a newsletter mailing list or answers a specific question in the affirmative—for example, "May we communicate with you via e-mail?" It is recommended that each individual be periodically requalified.

This is the manner in which companies have now built their own substantial e-mailing lists. Even so, the controversy over e-mail has continued, largely due to the growing availability of compiled "opt-in" e-mail lists. The question is whether or not these lists are truly opt-in, legitimately including people who really want to receive promotional e-mail. It seems that some are and some are not. As a result, the more conservative Internet marketer might refrain from using any opt-in list while the more aggressive marketer actively seeks out such lists. One way some marketers minimize the problem is with "double opt-in"—the marketer e-mails an individual on an opt-in list, asking again for permission to send e-mail, and asking the individual to refine his or her preferences as to type and frequency of e-mail communication. Whether or not you believe in using outside lists, it is a smart marketing strategy to build your own opted-in e-mail list of customers and prospects so that you can execute e-mail marketing programs on a periodic basis, quickly and inexpensively. This chapter offers you key strategies for succeeding with e-mail marketing as part of the b-to-b lead generation mix.

Why E-mail Marketing Has Exploded

The Data & Marketing Association *(www.thedma.org)* reports that e-mail is the most cost-effective medium ever devised. Here are some helpful 2017 e-mail statistics compiled by *www.webpresencesolutions.net*.

1. The number of **e-mail users worldwide** is forecasted to rise to 2.9 billion users by 2019. (Source: Statista, 2016)

2. The number of **e-mail users in the US** is projected to grow to 244.5 million by the end of 2017. That number is forecast to grow to 254.7 million by 2020. (Source: Statista, 2016)

3. **Gmail** has over one billion active users as of February 2016 (Source: Techcrunch, 2016)

4. The Apple iPhone leads **email client market share** with 33%, followed by Gmail at 19% as of December 2016. This was calculated for 1.44 billion opens. (Source: Litmus 2016)

5. Consumers have an average of **1.8 accounts per user**. US business users have an average of 1.2 accounts per user as of 2016. (Source: Radicati 2016)

6. Consumer email accounts make up the **majority of US email accounts** in 2016, representing 79% of US mailboxes. (Source: Radicati , 2016)

7. Segmented email campaigns have an **open rate** that is 14.32% higher than non-segmented campaigns. (Mailchimp, 2016)

8. The open rate for e-mails with a **personalized message** was 18.8%, as compared to 13.1% without any personalization in 2016. (Source: Statista 2016)

9. Constant Contact surveyed small business owners and found that 49% do not **use email marketing data** to assist with their email marketing campaigns because they do not know where to begin. (Source: Constant Contact, 2016)

10. Only about one-third of **US retail email list subscribers** have actually made a purchase from the retailer whose email they subscribed to, according to industry data cited by email marketing firm Listrak. Many have made just one purchase from that retailer. (Source: eMarketer, 2016)

11. Of the 35% of US retail email list subscribers who are customers of the retailer they received an email from, just 15% have made **multiple purchases**. (Source: eMarketer, 2016)

12. Ecommerce customers who received multiple **abandoned shopping cart emails** are 2.4 times more likely to complete the purchase than those who receive only one follow up email. (Source: Experian, 2016)

13. According to August 2016 data from ecommerce website personalization provider Barilliance, the **best retargeting conversion rate** happens when the first retargeting email is sent within an hour. (Source: eMarketer, 2016)

14. Digital **shopping cart abandonment rates** are high worldwide, at 74.3%. according to Q1 2016 research, with Asia-Pacific having the highest rate at 75.9% and Europe having the lowest cart abandonment rate at 71.5%. (Source: eMarketer, 2016)

15. **Open rates** increased on a year-over-year basis (up from 31% to 34.1%), while **click rates** declined (from 3.5% to 3.1%) according to a Q3 2016 review of benchmarks by Epsilon. (Source: Epsilon, 2017)

16. Litmus' Email Analytics tracks open emails from over 1.4 billion sent emails and reports that **emails opened on mobile devices** has risen and held steady at 56% of all emails sent. (Source: Litmus, 2016)

17. Email recipients who favor **mobile-aware email marketing designs** rose from 15% in 2015 to 27% in 2016. (Source: Litmus, 2016)

18. More than 86% of businesses surveyed indicate that they plan to increase their upcoming **email marketing budgets**. (Source: Email on Acid, 2016)

19. According to Litmus, in 2016 the greatest number of emails were opened on **mobile devices** at 54%, Webmail ranked second at 30% and **Desktop email opens** dropped to 16%. (Source: Litmus 2016)

20. Brands that **personalize** promotional marketing emails experience 27% higher unique click rates and 11% higher open rates than those that do not personalize. (Source: Experian, 2016)

21. Triggered emails drive 624 percent higher **conversion responses** for the same number of sends as compared to "batch and blast" emails. This is driven by a 381 percent higher click rate, and an 180 percent higher **post-click conversion rate**. (Source: VentureBeat, 2016)

22. Survey respondents to Adobe's second annual email survey say they **check email** while watching TV or while watching a movie (69 percent), in bed (57 percent), and on vacation (79 percent). Percentages increase across the board for millennials (ages 18-34). (Source: Adobe, 2016)

23. A June 2016 survey of US marketers conducted by the Direct Marketing Association (DMA) and Demand Metric found that **email had a median ROI of 122%** – more than four times higher than other marketing formats, including social media, direct mail and paid search. (Source: eMarketer, 2016)

24. According to Adobe's second annual email survey of white collar workers the **time spent checking email** increased 17 percent YoY. (Source: Adobe, 2016)

25. It is reported that for every dollar spent on email marketing, an average of **$44 dollar return on investment** is realized. (Source: Campaign Monitor, 2016)

Because of the current economics of Internet usage, and the potential explored in this statistics, e-mail direct marketing can be much more cost-effective than traditional direct mail lead generation. After all, there are no materials or postage costs.

There is an added bonus to Internet direct marketing in general and e-mail

specifically. There is nothing produce physically (it's all digital), so your production time line is compressed. Instead of waiting to print and mail something, you can distribute even thousands of e-mails very fast, and you can make modifications to programs just as fast. That means you can see the results of your efforts very quickly as well. In fact, responses to e-mail programs start to come in immediately and may be completed in just days, as compared to weeks with direct mail.

Although the Internet can be proven to enhance the traditional media used in your lead generation programs, it has been proven over time that e-mail cannot replace direct mail or telemarketing entirely. As you will see in the following discussion of e-mail, prospecting via the Internet presents a whole set of unique challenges to the b-to-b marketer.

Integrating E-mail into Your Marketing Programs

One of the easiest ways to take advantage of the transition to Internet direct marketing is to integrate e-mail into your existing direct marketing lead generation, qualification, order generation, and customer relationship programs. E-mail can be an effective way to receive responses from prospects and to reach prospects and customers with promotional messages—*as long as they want to receive them via e-mail.* Asking customers to opt-in to receive e-mail from you helps ensure this. Other smart moves are the double-opt-in where you ask your customer to confirm their willingness to receive your e-mails, and options for how often they would like to hear from you (i.e. daily, weekly, monthly).

Inbound E-mail

Inbound e-mail is e-mail that comes in from prospects or customers. You should consider offering an e-mail address as a response path in direct marketing programs. (Better yet, offer a URL leading to a Web response form. See Chapter 3 for more about Web response forms.) An e-mail address can be reached by virtually anyone with Internet access, because e-mail is still the most popular Internet application.

The mechanics are simple: You set up a business e-mail address through your online service or your Internet Service Provider (ISP) and use it as one of the response paths in your direct marketing promotions. E-mail addresses used for marketing purposes are often labeled *info@*[e-mail box location] so that prospects and customers can respond electronically to a general post office box instead of an individual's e-mail address.

The downside, however, is that the e-mail response vehicle is relatively passive. Most e-mail boxes are just that—electronic repositories that have no greeting, no call to action, and no way to qualify the respondent. When prospects respond to an e-mail box, they have to know what information to leave and what to ask for. Although you will know which e-mail address the response came from, you will not know much else—including the source of the response (unless you set up an e-mail response path for a specific mailing or campaign).

If you are interested in capturing qualifying information, asking questions, conveying information, or making an offer—and measuring the results— inbound e-mail is the least desirable response path. If this were your only electronic option, it would probably be more effective to use traditional response paths—a mail or fax-back reply card or form, or a special telephone

number, preferably a toll-free one. The best electronic response option is a Web response form.

Nonetheless, inbound e-mail is an essential component of Internet marketing. You should always include your e-mailbox on business cards, letterheads, and corporate literature, and you should always have an e-mail response path available on your corporate Web site.

Outbound E-mail

If you follow the rules of outbound e-mailing, this aspect of Internet marketing can have a substantial positive impact on your existing lead generation and qualification program, *but there are rules*. E-mail began as the primary method for one-to-one electronic communication—similar to a personal, private letter—but there are some distinct differences:

E-mail is delivered directly to a user's mailbox. It contributes to "filling" that mailbox and always stays there, until it is deleted or opened by the recipient. In that respect, it is more intrusive than direct mail, which can be easily discarded.

E-mail costs the end user money, at least in theory. The end user has to pay for Internet access.) If the end user is at a business e-mail address, the business is "paying" for the e-mail address as part of its Internet access. Unlike the receipt of direct mail, which is free to the end user, the receipt of e-mail therefore has at least a theoretical cost associated with it.

E-mail was not designed for unsolicited promotions. E-mail was first intended to be an electronic communications vehicle, not a marketing

vehicle. You could say the same thing about early direct mail, but it took decades before direct mail became an accepted form of advertising.

Unsolicited e-mail has a poor reputation. A word of caution: If you choose to use *unsolicited* e-mail to promote something to someone, you should be aware that not all recipients will be favorably predisposed to the practice. If in doubt, *do not do it.* In some states unsolicited e-mail is illegal.

E-mail is virus-prone. E-mail is the way in which dreaded viruses have been distributed throughout the Internet. Generally, viruses are transmitted as e-mail attachments, which do their dirty work when opened by unsuspecting recipients of the e-mail. This factor can serve to discourage recipients from opening any unknown e-mail, which means promotional e-mails can be screened and discarded unopened.

Unsolicited e-mail and Internet privacy are hot issues in the United States, as mentioned earlier in this chapter. Canada already has strong privacy principles in place. In addition, the European Union Data Directive on Data Protection, which effectively outlaws unsolicited e-mail throughout Europe, was implemented way back in 1998. Given this regulatory environment, you would do well to stay away from unsolicited e-mail and be sure to use any form of e-mail appropriately.

Limit Your Risk

The real issue with outbound e-mail is finding ways to limit your risk when you use it for direct marketing. Here are some suggestions.

Always Ask Permission to Send E-mail

You have every right to ask for and collect e-mail addresses, just as you collect other pertinent information about prospects and customers, but when you ask for an e-mail address, it also is appropriate to ask the question, "May we communicate with you via e-mail?" If you receive a "Yes" response, then the individual has "opted in." If you receive a "No," take it seriously and code that individual on your database so that you will not send him or her unwanted e-mail messages.

Some marketers believe a softer opt-in strategy is acceptable: They turn opt-in into a negative option. A popular execution of this type of opt-in is asking individuals to uncheck a box on a Web response form to eliminate themselves from receiving e-mail. This practice may result in more opt-in e-mail records, but it could backfire in the long run. It is not equivalent to asking a direct permission question and, as such, may ultimately lead to complaints from e-mail recipients. On the opposite end of the spectrum is the more conservative "double opt-in" strategy, as mentioned earlier in this chapter. This means that, after you receive permission to send e-mail, you acknowledge that permission with a follow-up e-mail that basically confirms the permission, asking the recipient to respond with a yes. This provides the marketer with iron-clad permission, since it guarantees that the original permission granted was done so by the individual, not by someone else. Some marketers believe this is an unnecessary additional step; others feel it is the best way to protect against sending unwanted e-mail.

"Permission e-mail" and "permission marketing" have become popular phrases that associate e-mail with the concept of asking recipients to approve your use of e-mail for promotional purposes. Some marketing experts believe the concept of permission marketing will extend outward from the Internet to

all media, becoming a standard marketing practice in the near future. For much more on this, check Seth Godin's book on the subject, *Permission Marketing: Turning Strangers into Friends, and Friends into Customers*.

Always Provide the Recipient with the Ability to Opt Out

Even if you have received permission to send someone promotional e-mail, it is important to let recipients opt out (tell you they do not want to receive future promotional e-mails from you) on every e-mail you send. The most common way of doing this is to include some copy at the beginning or end of any promotional e-mail that, in effect, asks the recipient to simply respond with a word, such as "unsubscribe," to prevent receiving future promotional e-mails from you. Some Internet marketers believe you should include a Web page link in your e-mail for opting out. At this link, you could offer individuals an opportunity to change their mind about opting out. You might want to test this approach yourself.

Be Very Cautious if You Choose to Share, Sell,
or Rent a List of Your Own E-mail Addresses

Some organizations generate substantial revenue by renting name and address lists of prospects and customers to others for commercial usage. Other organizations share or swap lists to broaden their prospecting efforts. These practices are common in the direct marketing industry, but they have led to such a proliferation of mail and telephone calls that the industry's major trade organization, the Data & Marketing Association *(www.thedma.org),* has long offered a mail preference service that allows consumers to elect *not* to receive solicitations. The DMA is actively involved in electronic privacy initiatives.

The "P" word—privacy—is one of the largest looming issues in Internet marketing. Do not underestimate its importance when it comes to your Web

site or your house list of e-mail addresses. You would be well advised at this stage to hold any e-mail list you may own close to the vest and treat it as the confidential and valuable marketing asset that it is. Keeping it private and for your use only is probably a wise decision at a time when privacy on the Internet is being scrutinized by consumers and governments alike.

Building Your Own E-mail List

If you plan to fully integrate e-mail into your marketing initiatives, it will make sense to build your own e-mail list. Ideally, it won't be a separate list at all, but rather a component of your marketing database. To the extent possible, it is best to acquire e-mail addresses as part of a marketing campaign that also acquires other basic contact information, such as name, title, company name, address, and phone number.

If you already have a database, one easy way to start building an e-mail list is to make an offer to the individuals on the database via direct mail and ask for an e-mail address in return. (Be sure to ask permission as well.)

There are numerous other ways to build an e-mail list, such as making promotional offers on your Web site, offering an e-mail alert service or e-newsletter, asking for e-mail addresses in direct mail campaigns, collecting e-mail addresses at trade shows, adding e-mail addresses via online advertising and promotions, adding respondents from opt-in e-mail campaigns, and viral marketing. We'll discuss several of these in further detail later. Whenever you add e-mail addresses to a database, always make sure to separate "permission to e-mail" addresses from "do not send e-mail" addresses.

As with traditional direct mail, once you build your own list, you are likely to find that it will consistently out-perform any outside list, as long as it is

scrupulously maintained. E-mail house lists, as they are called, can become a valuable and fertile marketing asset.

Opt-in E-mail

The popularity of promotional e-mail has led to an entire business of providing e-mail names for rental. Business e-mail lists of this type might include subscribers to trade publications, attendees at trade shows, business catalog buyers, and members of trade organizations. E-mail lists may be attractive if you are looking to aggressively market your products and services at a relatively low cost.

Rental e-mail lists are often referred to as opt-in lists, meaning that the individuals on them have indicated in some way that they have given permission to receive e-mail. Opt-in e-mail lists may sound like the acceptable alternative to sending unsolicited e-mail, but keep in mind that just because you are told these lists are opt-in, they may not always be opt-in. It is essential to verify with any e-mail list owner or service that any list being represented as opt-in is guaranteed to be just that. Additionally, it is a good idea to verify the list owner or e-mail service's practices. The provider should have a written privacy policy and should also be committed to the earlier referenced concept of permission e-mail. Individuals on e-mail lists should always have the ability to opt out of participation on any given list.

In most cases, e-mail list vendors do not release the actual e-mail addresses on a list to third parties. Instead, you write a promotional message (typically no more than 500 words, usually in HTML format), you give it to the e-mail list vendor along with your list selections, and the vendor delivers the e-mail to the recipients within an agreed-upon window of time. Depending on the list

source, there may be selection criteria available, so you may be able to target a specific audience.

E-mail list rental costs vary, and in a softer economy, they can be even negotiable. Prices are equivalent to and sometimes higher than direct mail lists. According to Cost Owl, in 2017 the CPM of business lists was $300 to $600. There may be a minimum of 3,000 to 5,000 names per list order. There is an additional cost per thousand for e-mail delivery with most e-mail lists, so be sure to ask about it. Your e-mail promotional copy could encourage a reply-to response, or you could mention a Web link as a response path.

You might be able to negotiate something called a cost per action (CPA) media purchase as a counter to the CPM purchase. The concept of CPA is based on your own experience as a marketer and the response rate you actually get with e-mail marketing. If the owner of the e-mail list is highly confident of its quality, CPA could be attractive because it could mean more revenue. You, as the marketer, pay on the basis of response, so it is more like a revenue-sharing approach than a straight list rental. This concept can potentially be a win-win for list owner and marketer alike.

Smart list buying can also make a difference in the quality of the names you rent. For example, many opt-in lists are built by using an incentive to encourage the prospect to agree to receive e-mail. Ask a list vendor if this is true of the list you want to rent, and see if you can segregate or eliminate these records. Why? Because they may be weaker prospects, given the manner in which they were acquired. Also ask how often the list is used, whether or not your competitors are using it, and whether the list owner can identify the top responders on the list.

Although e-mail list segmentation is not as common as with direct mail lists, you should inquire about it. Segmentation basically means a list has been

divided up by certain key criteria, such as an individual's job title, or a company's size or industry type. This kind of information is available on b-to-b direct mail lists, especially those that have been built using the qualification cards from controlled circulation publications. Such criteria then become extremely valuable in targeting direct mailings to the right types of audiences. The issue with e-mail lists is that many have been built simply by asking for e-mail addresses and nothing else. As a result, unless the list owner requested and received additional information about the individuals on the list after the fact, and then added that information, segmentation criteria will not be available.

Unlike direct mail, you will not be able to obtain an electronic file or magnetic tape of the names and addresses—which means you generally will not be able to eliminate duplicates from multiple list sources. As a result, your e-mailing strategy may be different from direct mail—you may want to test one well-targeted e-mail list first and mail to another later, rather than to two similar lists at the same time. However, if you are acquiring numerous e-mail lists from the same vendor, it always pays to ask about duplicate elimination (known as "merge purge" in the DM business).

Some of the better known opt-in list owners, managers, or brokers serving the b-to-b market include ALC *(www.alc.com),* IDG List Services *(www.idglist.com),* Worldata *(www.worldata.com),* and Yes Lifecycle Marketing *(http://www.yeslifecyclemarketing.com/.*

Mass mailing to opt-in e-mail lists is often referred to as blast or broadcast e-mail. Typically, e-mails with compelling subject lines, strong offers, short copy tending toward informational rather than promotional, and embedded links to Web response pages seem to work best.

Expect responses to e-mail to begin immediately. You will start getting

response within minutes or hours, and you likely will receive as much as 85% of the total response to your e-mail campaign within the first week.

Does opt-in e-mail marketing really work for b-to-b companies? Consider this example from a provider of IT training courses priced from $3,000 to $8,000. They started first using relatively general e-mail lists. Click-throughs averaged about 3 to 5%. When the company switched to highly targeted e-mail opt-in lists to reach individuals with an interest in specific types of IT training, click-throughs more than doubled, averaging 10 to 12%. The company reported that almost 10% of the visitors converted to serious sales leads. These results may not be typical, but they show the potential power of e-mail marketing to a highly qualified list of prospects.

Effective Use of Outbound E-mail

Here are some of the most effective ways to use outbound e-mail for direct marketing.

Customer Communications

Customers tend to be receptive to e-mail marketing, especially if the e-mail is used as an alert service to give them advance notice or an inside track on new product developments or late-breaking news. As such, e-mail can be a very effective way to preannounce products or upgrades to customers, send a flash about a product update or a problem, inform customers about changes in service, announce important news about the company, invite them to a customer-only event, and so on. As with any good direct marketing, a call to action should be included, even if it simply states, "To take advantage of this offer, respond to this e-mail today." It is generally safe to assume that customers will find e-mail acceptable if they have given you their e-mail

addresses. Even so, some of these customers may be upset by your use of promotional e-mail, so you should offer them the ability to unsubscribe.

Follow-ups

Both customers and prospects will be more accepting of e-mail marketing if it is used to follow up on inquiries or orders, especially inquiries or orders that were electronically sent by them to your organization. If the e-mail message clearly states that it is in response to an inquiry or order, it is generally acceptable if that message also includes some marketing information and a call to action.

A common practice in direct marketing is to use a direct mail or telemarketing follow-up to an original promotional contact. In direct mail, the follow-up can be as simple as a double postcard or a one-page letter. Direct mail testing supports the fact that such follow-ups usually generate an additional 50% of the original response rate. For example, if an original mailing generates a 2% response, the follow-up will typically generate an additional 1% response. The added bonus is that most follow-ups can be executed at a relatively low incremental cost.

E-mail holds great promise as a replacement for or enhancement to the follow-up strategy. If you have a prospect's or customer's e-mail address, sending an e-mail that reiterates the offer and messaging of an original contact (whether it is by mail or phone) could be effective. E-mail may break through in a way that a follow-up mailing or phone call may not—and at a much lower cost than mail or phone contacts.

E-mail can also be very effective as a means to quickly follow up on a personal meeting, summarize what was discussed, and offer an opportunity to respond. E-mail is also a personal, immediate way to just say thank you when

you cannot reach someone by phone.

Major Announcements or Alerts

It may be appropriate to do a broadcast e-mail to a large number of customers and prospects when you have something very important to say. Of course, big news may be a matter of interpretation, and not every e-mail recipient will react the same way, but if it really *is* big news (such as a merger, an acquisition, a new president, going public, or something similar) then nothing can beat the immediacy of e-mail. It is likely that customers and even prospects would subscribe to an alert service that keeps them in the know about such developments.

One interesting variation of the alert service is the event-driven e-mail. This type of e-mail is automatically sent when a certain key event occurs; for example, if a customer's service contract is about to expire, an e-mail encouraging renewal can be sent.

Serial E-mail

B-to-b marketers effectively use serial e-mail: e-mail that is sent in a series to work as a single campaign. An example of this is the "before, during, and after" approach: An e-mail is sent to preannounce a forthcoming offer, followed several weeks later by an e-mail with the offer, followed several weeks after that with a reminder e-mail. As with direct mail, serial e-mail can be an effective way to build interest in a product or service because of the build-up effect of multiple contacts. This technique can be especially effective in converting warm prospects to hot prospects; however, it should be used only when truly appropriate because it can cause negative reactions from individuals who may feel overwhelmed by too many contacts.

E-mail Newsletters

Shrewd electronic marketers have figured out a way to implement e-mail in a non-objectionable format that reaches target individuals on a regular basis. It is called the *e-mail newsletter*. The e-mail newsletter is basically a long e-mail that is regularly and automatically sent to a customer or prospect by subscription—*upon request*. The best e-mail newsletters contain information of high perceived value about a pertinent topic area, but they are, of course, marketing vehicles as well. Although most are free, some e-mail newsletters are sent on a paid subscription basis.

E-mail newsletters are hugely popular. They have become the acceptable method for using e-mail as an ongoing form of promotional communication. For example, every major high-tech information provider—including publishes a variety of free e-mail newsletters, some on a daily basis. Reportedly, some of the more popular e-mail newsletters have circulations of a million subscribers or more.

That is only the tip of the e-mail newsletter iceberg. Now e-mail newsletters have pervaded every business and industry. E-mail newsletters have proliferated to the extent that there are likely to be many to choose from in even the narrowest of interest groups, and the majority of these newsletters are free. An increasing number of marketing Web sites offer free newsletters as part of their promotional strategy.

Why do organizations and individuals distribute these free e-mail newsletters so widely? For one thing, it keeps their names in front of a very large number of people, all of whom have given the information providers their e-mail addresses. As a result, *they are building their own opt-in e-mailing lists for free,* and the e-mail addresses they acquire will be available to them for ongoing use. The cost to e-mail to these names is very low. Compared with

the cost of other promotional means of reaching prospects, e-mail is downright cheap. Newsletters are, in effect, one of the best ways to build your own house list of e-mail prospects.

Publishing an e-mail newsletter and collecting subscriber names is a smart business strategy. As the regulatory environment changes, unsolicited e-mail has become either unethical or illegal. Even opt-in lists are not completely foolproof. *As an e-mail newsletter publisher, however, you are building your own e-mail list.* You can continue to use it to send e-mail ethically and legally, because the recipients have *asked* for it. Of course, it is still good practice to offer e-mail newsletter subscribers the option of deleting their names from your list.

There are other benefits to publishing e-mail newsletters. As an e-mail newsletter publisher, you are constantly promoting yourself. Many e-mail newsletters drive subscribers back to linked Web pages to learn more about a particular topic. E-mail newsletters can be distributed at a very low cost. Imagine the cost for printing and postage to send a million paper newsletters.

E-mail, on the other hand, can be broadcast across the Internet via automated methods at a very low cost. As long as you have the proper e-mail addresses and the necessary software and systems support, you can send e-mail to hundreds, thousands, or even millions of individuals instantly. In fact, with advanced database-driven technology, you can *personalize and customize* e-mail newsletters. E-mail newsletters can include an individual's name, and, more important, you can even tailor e-mail newsletters to the needs of individual target audiences. Some e-mail newsletters even customize information within the newsletter itself to specific audiences.

As e-mail newsletters have become popular, services have been introduced to help marketers with the publishing and distribution process. IMN E-mail

Services *(www.imninc.com)* automates the e-newsletter publishing process and provides comprehensive content marketing strategies. Topica *(www.topica.com)* provides an integrated suite of services to help marketers of high-volume newsletters create and distribute them.

Some e-mail newsletters are published in text, but most now are published as HTML newsletters so that the graphic look and feel can be enhanced. HTML versions of e-mail newsletters might offer additional opportunities for advertising sponsorships. The HTML newsletter can be sent as an HTML e-mail or posted on the Web and linked via a hyperlink in the text e-mail. If you send an HTML e-mail newsletter, prepare a default text version and use an e-mail distribution service that can detect whether recipients can receive HTML.

A common e-mail newsletter technique is to publish article summaries in newsletter form and then post the full articles on a Web site. The newsletter summaries then link the reader directly to the article pages. One such marketing newsletter, ClickZ *(www.clickz.com),* is a combination e-mail newsletter and Web site. ClickZ provides online marketing information and uses e-mail notifications to its subscribers with links to each of its articles, which are then published as HTML pages. Advertisers sponsor several of the recurring columns. ClickZ publishes articles, hosts online discussion forums, offers marketing guides, and sponsors live conferences about online and e-mail marketing.

Most e-mail newsletters are designed to drive traffic, but they can be revenue generators in and of themselves. Many of the larger-circulation e-mail newsletters are also important vehicles for Internet-based advertising. Some e-mail newsletter publishers accept paid advertising messages and append them to the newsletter text. The advertiser is often positioned as a sponsor of

the newsletter and can embed a live link to a Web site in the promotional message.

Advertising in e-mail text newsletters may not be fancy, but industry sources say it is very effective. Barry Silverstein's direct and e-marketing agency extensively tested e-mail newsletter ads against outbound e-mail and banner ads. The newsletter ads consistently outpulled both opt-in e-mail and banner ads for qualified lead generation. We have seen numerous industry reports supporting this. E-mail newsletter advertising is such a significant business that Internet advertising networks and service providers make them a regular part of their offerings.

There is a logical reason why advertising in e-mail newsletters works. Newsletter subscribers are looking for high-value content, and they have requested the newsletter. Chances are the subscribers are reading each issue closely. Text-based ads are generally placed within the body of the newsletter. Although they are separated from the text itself, the reader can't miss them. If the ads embed Web page links, all the reader has to do is click to go to the advertiser's Web page. It's simple, effective direct marketing…and it works.

Before we leave the subject of newsletters, it's worth mentioning that customer e-mail newsletters can be quite effective in developing ongoing relationships. The Data & Marketing Association, reported that Hewlett-Packard (HP) employed e-mail newsletters to reach three different customer audiences, each with targeted messages. HP integrated Call Me Now buttons within the newsletter and achieved a 12% click-through rate. What's more, they achieved a click-through rate of from 25 to 40% when e-mails were forwarded to colleagues of the recipients.

Finally, e-mail marketing newsletters can become some of your own top sources for information about digital marketing.

E-mail and Online Surveys

Surveys that ask the opinions of customers or prospects can be as effective as surveys conducted via mail, phone, or in person—maybe more so. E-mail surveys are easier to respond to and less intrusive than phone surveys, so they may ultimately prove to generate a higher level of response. E-mail surveys can also contain a link that takes respondents to a Web response page to facilitate response. This is an increasingly popular way to execute online surveys, because a form-based survey is much easier to answer.

Customer surveys that use traditional media such as direct mail and the telephone are known to generate response rates as high as 15% or more, and online surveys are achieving results just as impressive.

Several services allow do-it-yourself online survey creation. Zoomerang (*www.zoomerang.com*) is one service that allows small companies and individuals to create and send online surveys for free. Zoomerang uses professionally designed templates that make it easy to create and customize surveys on anything from customer satisfaction to new product testing to event planning.

Barry Silverstein used Zoomerang to create an online survey about online seminars. He sent an e-mail to a house e-mail list of customers and prospects and asked them to complete the survey by clicking on a link to the survey page. He offered to send the survey results to all respondents, and he also offered a drawing for several e-gift certificates. He asked 15 questions about the use of online seminars by these companies. The result was a 23% response and some very valuable insight that guided Barry in the way he structured and sold his services. Online surveys can do the same for you if they are used appropriately. Competitors of Zoomerang, offering similar services, include SurveyMonkey (*www.surveymonkey.com*) and Question Pro

(*www.questionpro.com*).

E-mail Discussion Groups

Discussion groups about virtually every subject exist on the Internet, so chances are one or more of them relate to your product or service. Some of these groups allow free or paid "advertising" or sponsorships by appending some copy about your company, product, or service to discussion text. It must be done appropriately, in the proper context, and always with permission—but it does present you with another way of reaching a very targeted audience via e-mail.

Making E-mail Work Harder

New technologies are being introduced regularly to make e-mail work harder. There are products and services available to enhance your ability to personalize, customize, and evaluate the effectiveness of e-mail, and e-mail service bureaus that can provide you with start-to-finish services, including building and managing your own e-mail list.

Basically, you can decide to outsource your e-mail or manage e-mail lists and programs in-house. Two firms to consider in the outsourced e-mail business are Zeta Impact (*www.zetaimpact.com*) and MailStreet (*www.mailstreet.com*). A number of products and services, from simple to extremely sophisticated, are available if you want to handle e-mail yourself.

The Importance of HTML and Rich E-mail

Although some e-mail is still text based, HTML-based e-mail is prominent

today. The result is that much e-mail messaging now resembles mini–Web pages, complete with formatting and graphics, rather than standard text-based communication. In addition, rich e-mail, which is e-mail that uses multimedia components such as animation and sound, is used frequently today. Sometimes HTML e-mail is turned into a digital postcard.

Mobile Marketing and E-mail/Text Innovation

Mobile Marketing is now an imperative for marketers, who are wise to stay abreast of innovations in this area and to test them as they become available. There are, of course, concerns about intrusion and privacy whenever unsolicited messages are pushed to a mobile device. We have discussed the importance of opting in e-mail addresses so that your customers and prospects agree to receive your messages. This is even more important if you intend to send text messages to your contacts. You must get their approval to text them, and give them an easy way to opt out at any time. To keep up on mobile marketing methods (including apps customized for your business customers), subscribe to the daily e-mailed newsletter *www.mobilemarketer.com*.

What About Viral Marketing?

"Viral marketing" is something that business marketers should consider just as their consumer marketing brethren have done. "Viral" is a somewhat unfortunate moniker that wrongly associates e-mail marketing with germs and illnesses. The intended meaning, however, is marketing that spreads rapidly via e-mail or other Internet communications.

Viral marketing first gained prominence when Hotmail, a Web-based

e-mail service, included a promotional message about its service with a URL in every message sent by a Hotmail user. The result was that every Hotmail user became a sort of "involuntary salesperson" whenever the product was used. Hotmail's subscriber base reached 12 million users in only 18 months, with a minimal advertising budget of just $50,000. It was all because of viral marketing. Hotmail's success gained it a wealthy suitor, Microsoft, which acquired the company in 1998.

Given the nature of the Internet and e-mail, it is easy to see how marketing messages can spread just as rapidly as computer viruses themselves. By simply adding a promotional message to an e-mail, that e-mail becomes a promotion that can then be forwarded to one, or one hundred, or one thousand individuals in no time. For viral marketing to be most effective, there should be a valuable reason why someone should want to forward your e-mail. Maybe it is a discount or a freebie, a brief test or a free report, or just something with appealing or amusing sound or motion. Whatever it is, if you offer both the sender and the recipient something of perceived value, viral marketing will be that much more potent.

A common variation on the viral marketing theme is "tell a friend" or "forward to a colleague." Basically, this means the marketer suggests that the recipient of an e-mail pass it along to someone else, and provides an easy way to do this, perhaps with a "forward to a colleague" button within the body of the e-mail. There may or may not be a reward attached to this.

Automated E-mail Response

It is easy to build in an e-mail link so that visitors can instantly inquire about your products or services, but it is just as important to respond promptly if not

instantly. A variety of autoresponder or autobot tools are available that can respond automatically to such requests. On good electronic commerce sites, for example, your order can be instantly acknowledged as soon as you place it. An e-mail message is sent to your mailbox verifying your order and providing you with an order number and shipping information. This is also a good way to prevent fraud, because if the recipient did not place the order, he or she can immediately inform the sender of the e-mail.

Other Important Facts About E-mail

- Various software tools are available to help you automate e-mailings. You can use these tools to build e-mail lists, do "e-mail blasts," and automatically respond to inbound e-mail. Numerous firms will rent you e-mail lists or help you implement full-scale e-mail campaigns from start to finish.

- E-mail addresses change even more rapidly than business addresses, so expect at least 10% of an e-mail list to be undeliverable at any point in time. Obviously, starting with a clean list and scrupulously maintaining it will help.

- Response to e-mail campaigns can be fast, even immediate, so be prepared to handle the back end—acknowledgment, processing, and fulfillment—*before* you execute an outbound e-mail campaign.

- Expect e-mail to generate some *negative* responses. Even if you are e-mailing to customers or to an opt-in prospect list, a few recipients may resent receiving promotional e-mail and will not hesitate to let you know

about it. It is good business practice to send these people an apology and suppress their e-mail addresses from future promotions.

- Be especially cautious when you use international e-mail. Check into all country- and region-specific regulations. Make sure you are using the appropriate language and following local customs. You may find that opt-in e-mail lists are virtually nonexistent internationally. In this case, it will make more sense to seek out local e-mail newsletters or e-mail discussion groups instead.

- E-mail can be—and should be—personalized and customized whenever possible. As with personalized direct mail, if you can use an individual's name, recognize any relationship the individual has with your organization, and incorporate pertinent information in an e-mail, it will potentially increase response. E-mail can also be customized to the needs of the recipient via database technologies now available; for example, different e-mail texts can be automatically generated to different audiences based on database criteria.

- Use the subject line of an e-mail appropriately. The subject line is like teaser copy on a direct mail envelope or the headline on a print ad—it could determine whether or not the recipient reads the e-mail. The subject line should be a few words of intriguing copy, but it should not mislead the recipient or misrepresent the content of the e-mail. Testing subject lines head-to-head is a good practice.

- E-mail is short-form communication, except for the e-mail newsletter format. Paragraphs and sentences in e-mail should be short and concise.

E-mails should generally be no longer than 500 words.

- E-mail is primarily an informational vehicle. Some readers may react negatively to overuse of very promotional language. You need to be careful with tone, because e-mail comes across as flat copy without graphic signals to emphasize certain words or phrases. For example, anything in CAPITAL LETTERS is usually seen as SHOUTING when used in e-mail. Avoid overuse of exclamation points. Don't oversell. Make use of good direct marketing copywriting techniques, such as incorporating a call to action into your e-mail.

- Use e-mail to drive recipients to specific Web pages with more information or to reference your Web site.

- Test e-mail, just as you would direct mail. Consider testing lists, offers, copy length, subject lines, "From" lines, text vs. HTML and rich e-mail. You can even test methods of response, determining whether e-mail recipients prefer to go to Web pages or make phone calls. The reason for testing is to see what works and to continuously refine your efforts so that you increase response with every subsequent campaign.

- Use good sense in executing e-mail direct marketing. Integrate e-mail appropriately with other techniques in your direct marketing lead generation programs. Be sure you use e-mail wisely. Build your own e-mail list and keep it current with the addresses of individuals who give you permission to communicate with them via e-mail. Do not use unsolicited e-mail. Test opt-in e-mail cautiously. Respect the privacy and needs of your target audience.

6

Using Internet Events for Marketing

Event marketing plays a significant role in many b-to-b marketing programs. Marketers have long attended trade shows and conferences in an effort to get in front of "live" prospects. Many companies also use their own marketing and sales seminars to attract prospects to hear about products and services or see product demonstrations.

The Internet presents a compelling opportunity for marketers to transform live events into Net events. This rapidly growing, specialized area of Internet technology is already revolutionizing the way events are executed. The events of 9/11/2001 inspired many global companies to re-think their extensive travel schedules and to do more work across borders using Web conferencing – a concept that still resonates today. The technology has other applications important to b-to-b companies, such as online collaborative meetings and online learning. This chapter explores this potential and details some of the ways that b-to-b marketers are using Internet events and meetings as part of their marketing programs.

Are Live Events Still Good Marketing Investments?

In our early days as marketers, your author and colleagues frequently did the conference circuit and the convention route. Attending these events as an onlooker was far better than those dreaded times when our bosses were conference speakers or our employers had a booth. That meant countless hours spent on pre-event logistics, materials preparation, and shipping. When that nightmare was over, another began, with booth duty on the floor of some nameless convention in a city that should have been fun if we had had the time and energy to see any of it. If you have been there, you know how unglamorous and exhausting event marketing and the travel associated with it can be, despite rumors to the contrary.

Actually, there was something even worse than conventions: company-sponsored seminar programs. The headaches were multiplied across cities that spanned the country—and so much more could go wrong.

All of these national events were expensive. Seminars, especially, were a financial drain. Fees, travel, and accommodations for guest speakers, along with travel and accommodations for all company personnel involved in the seminars, mounted up quickly. Add to that the cost of presentations and videos, handouts, signs, meeting rooms, coffee, and snacks, not to mention the cost of promoting the event beforehand and following up with attendees afterward.

Of course, it is not very different today with live event marketing. Many b-to-b companies still rely on conferences, conventions, seminars, and other such events to market their products and services. The motivation for doing so is basically sound, especially with seminars. Traditionally, b-to-b marketers have believed the simple notion that prospects who attend seminars are more highly

qualified than prospects who do not attend. The theory is that someone who gives up time to attend a half-day event (the typical length of a free seminar) has a compelling need for the product or service, or at least enough interest in it to make a commitment of a few hours of time, and time, as we all know, is a precious commodity.

However, the reality is that experiences with live seminars vary widely from company to company. When a company is successful, it means that seminar rooms are filled with "butts in seats." More important, the attendees are the people the company wants—prospects whom the sales force considers to be quality leads. In this case, the company will keep investing in live seminars.

Yet seminar disasters are not uncommon, either. There could be any number of reasons for bombing out. Perhaps the audience is not well targeted to begin with or the seminar content (which is the offer) is weak. Maybe the weather in a particular location is lousy or traffic is bad on the day of the seminar. Maybe the seminar is in downtown Manhattan, New York City—where most seminars seem to do poorly—or it could be that the product being promoted is a dog, so even a great speaker or an action-packed agenda will not save the day.

The Typical Seminar Series

In today's world, b-to-b companies have re-evaluated their participation in live seminars. They need to justify that seminars are worth the investment because the expense associated with a seminar program can be significant. Let us put this into perspective by examining a breakdown of estimated costs and the anticipated results for a ten-city seminar series. We will make the

following assumptions:

- The seminar will be a live, half-day event with free admission, held in ten U.S. cities at hotel meeting rooms.

- The sponsoring company will have to prepare a presentation, hire one or more guest speakers, and send a marketing coordinator and one speaker from corporate headquarters to every seminar.

- Handouts will need to be produced for an anticipated audience of about 500 people.

- A direct mail invitation will be sent to 3,000 prospects within 50 miles of each seminar site (30,000 prospects).

- The invitation will achieve a 2.0% response.

- Fifty percent of the respondents will *not* attend the seminar, even though they signed up for it. (This is a fairly typical no-show rate—the percentage of individuals who say they are coming to a free seminar but do not show up.)

Depending on the costs and results of other qualified lead generation activities you might conduct, these may or may not be reasonable assumptions. To get a true read of any event's marketing value, you should track not just "butts in the seats," but also:

- The number of event attendees who were converted to customers,

- The length of the sales cycle associated with event attendees versus other

types of prospects,

- The average sale from event attendee customers versus other types of customers, and

- The lifetime value of the event attendee customers versus other types of customers.

In some cases, what companies learn about their event marketing can be nothing short of shocking. Here is one scenario that is based on a true story:

A company has routinely attended several trade shows for years. Someone in marketing analyzes the results and discovers that the most expensive show is actually generating the lowest-quality leads. When the costs of supporting that particular show and fulfilling the leads are added up, it is clear that the company has an ROI disaster on its hands. The marketing manager talks to the sales manager about it. The sales manager just shakes his head, laughs, and says, "Oh yeah, the leads from that show are junk. My salespeople don't even pay any attention to them." This is truly chilling—a b-to-b direct marketer's worst nightmare.

I hope this does not sound familiar, but it should be food for thought. Conventions and trade shows in particular should be carefully evaluated. These events tend to be far less effective than seminars in generating *qualified* leads, because the venue is very different.

If you have attended such trade shows, you know the score. You can go from booth to booth and pick up a slew of very expensive literature and a variety of giveaways free and without obligation, and in most cases you can

remain totally anonymous while you scoop these goodies into a gargantuan convention bag. You can even participate in various games and contests and actually win something valuable—although you have not the slightest interest in the exhibitor's product or service. At the end of this major trade show, all the exhibitors truck home with hundreds or maybe thousands of "leads"—only to discover that most of them are about as qualified to purchase as the people manning the hot dog concession stand at the trade show.

This kind of shotgun marketing is not easy to justify to management. The cost of booth space, promotional materials, handouts, and travel is just part of the picture. The waste of staff time and the cost of fulfilling junk leads further magnify the problem.

Of course, not all trade shows leave a bitter taste in marketers' mouths. We can recall stories of technology companies whose marketing and sales staff come back from shows flush with hundreds of thousands of dollars worth of business booked in a few days. Just as important, some very significant products are launched at trade shows. With shows, as with marketing seminars, fabulous success stories abound—as do unmitigated disasters. The trick is to learn how to use event marketing in a targeted, results-oriented way so that you can achieve the former, not the latter.

The Net Event

Even if your company is achieving substantial success with traditional event marketing, you cannot help but be intrigued by the Net event. The concept of replacing or augmenting traditional live events with Web-based online, or virtual, events has caught on quickly with b-to-b marketers. In fact, virtual events are now ubiquitous on the Internet. To explore why, we will use

the traditional seminar program as a point of reference. Despite the substantial face-to-face benefits of a live seminar, such a program can be:

A Logistical Nightmare. Speakers and hotels need to be scheduled and managed, materials have to be in the right place at the right time, and prospects need to be invited in advance and registered on-site. The seminar is also dependent on things you cannot control, such as local traffic and weather conditions.

A Substantial Investment. Costs for speaker fees, hotel rooms and food, travel, presentation output and equipment, and seminar promotion add up quickly. The seminar may also need last-minute support via telemarketing and e-mail if registration numbers are low.

A Quality Control Challenge. Ensuring that presenters are well prepared and materials are well executed, especially when the seminar takes place at numerous national or worldwide locations, is a difficult task.

A Risky Venture. Even if everything is handled properly, the typical no-show rate at a live seminar can be 50 to 60%. Free seminars have become somewhat of a commodity item, because so many of them are offered. As companies downsize and managers become overburdened, attendance at off-site seminars becomes difficult to fit into the workday. In fact, senior business executives rarely attend these events due to the intense demands on their time and their heavy travel schedules.

Here is the difference between a live seminar and a virtual seminar. The virtual seminar can:

Virtually Eliminate Logistical Hassles. Prospects are invited to come to a special URL in cyberspace instead of a physical place. You do not need to arrange for hotels, and you do not need to ship anything anywhere. In fact, you do not even have to show up anywhere other than on the Web. Web traffic may be heavy, but it is better than the roads—and the weather is irrelevant.

Provide You with Foolproof Quality Control. The online seminar is totally controlled by you. The format, content, and timing are uniform and singular, and therefore completely consistent. You only have to create it once, no matter how many times someone sees it. Even if you execute the online seminar as a live event, it can be archived and repeated.

Attract Qualified Prospects. The online seminar is more convenient for prospects or customers; they do not need to leave the office to attend. As a result, the virtual seminar has the potential to attract not only larger audiences but also a greater number of senior executives. The online seminar is also a more novel and intriguing approach than a live seminar. As such, prospects might find it more compelling to attend.

Cost Substantially Less Than Live Seminars. Online seminars compare favorably to live events.

Earlier, we looked at the assumptions for a costly ten-city live seminar program. Now we will compare the costs and results for an online seminar program, using the following assumptions:

- The seminar will be a one-hour session, conducted entirely over the Web.

- The sponsoring company uses an outside firm to create and host the seminar.

- The sponsoring company will hire one guest speaker, who will provide a presentation for use on the Web. The guest speaker will also be available for an interactive question-and-answer session, which will be held during a few pre-appointed times via teleconference.

- A direct mail invitation will be sent to 30,000 prospects. They will be selected based on geographic areas that mesh with the live seminar program. We will also assume the same cost to execute the direct mail as with the live seminar program.

- The call to action in the invitation will instruct recipients to respond by coming to a special URL to attend the virtual seminar. That means a respondent is an attendee, so there is not a no-show rate, as with a live seminar. All respondents are attendees. Even if you want to prequalify prospects further by sending them first to a registration page, the typical no-show rate for an online seminar will probably be lower than with a live seminar. If people sign up in advance but do not attend live, you can invite them to view the archived seminar later, thus increasing your attendance numbers.

Analysis of Live Seminar Program versus Online Seminar Program

The cost for the direct mail promotion is the same for both the face-to-face and online seminar programs. Despite the same promotional cost, the online seminar costs less than the live seminar when all costs are considered.

A direct bottom line comparison shows that the online seminar generates a lower cost per attendee than the live seminar. There are additional benefits that have not been factored in, however.

One potential benefit of the online seminar is the fact that the no-show rate tends to be somewhat lower than with live seminars. Given location and weather conditions, online seminars are more dependable in terms of generating lower no-show rates in general.

Another factor is that once a live seminar is concluded, it must be run again, live. With an online seminar, the marketer can get additional usage out of it by archiving the event on the Web. It can then be used several more times at a low incremental cost as a marketing tool, unlike the live seminar program, whose costs continue to go up every time it is presented at a new physical location.

Finally, many simple, low-stakes online seminars today are promoted without the expense of direct mail promotion – they are promoted 100% online and via e-mail, which cuts the overall costs substantially.

This analysis of live seminars versus online seminars makes a compelling case for the use of Internet events.

Replacement or Enhancement?

Do you need to eliminate all live seminars and conduct online seminars instead? Not necessarily. You may still wish to hold live seminars in a few key cities so that you can tell your story face to face and your salespeople can press the flesh. However, you can *supplement* your live seminar schedule with an online seminar that you promote only in secondary cities—so you can be there even if your live seminar is not.

You also can use an online seminar as a follow-up to a live seminar, inviting individuals who could not attend the live seminar to share in the experience online. Also, you can suggest that attendees to your live seminars tell their colleagues that they can attend a virtual seminar version of the live seminar.

After you create an online seminar, you can easily version it for partner or reseller usage. By archiving the online seminar, you can extend its value and use it for subsequent promotional efforts.

Online Seminar Success Stories

Direct Marketing Agency

A direct and digital marketing agency executed numerous successful online seminars for b-to-b companies. These online seminars were run for several years, and each time they achieved results similar to the program described here.

Promotion

They held a marketing-oriented online seminar on October 25, and repeated this same seminar on November 2. They did extensive testing of direct mail and e-mail promotion based on previous seminar programs. They reached about 18,300 individuals using the following media:

Direct Mail. 2,500 oversized "postcard" invitations were sent to the in-house prospect list, and 8,200 were sent to two outside mailing lists. The direct mail invitation was a two-color self-mailing card, size 6 by 11 inches, that featured the online seminar B-to-B Digital Marketing: 7 Strategies for Success. The invitation said the seminar was based on the

then-current edition of this book, *Business-to-Business Digital Marketing*. To respond to the direct mail, the prospect had to visit a special URL and sign up in advance of the seminar The individual was asked to enter a priority code for list tracking purposes. The only response path was an online response form.

E-mail. 1,060 e-mail invitations were sent to an in-house list of permission e-mail addresses, and 7,600 e-mails were sent to six guaranteed opt-in e-mail lists. The e-mail briefly described the seminar and invited the prospect to a special URL, which was unique to each e-mail list. Again, the prospect needed to sign up in advance using an online response form. All registrants received confirming e-mails as well as e-mail reminders the day before the seminar.

Seminar

The seminar was conducted using the software now known as Microsoft Office Live Meeting. The Live Meeting system also managed the registration process. The seminar was a one-hour free event: a 45-minute presentation followed by about 15 minutes of questions. The agency head presented the seven strategies and showed direct mail and Internet marketing examples via static Web-pushed slides. Attendees listened to the audio presentation via telephone. During the seminar, techniques used included instant polling, slide annotation, whiteboarding, and the live demo feature. Attendees were able to ask questions at any time during the seminar via the online chat feature, but these questions were hidden from view and held until the end of the presentation. At the close of the seminar, attendees were sent to a special Resource Area Web site, which included additional information about the

seven strategies along with links to Web sites and online seminars referenced during the presentation.

Results

The results of the seminar promotion were as follows:

Direct mail for the house list pulled a 3.6% response versus an 8.9% response for the e-mail house list.

Direct mail to outside lists averaged 0.6%, versus 1.3% on average for the opt-in e-mail lists.

The overall response rate for the seminar was 3.6%, with 660 individuals registering for the seminar. A total of 295 individuals attended, which translates into a no-show rate of 55%. The percentage response and no-show rate were almost exactly the same as those for an online seminar run six months earlier.

Attendance for the first seminar was 186 and for the second session was 109. We used an interesting technique, a second chance e-mail, to provide an additional lift to response. We sent individuals who registered but did not attend the first seminar an e-mail reminding them of the second seminar. This e-mail resulted in a 7.2% response, netting another nine attendees at the second seminar.

We used a Web registration form that asked numerous qualifying questions. We then asked additional questions at the seminar's resource area. Over time, we continued to find that this seminar generated a very high percentage of qualified leads. In fact, we acquired new clients as a direct result of individuals

attending the seminar.

Technology Company

A technology company wanted to attract a broad audience of decision makers from companies that might be interested in a collaborative online meeting solution. The company decided to hold a virtual event—not just a seminar, but an online conference. The company partnered with several well-known technology and consulting firms to enhance the credibility of the conference and to acquire additional funding support. The event consisted of 11 individual online sessions, each of which featured thought leaders addressing the general topic of virtual workplaces. The event was promoted via e-mail newsletter sponsorships and e-mail sent to house and partner lists, supplemented by opt-in e-mail lists. The conference also was publicized at appropriate trade shows. The goal of the company was to attract 500 attendees to the event. About 1,300 registrants signed up, and overall attendance averaged 70%. This was significantly better than typical online seminar attendance rates, which run about 50%. In fact, 500 attendees went to the first session alone.

Software Company

AXENT Technologies is now part of Symantec. Prior to this merger, AXENT tested substituting live Webcast seminars for its traveling road show. According to an e-newsletter that covered the program, AXENT created a series of educational Webcasts targeting technical managers and tested a variety of tactics to promote them, including broadcast e-mail to a house list, advertising on the company Web site, notices in the company e-newsletter, newsletter sponsorships, and direct mail. AXENT found that the Webcast seminars cost $21 per attendee versus about $175 per attendee for the live

seminars. Lead quality improved as well: Online seminars produced about 30% hot and warm leads, whereas in-person events generated under 20% hot and warm leads. E-mail to the house list outperformed all other media used.

Real Estate Organization

NAI Global, a commercial real estate organization with over 3,400 worldwide members, used a Webcast to introduce its new Web site to the press, investors, and its membership. According to a reporter covering the program, NAI Global created a 30-minute Web-based walk-through of the site, followed by a 10-minute question-and-answer session. The Webcast was timed to run during an exhibit hall break at a major industry conference. The organization invited a select group to view the Webcast either virtually or at NAI Global's booth at the conference. NAI Global also archived the event on the organization's Web site and went one step further by creating a CD version, which was sent out to the membership so they could more easily explain the site's benefits to their local real estate clients. The Webcast helped to successfully launch the new site by creating the needed buzz around it.

Examples of B-to-B Internet Vendors

WebEx (*www.Webex.com*)

WebEx is part of Cisco Systems, offering Cisco Web meetings and collaboration solutions. For small and medium businesses, WebEx provides "high-touch service" while delivering sales presentations and demos to prospects and allowing businesspeople to meet with far-flung colleagues, right from their computers. Cisco recommends WebEx for general meetings, Webinars and Webcasts, eLearning programs, and report support. The firm suggests that

marketers who use WebEx will be able to "increase revenue even as you reduce costs."

Other Web Meeting Vendors

Worth checking out for your next web seminar are: Adobe Connect, GoTo Webinar, On24, and other alternatives discussed at http://blog.capterra.com/webex-alternatives-hosting-webinar/.

The Net Event Is Not Without Technological Challenges

Early models for the Internet event were largely informational Web sites with a healthy dose of high-value "objective" informational content. Educational institutions, museums, scientific consortiums, and the like sponsored such sites. The Web is still populated with such informational sites, but commercialization has quickly taken over. Now companies with something to sell sponsor many informational sites. That is not a bad thing, necessarily—you can still find some incredibly valuable, data-rich sites if you are willing to wade through an occasional sales pitch.

The marketing version of the Internet seminar or event combines the best of the informational site concept with the concept of Internet-based education. Internet events can be anything from online trade shows and conferences to Web-based seminars and symposiums, to Internet talk shows and presentations. Some of these are widely promoted and open to the general public; others are invitation-only, private-access events. For the most part, these events are intended to promote something, so they are offered at no charge.

A major barrier for such events has been Internet technology itself. You

cannot, of course, access Web sites without Web browser software. Plug-ins, which enable sound and images to be sent across the Web, are built into current browsers so that they are already available without the need to download the plug-in. In some cases, limited sound and multimedia can be experienced on the Web *without* plug-ins using real-time technologies.

The most common implementation is streaming, which replaces the need to download and launch a file to see or hear it. With streaming, after the applet is launched or the plug-in is installed, audio or full-motion video can be delivered in real time to the computer desktop.

The early leader in audio and video streaming was Real Networks' RealSystem software *(www.real.com),* although Microsoft's Media Player is also a strong contender for PC users, and Apple's Quick Time Player works well on Apple products. In today's world, both consumers and businesspeople often use Google's YouTube (*www.youtube.com*) as a quick, free and readily accessible place to post short videos for broad and narrow audiences alike.

The most common form of Internet event presentation is still the combination Web/teleconference event. A variety of technologies are used for implementation, but the simplest concept is this: The attendee goes to a URL to see Web content but calls a toll-free number to hear a synchronized presentation. Web content is pushed to the attendee's computer while the audio is sent via a telephone. The benefit is that no plug-in or sound card is required to participate, only a basic Web browser and a telephone, which are likely to be available to virtually any audience. Some technologies permit additional features, such as computer-based chat, instant polling, and live demonstrations.

Some solutions are provided over the Internet as a service; others are software products. An essential difference is the combination of Web and teleconference, as described earlier, versus what is commonly known as voice

over IP, which is voice delivered via the Internet. Voice over IP quality has dramatically improved, but both a sound card and a computer headset are necessary if the participant wants to both hear and speak effectively. Some solutions offer the option of both teleconferencing and voice over IP.

Intercall *(www.intercall.com)* functions as an online event service bureau, and companies such as Saba *(www.saba.com)* and Cisco Unified MeetingPlace *(www.cisco.com)* offer Web-conferencing software products. This area of Internet technology continues expanding as service providers and software companies enter the market and broaden their services and offerings.

The marketing world has embraced a Web that can truly support full-blown multimedia, live audiovisual presentations, interactive live chat, and live videoconferencing. Streaming media products take a giant step forward toward that goal. That said, the conservative strategy of using sound and motion selectively, supplemented with more traditional communications such as a teleconferencing component, is still a good bet.

Interacting live via a computer or by voice during the virtual event requires chat, voice over the Internet, or online videoconferencing capabilities. Technologies that allow visitors to interact and ask questions live and online getting better and better.

All of these advances are critically important to the proliferation of virtual events and virtual learning. Most marketers want to be in a position to replicate the content of a live seminar or leverage the investment they have already made in a slide show, or a video marketing presentation for use on the Internet. Previously, the Internet was not the right venue for such heavy sound-and-motion content, but that has changed, and b-to-b marketers are the direct beneficiaries of advances in this area.

Types of Internet Events

It is possible to adapt virtually every kind of live event into a virtual event that either *enhances* the live event or stands on its own. Here are some specific examples that are appearing in one form or another on the Web.

The Online Trade Show

These events seem to be most popular as enhancements to live shows, but they are even being used to replace live shows. One example of online trade show usage is that the show is already running as a live event and the show sponsor wants to extend its value to non-attendees. The sponsor creates a show-specific Web site and features some of the content from the live show. Aggressive sponsors offer special incentives to the exhibitors to advertise on the show site. An online trade show could be used as a hook for a live trade show, or it could completely replace a live trade show if desired.

The Online Seminar or Presentation

This is probably the most popular format, and the one with the most variations. Some seminars are primarily informational presentations; others are basically online demos. These are the common formats for the online seminar:

> **Scheduled Live Seminar.** The online seminar or presentation can be a live event held at an appointed time, during which a speaker is heard via a teleconference phone call or via audio streaming technology over the Web. The speaker can be heard *and* the presentation can be seen over the Web with audiovisual streaming. The speaker typically leads the visitor through a "slide" presentation of individual screens, which are pushed over the Web. The speaker answers questions asked by participants via telephone or takes questions via e-mail and answers them via e-mail,

chat, or streamed audio over the Web. Audio portions can be recorded digitally for archiving purposes. This type of event can be enhanced with a mini-site or resource area.

Scheduled Prerecorded Seminar. The prerecorded format offers more flexibility in that it can be held at more times than the live session without the presence of the speaker. It is less flexible in that it does not allow for live interaction. Some presentations mix prerecorded sections with a live question-and-answer period to gain the benefits of both formats.

On-demand Seminar. This type of event has the most flexibility, in that it is available to the attendee at any time. Audiovisual content is typically available on demand; for example, a video of a speaker can be played at any time. An on-demand seminar can be appended to an existing Web site or run as a special, invitation-only seminar or presentation. Typically, the on-demand seminar does not include a scheduled session or provide the ability to ask questions live online, except through e-mail. One option is to add a scheduled event, or to schedule a question-and-answer period at specific times as an enhancement to this format. Another possibility is to accept questions online and answer them via return e-mail. Generally the content of the on-demand seminar is organized into sections that can be easily navigated so that attendees can move through the seminar at their own pace.

The Online Webcast

This event is really a television or radio program broadcast over the Internet. It typically features a panel discussion or several speakers who offer

short presentations, followed by a question-and-answer session, most often conducted via teleconference.

The Online Meeting

The online meeting can be anything: a sales meeting, user group conference, analyst meeting, press conference, and so on. A number of companies now routinely use the Internet for sales meetings and press conferences, and several companies have even experimented with online annual meetings.

The Online Chat

An online chat is a variation on the Web event that eliminates the slide show and allows an expert to informally converse with participants. This is conceptually the same as a teleconference, but it uses the Internet to facilitate the interaction instead of a telephone. Participants log into a chat room and ask questions of the expert. The expert answers the questions and free form commentary from all participants can occur as a result. Some participants prefer anonymity. Typically these sessions run anywhere from 30 to 60 minutes.

Crossing Over with Online Events

A developing trend is the increasing connection between offline and online events. Trade shows, for example, are moving toward not just promoting live events on the Internet, but sometimes running live Webcasts from the event, or posting videos of the event on the Web soon after its conclusion. Live seminar programs are also being captured on video and archived for Web use.

Developing and Hosting the Internet Event

Before you rush off to cancel all of your live seminar programs, do yourself a favor: *Test* the online event on a limited basis with your target audiences. Admittedly, it is almost a no-brainer when it comes to comparing the costs/results from an online seminar to that of a live seminar program. A seminar held on the Web looks like the clear winner, but although the Internet event may seem to hold great promise, it is important to know if your audience will be accepting of this new marketing format.

Traditionally, the Internet event seems to have had its greatest appeal for audiences such as technical professionals—IT managers, networking managers, software developers, and the like—but today, such events have become attractive replacements for live events targeting most any business audience.

The Internet event should also be a particularly attractive venue for senior executives, who often do not have the time to attend an event in person. If you want to reach a high-level audience via the Internet, compare the pros and cons of a virtual event to these other live formats:

> **The Teleconference,** or **Teleforum.** This format is basically a seminar held via the telephone. It typically lasts about an hour, rather than the traditional half-day event, and is offered early in the morning so that executives can grab a cup of coffee and listen, perhaps with *The Wall Street Journal* at hand, before the responsibilities of the day distract them. With the right speakers and topic, the teleforum is a very powerful format—perhaps even more attractive than virtual events for high-level decision makers. If appropriate, teleforums can be enhanced by directing the listener to a URL to view Web-based content during the event.

The Executive Roundtable or Briefing. This variation of the seminar is a small live event with a restricted invitation list. It is usually open to senior executives by invitation only from the sponsoring company's CEO. The executive roundtable is positioned as an opportunity to participate in a discussion with peers. Sometimes the invitation to such an event is as exclusive as the event itself—it may be engraved, hand addressed, or even include an executive gift.

The Executive Retreat. The retreat is typically an executive symposium that includes one or more renowned speakers and is held in a world-class resort—with ample time for golf and other recreational opportunities. These formats, if well executed, can attract top executives who want to rub shoulders with stars like themselves. Of course, the expense associated with such events is significant.

If you are successfully holding teleforums, roundtables, or retreats for executives such as the ones described, do not scrap them all in favor of Internet events—test an online chat, online seminar, or other Web event first to see if it has the same appeal and staying power.

Guidelines for Developing and Hosting Your Own Internet Event

Here are some of the things you should think about when you are planning and executing your own Internet event.

Plan Your Event

What kind of event do you need? The Internet event is a customized Web application, and it will vary substantially based on the type of event you wish

to execute, as well as the audience for the event. First, map out your available options. Decide whether you will create the event entirely in-house or with the help of outside resources. Determine early whether you or another organization will do the Web hosting.

Develop the Event

Evaluate the needs of the target audience and develop an event well suited to the audience. Technology considerations are important, and they should be assessed during the development stage. Each of the following questions should be asked, because each requires a different kind of technological support:

Database Integration. Will you preassign individuals an access code and greet them at the "door"—or will you simply identify attendees when they arrive and sign in? Do you wish to prequalify attendees by asking them to register in advance, or is it acceptable to send them directly to the event?

Audiovisual Requirements. Do you intend to have one or more live speakers make a presentation or guide attendees through a section of the event? Will you use traditional telephone for the speaker(s), or will you do it all online using streaming audio? Do you wish to include sound and motion, and are you prepared to do so?

The event concept will ultimately guide the structure of the event and where the event is hosted, as well as the copy and creative execution.

In the case of a Web seminar, you may be adapting the content of a live seminar. Replicating the content is not as easy as it sounds: You will have to modify slides, scripts, and other materials so that they are optimized for presentation on the Internet.

Critical Success Factors

In general, the same critical success factors that apply to live events apply to virtual events:

Guest Speaker(s). Guest speakers add credibility and prominence to a seminar. The guest speaker should ideally be a noted authority in the field, an analyst or consultant, or a journalist. The guest speaker can provide an aura of objectivity and impartiality to a seminar and helps draw a crowd. It is also appropriate for guest speakers to be from organizations that are partners or customers of the sponsoring company. There should be an opportunity for a question-and-answer session if possible.

Success Stories. Success stories, told either by customers or by the company sponsoring the seminar, are typically well received at seminars. Seminar attendees like to hear about how problems were solved and challenges overcome.

Exclusive Information. Seminars that share some sort of exclusive information—such as the unveiling of survey results—have high perceived value, especially if this information is conveyed by one of the guest speakers.

Hot Topics. Current in-vogue topics of interest to the target audience, combined with success stories or product demonstrations, can add to a seminar's success.

Interactivity. For the virtual seminar, interactivity of some kind is essential. A demo that the prospect can control and a worksheet with a

calculator are examples of interactive elements that work.

Establish a Structure for the Event

It is critical to construct an effective structure for your event with an intuitive navigational flow and organized content. The structure should be mapped out on a flow diagram that outlines the path that visitors will take from the time they enter the event. Factors to consider in creating a structure include the likelihood of repeat visits, the frequency of information refreshment, and the segmentation of the site's content. Generally, each page of the event should be short and clean to minimize the need for excessive scrolling.

Depending on the event's complexity, it is generally a good idea to follow a modular layout. This allows visitors to go to different areas based on their needs, interests, and time constraints. If the event is on-demand, attendees may want to check in at several times on several different days in order to fit the event within their busy schedules. If you want the event to include any type of real-time presentation or a live chat room for online questions and answers, you will probably want to schedule these parts of the event at various specific dates and times, just as you would a live event.

Create the Content for the Event

All of the content for an Internet event should be Web-ized. There is nothing worse than loading an event with copy and graphics that have not been modified for electronic consumption. Copy should be crisp, informative, and conveyed in readable, digestible chunks. The navigation template should be clean and attractive. Graphical elements should be designed to facilitate navigation.

If you are doing a Web seminar, using the content from a traditional

seminar is probably a good place to start. Use the speaker's slides as a basis for the virtual seminar's graphics, and use the speaker's notes as copy input. Do not try to use the materials as is—graphics will typically need to be rendered especially for the Web in an appropriate program.

Simple animations, such as movement of type and graphics, should be used to enhance the visitor's experience. Most animations should be universally viewable without any special software. Graphic files should be kept small and manageable. Interactive forms should be designed for the lowest common denominator.

Research and Add Appropriate Technologies

Incorporate only those Internet technologies that will enhance your event, not detract from it or cause undue complications for event visitors. Options include database connectivity, dynamic HTML, use of cookies, push technology, Java applets, streaming audio and video, and electronic commerce.

When used appropriately, multimedia offers the visitor an enhanced experience, with the ability to click on images and interact with animated text and images. However, essential content should be available to the lowest common technological denominator. If you require plug-ins to hear sound or view motion, they should be optional, not required. Mirror any content so that participants will not miss anything if they do not use the plug-ins.

Here is a word of caution, especially if you are targeting your event to individuals who work in larger corporations: Some corporate networks have firewall technology that might block certain plug-ins. Always suggest that the participant do a browser test prior to the event if plug-ins are used. It is important not to assume that everyone can see and hear your event as you intended it. Designing the event for maximum audience attendance is

important.

Database integration provides an additional personalized dimension to Web events. Merging Web pages with online information offers data that can be used to dynamically generate Web pages on the fly, offering the option for heightened personalization and user feedback.

You have a wide range of databases from which to choose. Many of the larger, more robust database products, such as Oracle and SAP, can integrate with the Web, as can smaller programs such as Microsoft Access.

Implementation options include password access, user profiles, and interactive online qualification forms for individual users. Such mechanisms allow for rapid and accurate tracking of attendance as well as gathering information on attendees and their opinions. All of this information will be valuable in improving future virtual events.

Determine How the Event Will Be Hosted

The decision to host a virtual event hinges on several issues, including expected traffic, database requirements, multimedia technologies employed, and site security. If, for example, you are using streaming media, you will need an adequate Web server to accommodate the traffic, or a broadcasting service that can stream it for you. Examine and compare the options for internal versus external hosting.

When evaluating outside hosting services, look at the following criteria:

Server hardware and software

Redundancy and reliability of servers

Connections and bandwidth available

Space restrictions

Data transfer restrictions

Availability of e-mail and autoresponders

Availability of FTP (File Transfer Protocol)

Quality of access statistics

Security

CGI (Common Gateway Interface) availability and support

Java availability and support

Database access

Search capabilities

Audio, video, and multimedia support as required

Technical support

Fee structure

Program and Test the Event

Before going live, test all components of the virtual event thoroughly. Program and test all links, forms, and graphic files. Test all pages and any database integration from multiple Web browsers on different computer platforms. Test and evaluate all multimedia components to be sure they are functional on the widest possible range of platforms. Evaluate the content for

general clarity and readability. If possible, try out the event on staff, customers, or friendly prospects before making it widely available.

It also might be a good idea to post technical information at the event's URL to be certain that attendees can take full advantage of the event. One company offered an excellent example of covering all the bases at the time of sign-up on the firm's Web site. This company had included a page of instructions for testing and optimizing participation in the event, as well as a link to "test your browser." The company listed all the technical requirements for the event, along with a description of firewalls and how to work around them so that the data portion of the online seminar would function properly.

Promote the Event

See "Promoting Events Using the Internet" later in this chapter for suggestions on event promotion.

Evaluate the Results

Establish measurement criteria in advance so that you know how many individuals attended the event. Use qualification forms with offers within the event to identify and track quality leads. Compare the ROI of virtual event programs to the ROI you have achieved with traditional events. You may find that it varies based on the type of audience and the type of event. Use this analysis to plan and refine future Internet event programs.

Promoting Events Using the Internet

The Internet brings a whole new spin to promoting both traditional and Internet-based events. As you might expect, services already exist to help event producers promote and host their events with little effort. If you hold a

substantial number of events, you might want to look at Eventbrite (*www.eventbrite.com*) or one of the firms recommended in this article: *http://blog.capterra.com/eventbrite-alternatives/*, which can provide you with helpful attendee relationship management systems.

It is also a good idea to keep track of both live events and online events so that you can be aware of trends. Here are a couple of valuable resources:

Seminar Information *(www.seminarinformation.com)*—to locate seminars in various industries.

Trade Show News Network (TSNN) *(www.tsnn.com)*—comprehensive listing of worldwide trade shows; the world's largest tradeshow portal.

Suppose you are promoting a traditional event, such as a free half-day seminar in ten cities. This might be what the promotional plan looks like:

1. Establish the dates and locations. Select list sources and target the appropriate audience within 50 miles of each city.

2. Create and mail an invitation. Include the traditional phone, mail-in, and fax-back response paths.

3. Follow up with e-mail and telephone confirmations to registrants.

4. Cross-promote the seminar with advertising and public relations activities.

Now see what happens when you enhance your promotion by using the Internet as a registration facilitator. You execute the same four steps, but you add a special seminar registration URL to the mail piece and promote it

prominently. You urge the prospect to visit the URL to receive further seminar details and to register online. When the prospect arrives at the Web response area, you offer:

- A more detailed agenda and description of the seminar, along with speaker photographs and biographies if appropriate,

- Directions, including printable maps, for each seminar location,

- Information about other events of potential interest to the prospect, including a list of Internet-based events for those prospects who are not in the ten-city area or cannot attend the live seminars but want more information about your company's product, and

- An interactive registration form—perhaps with a special offer just for online registrants—so that prospects can register online and receive an instant acknowledgment. (Collect an e-mail address here and you can use it to remind the registrant of the seminar several times before the event. Use a Web-based database tool and you can capture the marketing information you obtain from the prospect one time instead of rekeying the information. Use it for future promotions and to track the prospect's activity.)

This relatively easy enhancement could have a significant impact on your seminar program—and your marketing ROI. Here are the six reasons why:

1. You may be able to reduce the cost of your direct mail seminar invitation by making it less elaborate and driving response to the Web—where prospects get full seminar details. Typical direct mail seminar invitations

include a full agenda, speaker biographies, and location information. That takes considerable space to accomplish in a mailing piece. With the Web as your electronic information center, perhaps even an oversized postcard invitation would suffice.

2. Overall response to the promotion could increase because you have added a Web response path that most registrants today will prefer to use. On the Web, they can get more information about the seminar without the need to speak to anyone, and they can easily register online.

3. Online registrants may be higher-quality prospects because they take the time to visit the URL, review detailed information, and complete the registration form.

4. Using a series of e-mail confirmations and reminders, which you send prior to the event, could reduce your no-show rate (which is typically 50 to 60% for live seminars).

5. Even if prospects visit the URL and do not come to the seminar, they have been made aware of your company, your seminar series, and other events you sponsor that may interest them.

6. Individuals who are outside the ten-city seminar area could visit the URL to learn more about your company and products, and as a result become new prospects for you.

The incremental cost to your seminar promotion to achieve these potential benefits should be very low. The seminar URL can "hang off of" your regular Web site. Creating the seminar response area is not a complicated task—it can

be done by your in-house Web staff or outsourced to an interactive resource. If you need comprehensive response management support, there are firms that handle online seminar registration and confirmation, along with maintaining your marketing database.

Use a similar strategy to promote other live events, such as your appearance at trade shows or conferences, sales meetings, press tours, and so on. Consider these additional promotional ideas:

- Place a Web banner ad on your own site to promote your appearance at a conference or trade show. Prominently feature your booth number and consider offering Web prospects something special if, when they visit your booth, they mention that they saw the promotion on your Web site.

- When you book any booth space or speaker from your company at a conference, be sure to see if the show's sponsor offers a Web site with links or special rates for exhibitors or speakers. Also see if you can offer virtual exhibit area admissions tickets to prospects, printable from your Web site.

- Collect e-mail addresses of trade show and seminar attendees, and ask if you can communicate with them via e-mail. E-mail a questionnaire after the event to get their opinions and further qualify their interest.

- Collaborate with co-exhibitors at shows or co-sponsors of seminars to promote events via the Internet. Cross-promote each other's products via e-mail and your respective Web sites.

Promoting the Net Event

All of the techniques you would use to promote traditional events apply to promoting virtual events as well. You can invite people to a virtual event in the same way you invite them to a live event:

- Direct mail is generally an effective medium for seminar invitations.

- Telemarketing can be effective when you are inviting a small number of people, or to follow up on direct mail.

- Print advertising can supplement direct mail for trade show and conference promotions.

- E-mail sent to prospects and Web banners placed on your own site, or on carefully selected sites, could be used to augment mail and telemarketing efforts.

- You could also use public relations to publicize your event, which might lead to mention in trade publications or even free links on appropriate Web sites.

Even while virtual events and seminars have become common, it might be interesting to test various methods of inviting prospects and customers to such events. For example, if you can obtain an opt-in e-mail list, you might want to test traditional direct mail against e-mail invitations to a virtual seminar to see which is more effective in generating attendance.

With a virtual event, you can eliminate the need for an "I will attend" mail, e-mail or phone response. Instead, you can offer prospects the ability to register online when they arrive at the special URL of the event. If the event is

exclusive, you can preselect a targeted list of people to invite, assign them individual access codes, and provide the codes on mailed or e-mailed invitations. Then, using a Web database program, you can actually "recognize" and greet them at "the door," when they come to the event. You can even encourage the prospect to share the access codes with colleagues, if you so choose, to extend the reach of the event.

Imagine receiving an elegant direct mail invitation to a virtual seminar with your own personal access code. Go to the seminar's special URL, enter your access code, and instantly, your name, title, company name, and address appear. You can verify it, or make changes as needed, online. The Web database records the changes and instantly updates the marketing database. You may even be offered incentives and premiums to entice you to attend, with the incentives chosen to reflect your personal interests and/or industry. With Variable Data Printing and personalization software on the Web, this can be done quite readily.

The technique is very appealing because it suggests to the prospect that he or she is important to you, and that the event really is exclusive. In fact, it is the beginning of a marketing relationship that starts with prospects coming to the event and taking responsibility for updating their own database records.

Obviously, there is considerable value to you as the direct marketer, because you are getting the prospect not only to attend your virtual event but also to engage in a dialog with you. If you include qualification questions for the prospect to answer, you will get to know even more about the individual. You will be able to use that data to help prioritize the prospect's interest, and you will continue to market to that prospect over time.

Unlike the traditional event, the virtual event is more anonymous and certainly not as personal. As a result, you do not have the same opportunity for

your marketing and sales staff to meet the prospect face to face. That is why promoting the virtual event should extend beyond the initial contact. Once a prospect comes to your virtual event, you should immediately engage him or her, offering compelling reasons to sign in and stay awhile. You may not want to ask a lot of questions of the prospect at the beginning of the event because this may discourage continued interest. Instead, use a questionnaire during the event or at the end—and make a substantive offer for completing it.

Use the event as an opportunity to cross-promote other virtual and live events, and give the attendee the ability to return to the event by keeping it available on the Web for a period of time. After that, it is a good idea to archive your virtual event, perhaps on your Web site or at another special site, so that prospects can come back in the future. The virtual event also has the potential to continue a marketing relationship that can ultimately turn a prospect into a customer.

Holding Online Marketing Meetings

Could the Internet also change the nature of meetings, perhaps making face-to-face meetings, and the travel associated with them, a thing of the past? Services such as Cisco's WebEx *(www.Webex.com)* might lead you to believe that could happen. WebEx is one of the leading application service providers in a growing number of companies entering the emerging Web-based collaboration services marketplace.

At the WebEx site, a small business user can open a WebEx account in moments and begin conducting meetings on the Web, collaborating and exchanging information in real time. WebEx features include linking to existing Web sites to serve as a private conference room, instant messaging,

meeting scheduling, calendaring, and more. Clearly, this is another opportunity for the marketer to leverage the Internet for both external and internal marketing-oriented meetings and events.

Using Online Learning for Marketing

The natural evolution of online meetings and events is online learning. Although distance learning and online training have been around for years, the explosion of the Internet has increased their penetration of the marketing world. They are now at the stage of mass adoption for general marketing use. Corporate University Xchange *(www.corpu.com)* is an excellent source of current information and examples of corporate online learning.

Numerous companies have served the e-learning market for years, even before the Internet reached its status as a utility. Typically, early leaders focused on IT technical training. Now, e-learning is broadening its base and becoming a more accepted means of general business training. Organizations such as Convergys *(www.convergys.com)* and SkillSoft *(www.skillsoft.com)* are typical of the e-learning trend. Dell's online educational program, EducateU, has expanded its offerings beyond learning for IT personnel as the education demands of general business continue to grow.

While distance learning has much broader applicability than marketing alone, it is indicative of the way meetings, seminars, and conferences are moving to the Internet…and representative of the potential of Internet events for the b-to-b marketer.

7

Executing E-fulfillment

Fulfillment—the process of responding to an inquiry or order—has always been a knotty problem for marketers. Since the early days of direct marketing, marketers have realized that answering a prospect's inquiry or fulfilling a customer's order can be a logistical nightmare.

The basic inquiry and order fulfillment process did not really change much over the years – until recently. Traditionally, a prospect or customer received a solicitation. The person made an inquiry or places an order…and then the fun began. The marketer responded to a prospect's inquiry via direct mail, sending data sheets, a catalog, or some other literature in a large envelope, sometimes with a personalized letter, often via first class mail. To fulfill a customer's order, the marketer received and had to verify payment and ensure that the order was completed and shipped with the appropriate merchandise. Returns, of course, were a necessary evil of the business.

Whether it is inquiries or orders, speed has always been of the essence. Industry studies show that, if a prospect's inquiry is not fulfilled within 48 hours, interest cools. If an order is not fulfilled promptly, a customer is likely

to become an ex-customer shortly thereafter. Managing the inquiry and order process is largely database driven and automated, but it still involves back-end work that is labor intensive and often expensive.

Inquiry and order fulfillment software, systems, and services are, of course, available to make life easier for the marketer. In the case of information requests, however, no system could solve the requirement that something physical needed to be sent to the prospect.

Then the Internet came along, and e-fulfillment was born. Although fulfilling an inquiry electronically is not appropriate in every situation, it does go a long way toward making an instant, nonphysical response. In fact, the Internet presents the b-to-b marketer with the unique ability to instantly fulfill inquiries online—no paper required! It scales beautifully, so hundreds, thousands, or even millions of inquiries can be handled electronically.

The Internet has changed the world of order fulfillment as well. Now e-commerce users can instantly acknowledge orders via e-mail. Order processing can be automated or outsourced to an online fulfillment service. Customers can track their own shipments online and make inquiries electronically. In addition, if the product being fulfilled is information or software, a customer's order can actually be "shipped" online. One far-reaching example is the travel industry. Online fulfillment has long since changed the way airlines do business by allowing them to take large-scale advantage of electronic ticketing and online check-in.

In this chapter, we will explore the growing area of e-fulfillment. You will discover how you can use e-fulfillment to dramatically reduce your costs, increase your efficiency, and improve prospect and customer satisfaction.

Traditional Fulfillment: An Aging Process

If your product or service is sold through any kind of sales channel, you deal with inquiries. Although most b-to-b marketers have a process for inquiry handling, it differs significantly from company to company.

Inquiries come in from a variety of sources—advertising, direct mail, trade shows, public relations, and the like—but until the company determines the quality of the inquiry, it should not be considered a lead. A classic case in point is the reader service number that appears at the bottom of ads in some trade publications. The original purpose of the reader service number was for the publication to prove to the advertiser that the ad was working—in effect, to protect ad revenues.

Here's how it works: The publication assigns a reader service number to your ad. The reader circles that number, along with numerous others, on a "bingo card." The card is returned to the publication, which enters the informational data and then distributes the leads to you and the other advertisers.

It sounds great in theory, but in practice, reader service numbers often leave much to be desired. The commitment on the part of the reader of the ad is minimal. He or she circles a few numbers and is rarely asked any additional qualification questions. The inquiry goes into a large pool and is probably data entered by the lowest-cost resource available. (After all, this is a free service provided by the publication.) That means the chance for error is high. Then, even if you receive an accurate inquiry, you have no idea whether it is from a qualified prospect or not.

This is the point at which some marketers make either of two critical mistakes:

1. The marketer disregards the inquiry altogether, assuming it is junk, or

2. The marketer fulfills the inquiry through the standard fulfillment process, which generally means sending a costly full-color literature package, sometimes packaged in a presentation folder, via first class mail.

Both of these responses are wrong. In the first case, discarding the inquiries means that the marketer is potentially losing some good leads—maybe even qualified prospects—which could be buried in a pile of generally unqualified inquiries. The problem is, the marketer will never know.

The alternative is not much better: By fulfilling the inquiry as if it were a qualified lead, the marketer wastes a lot of money. Some marketers even exacerbate the process by then sending these inquiries to their sales force. There is nothing worse for a salesperson than spending valuable time chasing an unqualified inquiry. If the salesperson continues to receive unqualified inquiries, he or she will lose all faith in the marketing organization.

That is why the most sensible way to handle inquiries at this stage is with a *two-step* process. It is okay to respond to unqualified inquiries. It makes more sense, however, to do it with a far less expensive mailing—perhaps a simple #10 envelope with a printed letter that acknowledges the inquirer's interest but asks several qualification questions on an accompanying reply card before additional information is sent. This simple strategy can save thousands of dollars.

Even so, numerous industry studies suggest that fulfillment is the Achilles' heel of a majority of b-to-b direct marketers. Some companies do a shoddy job of it, hurting their corporate image in the process. Others may send the right materials; however, the turnaround time is anything but prompt.

Although they may not openly admit it, the fulfillment process of many b-

to-b companies is in a shambles. Sometimes, it is because a company is overwhelmed with responses. Sometimes, the fulfillment process itself is flawed, or the system is inadequate, or the quality control is poor, or it is simply human error. Whatever the reason, the result is the same—an inquiry is mishandled, overfulfilled, or simply lost. That means a lead could be receiving inferior treatment and a potentially good prospect could be alienated. This is just on the prospect side. You can imagine the impact of inferior order fulfillment on the customer side.

The Transformation of Traditional Fulfillment

Fulfillment experts say that 48 hours should be the *maximum* amount of acceptable lag time between the time an inquiry is received and the time a contact is initiated by the company. Basically, that means something should be on its way to a prospect within two days.

Interest in a product or service wanes from the moment a prospect or customer asks for more information to the moment it is received. The competitive environment is such that, if that individual has a choice, he or she is just as likely to go to any company that provides the requested information first. Business is so time driven today that *the speed of information delivery is often as crucial as the information itself.* Buying decisions are sometimes made on that basis. That is why experienced direct marketers know that they should never underestimate the positive and negative effects of fulfillment. This brings into question the whole process of traditional fulfillment itself. Today, b-to-b fulfillment is still largely executed in the following standard ways.

Direct Mail

Direct mail remains a typical means of inquiry fulfillment. An inquirer likely receives a basic fulfillment package—a letter, literature, and a reply card—by mail.

Traditional direct mail fulfillment has been improved with the use of electronically distributed fulfillment requests and inventory control procedures. Some marketers have set up automated toll-free numbers connected to voice response systems. Such systems accept an inquiry and electronically transmit it to the fulfillment operation, which picks and sends the appropriate literature pack within days or sometimes hours. The direct mail fulfillment material itself may be prekitted, waiting for a personalized letter and mailing label to be generated and affixed. In extraordinary cases, literature or other fulfillment materials may be sent via priority mail or overnight delivery services. Overnight delivery is less common in inquiry fulfillment, but it is becoming more common in order fulfillment. Larger mail order companies contract with an overnight delivery service to reduce the shipping cost so that low-cost one- or two-day delivery can be offered to customers as a service enhancement.

Fax

In the past, facsimile transmission was frequently used to supplement or even replace direct mail fulfillment. Common among larger b-to-b companies was fax-on-demand, or autofaxing. The inquirer called a toll-free number and entered his or her fax number and a product code. The responding fax-on-demand system immediately generated a data sheet on the corresponding product and faxed it to the inquirer. This type of fulfillment would be inappropriate if a color brochure or multipage booklet or manual had to be

sent, but it would be acceptable for fast distribution of simple information. Its overwhelming benefit is the speed of response, which does offer a significant advantage in many cases. Sometimes, autofaxing was used to precede direct mail fulfillment. This section is written in the past tense because use of fax has dwindled to almost nothing since e-mail is a viable and inexpensive option for business communication.

Telephone

In the context of providing essential information immediately, the telephone can be a viable fulfillment medium. If an inquirer makes an inbound call to a toll-free number, the telemarketer can be trained to provide the caller with the necessary information by phone or offer to send additional information via direct mail. Outbound telemarketing should only be used if the marketer believes the inquirer is a highly qualified prospect.

Behind each of these media is an inquiry handling process of some kind. Some companies choose to handle inquiries themselves; others farm out the chore (and what a chore it can be) to fulfillment services.

The E-fulfillment Difference

E-fulfillment is fulfillment that is facilitated by the Internet. In its most basic form, e-fulfillment is a simple e-mail response to an e-mail or any other kind of inquiry. E-mail is useful in that you can send an immediate response directly to the inquirer's electronic mailbox. You can also embed Web links in your e-mail response so that the inquirer can visit a URL to receive additional information.

Responding via e-mail can be effective and desirable, as long as the

individual made the inquiry via e-mail or gave you permission to respond via e-mail. (It is generally recommended that you ask the question, "May we communicate with you via e-mail?" on a reply card or during a telemarketing call.) Products are available to automate e-mail so that you can respond to multiple inquiries at once. With some e-mail communication products, you can autorespond to inquiries without human intervention.

In general, customers are more accepting of e-mail fulfillment than prospects. However, an online inquirer would probably appreciate an e-mail response because it is immediate. Again, one of the biggest issues in fulfilling information requests is the time lapse between the act of inquiring and the receipt of information. E-mail is one way to dramatically close that gap and feed the need for instant gratification so prevalent today in marketing and in life.

One application of e-mail fulfillment that seems to be accepted and appreciated is the e-mail newsletter, which has broad appeal to both customers and prospects. Prospects who are receptive to e-mail and are interested in a product or service are likely to subscribe to an e-mail newsletter that keeps them informed on a periodic basis about that product or service. This method of fulfillment is far less threatening than receiving a telemarketing call. The e-mail newsletter is likely to receive more attention and get read more often than traditional direct mail.

As discussed in Chapter 5, the e-mail newsletter is in itself becoming a primary means of generating leads for b-to-b marketers. In the context of e-fulfillment, it is a remarkably efficient medium. Consider the fact that much of what you may now send in traditional printed form can be converted to e-mail newsletter format. In addition, e-mail newsletters often have links to HTML pages so that recipients can click to a page on the Web with a pleasing graphic

design and photographs and illustrations.

Even with the basic e-mail newsletter, you have an opportunity to translate marketing material into a format that is widely accepted and read. As long as the e-mail newsletter has information of perceived value and is not merely a sales pitch, prospects and customers alike will read it. Just as important, you can rapidly build an e-mail list of subscribers who, at the very least, share the commonality of being interested in your e-mail newsletter topic. Sending your e-mail newsletter periodically not only gets your message to a target audience more than once, it also positions you as an expert. And e-mail newsletters are very inexpensive. After you automate the e-mail process, the cost associated with e-mail distribution is almost insignificant. Compare that to traditional direct mail fulfillment, which brings with it extensive printing, mailing and postage costs.

The reader service number itself is undergoing change in the era of the Internet. Now several trade magazine publishers are providing Internet-based reader service numbers so that inquirers can respond online. Some of these services allow an advertiser to post electronic information at a special Web address, with a link to the advertiser's Web site. As a result, the inquiry can literally be instantly fulfilled instead of taking days, weeks, or months, as might be the case with the traditional bingo card inquiry handling process.

Dell Computer *(www.dell.com)* created an Internet version of the reader service number that it calls an E-Value Code. Dell runs ads showing an E-Value Code with each available system. The interested prospect goes to the Dell Web site and enters the E-Value Code in the appropriate box on a Web page, and the site instantly returns information to the prospect about that particular system. That is e-fulfillment at its simplest and its best.

Other innovations promise to keep the Internet on the cutting edge of

fulfillment. Digimarc *(www.digimarc.com)* developed a technology called MediaBridge that permits an invisible image to be embedded in a printed ad, brochure, or CD. Suppose the prospect is reading an ad with this invisible image. He or she can hold the ad up to a camera connected to the computer, and the invisible image will point the computer to the URL of a Web page. Print ads using this technology appeared for the first time way back in the July 2000 issue of *WIRED*. The magazine ran 30 of the ads and included an explanation with that issue. Digimarc ran a promotion giving away 25,000 PC cameras. The technology has been licensed by several other publishers as well.

GoCode *(www.gocode.com)* uses barcode technology to achieve the same purpose. A barcode can be placed in printed content, and then a barcode reader attached to the computer can translate the barcode into the appropriate URL.

While QR codes (matrix barcodes in a square shape) have had mixed results for marketers, they provide another way to allow prospects to get online to your materials from an ad or direct mail piece. You can easily create your own QR code for any purpose using a tool such as *http://www.qr-code-generator.com/*.

The largest technology information providers have virtually made a business out of integrating their print publications, conferences and events, and the Internet—all in an effort to consolidate information and do a better job of serving prospects and customers.

IDG *(www.idg.com)* is a good example. IDG publishes *Computerworld, Network World, PC World,* and countless other magazines and books. IDG also sponsors numerous industry conferences and events.

IDG's integrated use of traditional publications, Web sites, conference events, e-mail newsletters, and online surveys is a model for b-to-b Internet marketing. This whole concept of involving the online "reader" in a literal

Web of communications is a significant trend in the information technology market that applies to all b-to-b marketers. E-fulfillment is a logical alternative to direct mail and old-time fax fulfillment for numerous reasons, not the least of which is the incredible cost-saving potential. Not only does e-fulfillment drastically reduce the cost of fulfillment, it also removes the time-to-market factor.

E-fulfillment can quite literally happen instantly, at least on the Web. A prospect comes to a Web site, completes a Web response form, and clicks the Send button. With e-fulfillment, information can appear as an instant direct response to the request. There is no time lapse. Nothing has been available to the b-to-b marketer that even comes close to such an idea. What is even more significant is the relative ease with which it can be implemented.

Means of E-fulfillment

E-fulfillment can be implemented in two basic ways: pull and push.

Pulling the Prospect to You

The Web Response Area

In Chapter 3, we discussed the effectiveness of Web response forms. A Web response area with a Web response form is the termination point for a campaign-specific URL. The inquirer visits the URL and finds information about the offer and the product or service being promoted, along with a Web response form.

The Web response form can really function as a gateway to a company's e-fulfillment process. Here is an example. Suppose a prospect receives a direct

mailing from a company promoting a line of projectors designed for small business usage. The informational offer is a white paper, promotionally enhanced with the offer of a discount on the products for an order placed within the next 30 days. The direct mail heavily promotes a special URL as the primary response path.

When the prospect visits the URL, there is a Welcome page that includes links to pages with brief information about each of the available projectors. Each page shows a picture of the product and highlights its specific benefits and features. At this URL, there is also a qualifying form that the visitor must fill out to get the white paper. The form has certain required fields. After these fields are completed and the form is sent, the visitor can receive the white paper via ordinary mail. However, the visitor also has the option of receiving the fulfillment electronically because the completed form leads to a page that allows the visitor to unlock or download the white paper.

Now what about that discount offer? This can be fulfilled in a number of ways. After the visitor completes and sends the form, a discount coupon can be dynamically generated. By linking the visitor's ZIP code with a directory of resellers, the names and addresses of several dealers can be generated on the fly—so the visitor can actually be directed to the closest reseller.

With the addition of electronic commerce, the visitor could also use a credit card to purchase any of the projectors online at the discounted prices—right from an order page. Alternatively, the visitor can be given a toll-free number to ask questions, place an order, or inquire about where to purchase the products locally.

Internet telephony and chat provides an even more intriguing slant to this kind of e-fulfillment. In this scenario, e-fulfillment can include an interactive online conversation with a live sales representative. If visitors have questions

while navigating the site, they can be answered on the spot, through the computer itself, or via a connection between the computer and the prospect's telephone.

The Web Site

Your corporate Web site can also be used to pull a prospect to your site with an e-fulfillment center. In the preceding example, the incoming URL would terminate at a special electronic door into the e-fulfillment center of your corporate Web site. The e-fulfillment center is a designated area of a corporate site, set up to collect leads and generate information in response to inquiries. In this area, the visitor would locate information about the projectors and request the white paper or take advantage of the discount offer. Online ordering could also be offered in the e-fulfillment center.

The response path to an e-fulfillment center is not as focused as with a Web response form, but it provides you with the ability to handle fulfillment in a centralized place while exposing the visitor to a broader line of products.

E-mail

E-mail itself can act as a pull–push medium. After you begin to correspond with a prospect or customer via e-mail, you have established an ongoing dialog. As part of that dialog, you can encourage the individual in the context of e-mail to visit a Web site to get more information or to sign up for an e-mail newsletter. Advertisers who place their promotional messages in e-mail newsletters are for the most part advertising a Web site address. B-to-b Internet marketers can make excellent use of e-mail in support of pull Web site areas by continuously reinforcing URLs in the body of e-mail messages.

Internet marketing trend-setter IBM has utilized its own interactive e-brochures in a move to e-fulfillment, according to a report in a trade

publication. The company has sent e-brochures that contain streaming audio and graphics via e-mail to clients and resellers, while urging resellers to pass them along. IBM sales reps have used the e-brochures to support their efforts, and IBM could put the brochures on flash drives and distributed them at trade shows.

Pushing Information to the Prospect

Pushing simply means taking information and sending it, or pushing it, to the prospect or customer. In that respect, e-mail is the simplest kind of push technology a marketer can use. Any promotional e-mail delivered to a prospect or customer is, in effect, pushed to the individual's mailbox. However, it is really the regular delivery of such e-mail, as with e-mail newsletters sent on a periodic basis, that turns e-mail into a push vehicle.

Push technology is most often defined as the process of pushing Web pages to someone's computer. The push concept is not without its problems and controversies. In fact, many so-called push technology vendors have gone out of business, and of the remaining companies, most have moved away from the push label. One of the reasons push may have run into trouble was that it ran into a technology wall. Early derivations of push were slow and intrusive. Because most targeted end users were in corporations or other organizations, information was sent across the Internet through a corporate network to the end user's desktop. The problem was that large files were being transferred, in some cases several times a day, to a corporate end user. If many corporate end users were using a push service, it was the corporate network that had to handle the load.

Despite these apparent shortcomings, push technology has been somewhat

rejuvenated by new and improved products and services, including Really Simple Syndication (RSS). In this market-driven form, push technology is once again an important way of reaching prospects, customers, and other constituents on an automatic, ongoing basis. The key is customer acceptance of the technology.

How would you apply push technology to your own electronic fulfillment? Instead of offering prospects or customers a few promotion pages to review when they visit your Web site or sending a periodic e-mail newsletter to their electronic mailboxes, you could deliver personalized Web pages with highly valued information to prospects and customers on a regular, complimentary basis. Prospects or customers would not have to go anywhere to gain access to the information they want—it would simply appear on their computer desktops – usually in the form of a small banner in the lower right corner.

This delivery method already is being used by major technology companies to automatically deliver software updates to customers. The new life for push seems to reside chiefly in the area of individualized corporate intranet and extranet use.

In this context, push becomes an extension of a comprehensive Internet-based customer service strategy. From a marketing perspective, what push really does is turn fulfillment into *cultivation*. Applied appropriately, push puts information into the hands of people who want it, regularly and automatically. They do not even have to ask for it more than once; it simply appears. With traditional media, a marketer would need to send a printed newsletter on a quarterly or bimonthly basis to accomplish this. The cost of database maintenance, print production, and mailing would be substantial. With the Internet, on the other hand, delivery is immediate and far more cost effective.

This is no small issue for b-to-b marketers. Products and services tend to be

purchased by committees or groups in a business environment. The timing of purchases tends to correspond more to a company manager's available budget than to when that individual receives a promotional message. In the case of more sophisticated, expensive products, there is often an evaluation and review process that could take considerable time before a purchase decision is made.

All of these factors contribute to the reality that, for many companies, the fulfillment of an inquiry is just the very first step in an ongoing mating dance between marketer and prospect. In some cases, a sales cycle can extend to 6, 9, 12, 18 months or more. Periodic contact with the prospect during this extended period can be costly via traditional mail, and even more costly via telemarketing or sales calls, yet nurturing the prospect is imperative. Continuing to requalify the prospect's interest becomes just as important in an effort to get the cream to rise to the top.

With the current dominance of the Internet as the core of business communication, many if not most business people prefer to get their information electronically. IDC says over 50% of business people download information from the Internet several times a week.

Push technology offers a whole new form of fulfillment to marketers. Pushing information pages, special offers, and requalification forms to a targeted group of prospects could prove to be an expedient, low-cost method of direct marketing. It could extend the life of direct marketing campaigns and make them much more effective at an attractive incremental cost.

Push technology can offer a real service to prospects, fulfilling a need for automatically delivered information readily provided by marketers who sponsor its creation and delivery. If it is well-executed, push technology can affordably and easily create a unique one-to-one relationship with prospects— a goal that many traditional high-end direct marketing programs strive for, but

that is costly and logistically difficult to achieve.

An Interesting Variation on Pushing Information

Some companies have made the most of the push concept and have created what is, in effect, continuous Internet fulfillment. One interesting example is Individual.com *(www.individual.com),* a leading provider of free, individually customized news, information, and services to business people over the Internet. Individual.com covers more than one thousand topics, uses more than 40 news sources, and has information on more than 50,000 companies available, but the most interesting thing about Individual.com is the user's ability to create a completely customized news page and have it delivered daily to his or her desktop.

Basically, users sign up for their specific areas of interest through a simple registration process. A user's individual Web page contains his or her chosen topics, featured companies, personal stock quotes, and more. All users receive a highly customized e-mail news briefing every business morning with headlines and summaries linked to stories on their individualized Web page. This is the ultimate in Internet fulfillment—free, valuable information, customized to users' needs, available every day via e-mail or on the Web.

The Unique Benefits of E-fulfillment

Regardless of the delivery method, e-fulfillment can perform valuable functions that replace the need for paper-based fulfillment. These functions fall into several categories, listed here in order of relationship intensity.

Acknowledgment

Just the simple act of immediately acknowledging an inquiry or order is a powerful communication technique. When a prospect or customer completes a Web response form and presses the Send button, an acknowledgment page can instantaneously appear in response with the simple text, "Thank you. We have received your inquiry and will process it immediately." In a marketing world that has become depersonalized and automated, getting this type of acknowledgment in direct response to an action is reassuring. The impact of an Internet thank-you should not be minimized.

Confirmation

E-fulfillment can go beyond simple acknowledgment. The next step of a business relationship typically requires confirmation of specific information. When you call a toll-free phone number and place an order from a catalog, you interact with another person. This individual not only takes your order but confirms it over the phone. He or she will typically repeat your credit card number, verify your name and address, confirm the items you just ordered, and tell you the total amount that will be charged to your credit card. You will also know, before you hang up, when you can expect to receive the items you ordered. Often you will be given an order confirmation number in case you have a problem with receiving the order.

This level of personal interaction is also possible with e-fulfillment. If the same scenario just described takes place at a Web storefront today, the customer still has a need to know that the order has been confirmed. In fact, the need is greater, because there is no person-to-person voice contact—the order is being placed computer to computer.

Today's leading Internet-based order generation companies recognize this. Most of them therefore build in a number of confirmation contacts that help to reassure the customer that the order has been properly filled. At the point of sale, for example, the customer is led through a form-based question-and-answer process, entering necessary data along the way. At the end of this process, a built-in autoresponder feeds back all of the data at once, asking the customer to review it and make necessary changes before pushing that Send button one last time. This is an important step in the confirmation process, because the customer is taking responsibility for the accuracy of the transaction.

The next confirmation contact point is typically an e-mail to the customer restating the specifications of the order—now confirming that it was understood by the company and completing the confirmation loop by sending it directly to the user's mailbox. Confirmation at this stage is important for another reason—if the customer did not place the order, or the order is incorrect, the individual can take action at that point.

Finally, smart Internet marketers take the confirmation process one step further, informing the customer that the order was shipped and when to expect its arrival. This step obviously is essential if there is a delay in the order, but it is just as useful and reassuring if the order is a normal shipment. Some marketers will include instructions for tracking the shipment at this stage.

We have used an order confirmation process as an example here, but confirmation just as easily applies to an inquiry from a prospect. It is particularly useful in confirming a prospect's attendance at a seminar, for example.

Instant Fulfillment

At its highest level of relationship intensity, e-fulfillment functions as the channel for actual physical fulfillment. As previously discussed, traditional fulfillment is one of the weak links of the marketing process for many b-to-b companies. Although it may be unrealistic to convert the entire paper fulfillment process to e-fulfillment, moving toward fulfillment over the Internet has to be an attractive long-term alternative.

For one thing, e-fulfillment is environmentally friendly. Traditional fulfillment is paper based and labor intensive. E-fulfillment, on the other hand, wastes neither trees nor ink. It does not have to be produced in quantities of one, ten, fifty, or a hundred thousand. It does not have to be cut, folded, stapled, and inserted into folders and envelopes. It does not burden your staff or Postal Service workers. In short, it saves natural resources, time, and money.

Now printed literature can have a longer shelf life, because time-sensitive information can be just as easily conveyed electronically, on the Web. Collateral materials can be mirrored electronically to leverage copy and artwork.

This extends far beyond the point of a casual convenience for prospects and customers. E-fulfillment is a desirable means of delivering information almost instantaneously—at a cost that is too low to ignore. Large companies are saving thousands and sometimes millions of dollars by replacing much of their printed fulfillment with e-fulfillment. The need for printed literature still exists, but it can be substantially reduced with e-fulfillment.

E-fulfillment provides customers and prospects with a new kind of instant gratification. They can receive information instantly in an electronic form that

can be viewed online or printed out and saved. They can just as easily unlock or download information of high perceived value or software that they can demo, try, and buy, right from the computer desktop. Information can even be personalized to meet the individual's specific needs and delivered free and on a regular basis to the individual's computer. Based on the individual's feedback, e-fulfillment can be further tailored.

E-fulfillment thus becomes the beginning of a relationship. You can engage your prospect or customer in a dialog, which allows you to continuously learn more about the individual's real needs. You can collect data from the prospect or customer by asking questions on electronic surveys and response forms, and then turn the answers into *marketing intelligence*. You can then use this intelligence to build a highly effective communication program, tailored to individual needs. Database-driven e-fulfillment ultimately meets the informational needs of many individuals, one person at a time.

Meanwhile, you drastically reduce the costs and lag time of traditional fulfillment. You develop an ongoing one-to-one relationship with the prospect or customer, learn more about that person's specific needs, and reap the financial and timesaving benefits of e-fulfillment.

Instant Online Help

For b-to-b companies selling online, the help desk provides a vital element of the customer service and support function. Now the traditional help desk can be fully Internet enabled through the "intelligent" Web page, which knows what a visitor is doing, and can provide assistance on-demand. Intelligent software agents can respond to a visitor's questions and even "learn" from the questions, offering more accurate answers as the process progresses. With the

addition of such intelligent or active agents, marketers have the ability to feed individualized information to Web site visitors based on the information visitors provide. For example, every time a prospect revisits a site, active agent technology recognizes the visitor, calls up the visitor's profile, and guides the visitor to specific pages that would be of interest to him or her. Ultimately, targeted content can be delivered to each visitor to a site who is in the site's database.

Using push technology means that the visitor does not even have to be online at the time. Active agent technology also allows the marketer to communicate with that person proactively and automatically, transmitting relevant information to them as it becomes available.

Another form of instant online help is the comprehensive self-service system. Primarily for customer use, this system essentially allows a Web site visitor to resolve problems via a structured, intelligent online process. This is discussed in more detail in Chapter 8.

One area of online help that is intriguing is Call Me technology. Here is how it works: A visitor is navigating a Web site and comes across a product that seems interesting. The prospect has some questions that he or she wants to discuss with a salesperson immediately. The prospect clicks on a Call Me button found on the Web site. A dialog box pops up and requests the prospect's phone number. Meanwhile, the technology is alerting a salesperson and automatically calls the prospect.

When the salesperson engages the prospect on the phone, the technology can go a step further in the sales assistance process. Now the salesperson can take control of the prospect's Web browser and actually walk him or her through product information, or redirect the prospect to other more appropriate Web pages. It is really functioning as a virtual sales call. Obviously, the

salesperson attempts to convert the prospect to a customer at the close of the session.

As these Internet telephony products and services become better known, usage is expanding and extending into the area of online fulfillment. In large part today, both prospects and customers are able to get all the assistance they require via the Internet, self-directed when necessary, and enhanced by live sales support as needed.

Moving to Web-based Information Dissemination

Even if you acknowledge the need to move your paper fulfillment to the Web, how do you actually accomplish what could be a daunting, even overwhelming task?

Start by doing a thorough inventory of all of your corporate literature and other collateral information. Determine which printed materials you currently use for fulfillment and how many different types of fulfillment packages you might have in existence.

Do a reality check: Are you sending too much literature to unqualified inquiries? Are you sending the right materials to qualified leads? Lay out all of the physical pieces you use for traditional fulfillment. Look them over and classify them as follows:

- General information about your company

- General information about product lines, services, or support

- Specific information about products or services, including data sheets, bulletins, and catalogs

Now reclassify these categories into "time-sensitive information" and "other." Put all the time-sensitive information in a priority pile. (Time-sensitive information is anything that will need to be updated periodically because of changes in specifications, deadlines, time limits, etc.)

After you have completed the classification process, you can begin to transition the printed literature to the Web. Convert the time-sensitive information first. It makes a lot of sense to look at e-fulfillment as value-added fulfillment: Instead of arbitrarily loading all of your fulfillment literature onto the Web, focus on the information that is most time sensitive and critical for the prospect to have immediately.

HTML Pages

To produce HTML pages, your printed literature will need to be converted to or written in HTML. Any graphics, illustrations, diagrams, charts, or photographs will have to be scanned or re-created. Depending on the way your information is currently stored and the HTML tools you use to convert the documents, this could be a relatively easy task, or a time-intensive, complex process.

Printed literature does not always transfer perfectly to the electronic medium. Dense blocks of text are difficult to read on a computer screen, some colors do not look the same, and photographs in particular can lose a lot of their definition on the Web because they must be converted to a lower resolution. You would probably be wise to enlist the services of a creative resource skilled at electronic media.

Even with the proliferation of new technologies, HTML is prevalent across so much of the Web because it is universally viewable by any Web browser.

As a result, if you are creating e-fulfillment from scratch, you can probably use HTML as the safest "language" of choice.

XML

The competitor to HTML is XML, the eXtensible Markup Language. XML usage is growing, and it, too, is emerging as a standard way for exchanging data across the Internet. XML is an even more powerful language that incorporates document management technology. According to industry reports, the XML standard facilitates Web page development because it can be used to define what data page elements contain.

PDFs

PDFs, or PDF files, are documents that are readable by the Adobe Acrobat Reader *(www.adobe.com)*. Adobe Acrobat has become the de facto standard tool for translating and posting printed literature to the Web. Once a piece of literature is in a PDF, it can be viewed in its "exact" format—with all typefaces, graphics, illustrations, and photographs in place—electronically. Adobe and a number of other online sources offer inexpensive software that allows you to turn most any document into a PDF, and to turn a PDF into an MS Word document, or other type of file as you choose.

To view a PDF, the visitor must have Adobe Acrobat Reader, but this program is free and can be downloaded from Adobe's Web site (through a link from your Web site, if you want). Typically, the visitor downloads the PDF of interest and then opens it with Acrobat Reader on his or her desktop for viewing. The document can also be printed and modified using Acrobat

software.

The PDF format avoids the time-consuming task of converting fulfillment literature into HTML, because converting printed documents to PDF is a fairly simple process of scanning and saving. You will notice that a majority of sites with heavy-duty information content that originated in printed format offer that content as PDFs.

After you have transitioned to e-fulfillment, it is much easier to modify and disseminate content on the Web than via traditional methods. You can continue to convert printed literature into Web-based formats via HTML or into PDFs. Modifications can then be made in electronic format.

Benefits of Electronic Information Dissemination

1. *Updating is easy and fast.* Unlike printed literature, product information can be updated in real time and published on the Web at a moment's notice. This is a major benefit to companies who now depend on product data sheets and price lists. This type of information typically undergoes constant change. Printed formats take time to produce and the cost is high, especially for small print runs.

2. *Electronic product catalogs can be offered to prospects and customers.* As with a traditional catalog, the electronic catalog is a compendium of product information. Unlike a printed catalog, however, the electronic catalog can be updated at will and kept current all the time. A properly designed electronic catalog can also be much easier to navigate and cross-reference than a printed catalog. With readily available software applications, online catalogs can be set up with pages that flip just like those in a paper catalog.

3. *Lead generation offer fulfillment is a natural for the Web.* You can encourage a prospect to respond via a campaign-specific URL and ask for a Web response form to be completed. When the form is sent, the prospect can instantly receive a copy of the offer, if it is information, or a demonstration or trial, if it is software. If you collect a prospect's e-mail address and ask permission to use it, you can then establish an e-mail communications program, again reducing the need for traditional mail contacts.

You could also use the Web to facilitate an online contest. A simple postcard mailing from one b-to-b marketer offered to enroll the recipient in a monthly contest with cash prizes. The card carried a special number that, if entered on the company's Web site (along with other information, of course) would qualify the recipient to win. This type of promotion is likely to generate a high number of false positives—individuals interested in winning, but not necessarily interested in the company's product—but it is an interesting concept that may have merit depending on the circumstances.

4. *The Web facilitates individualization of online fulfillment.* Here are a few examples:

   – Online fulfillment can be easily individualized by relating the response received to the corresponding information. For example, each answer to a question could be linked to a particular Web page or dynamically generate the specific information of interest to the inquiring individual.

   – Web sites with search tools allow visitors to find the specific information they are looking for, quickly and easily. As the amount and

depth of content increases, search functionality will become a necessity for many sites.

– Solution databases are increasing in popularity as marketers build areas into Web sites that help prospects and customers customize their search for solutions. A database of potential solutions is created and the visitor is invited to define certain criteria to execute a search. The search then picks the most appropriate solution(s) and delivers the proper Web pages to the visitor. The visitor gets the impression that the solution has been customized to his or her needs when, in fact, it was simply assembled from information residing in a searchable database.

The Kiosk/Web Connection

Although kiosks are primarily used in a retail environment, their time may be coming as a viable b-to-b marketing tool that puts even more prospects in touch—literally—with your products.

Interactive kiosks with touch screens are routinely in use as informational vehicles in malls, retail stores, and airports. A shopper with no computer skills can walk up to a mall kiosk and locate stores. In the retail store, the shopper can locate departments and read about the day's sale items.

Today's kiosks typically are Web enabled. Web-enabled kiosks suggest a host of possibilities for business-to-business marketers. They may be particularly effective in reaching the growing SOHO (Small Office Home Office) shopper.

Internet-enabled kiosks are making their move not only in stores, but in places where businesses can reach business people—like airports. Airlines offer online kiosks for e-ticketing at airports, and also for re-ticketing when

customers miss flight connections. At some airports, customers caught overnight between flights receive their new boarding passes, overnight accommodations, and vouchers for meals from the same kiosk.

It will not end there. The Internet is making its appearance in the most interesting, and sometimes unusual, places. Some bank ATMs offer Web browsing and connections via Web to live tellers. Web pages and videos are popping up in office building elevators and even restrooms.

Future Information Dissemination Channels

You are likely to see many variations on the theme when it comes to future information dissemination. Some emerging concepts promise to make future e-fulfillment even more effective. One area of fast growth on the Web in the b-to-b space is the *Web community*—a kind of online mall, but with true community components, such as discussion forums, chats, newsletters, job banks, and more.

Social networking, which began as a way for teens and young adults to connect, now provides a worldwide resource for working adults, with sites including LinkedIn (*www.linkedin.com*) offering ways for businesspeople to share expertise, get referrals, seek jobs and job candidates, and ask and answer questions.

The Web community is a place where information—lots of it—is shared by companies with common interests or goals. The information providers pool their information to an information publisher, which sponsors a single super-site to disseminate the information.

Web communities function as large electronic directories or catalogs of information for a rich variety of sources, each of which is available on or

accessible through a single site. Communities also offer information providers the ability to interact with their constituency and effectively expose new audiences to the providers' messages. In most cases, communities are free to users, as long as the users register (and therefore provide contact information that can be used by both the community and the participating information providers).

In addition to communities whose primary goal is to disseminate information, there are now b-to-b communities whose primary goal is to sell products from a single location. These communities are especially interesting because they are redefining the rules of e-commerce. Typically, a consortium of companies agrees to place its products for sale on a single site, providing customers with a single point of contact, a single invoice, and centralized order processing. These companies extend their presence, their buying power, and their market by collaborating. Communities have become such a significant trend, in fact, that an entire chapter of this book is devoted to the topic.

Another Internet growth area that has ramifications for b-to-b marketers is the information consolidator or reseller, sometimes known as "infomediaries." These are companies that leverage information and either distribute it in new ways, or sell it in the form of packaged services. Dotdash *(www.dotdash.com/)* is a good example of a consolidator. The site collects information and distributes in the form of six communities.

Creating Online Demos and Trials

E-fulfillment holds great promise in the context of printed information that is converted to the electronic medium, but there is an even more exciting aspect to e-fulfillment—online demos and trials. The Web has become a major

marketing medium for information technology marketers—primarily software companies—who use it as a giant arena for delivering online product demonstrations and trials. An online demo of a software product can be executed in a few different ways. Probably the least desirable is an actual interactive demo that happens on the Web in real time. A live demo can be affected by too many factors beyond the marketer's control—the Internet connection or Web traffic, the nature of the user's transmission device, the target computer's capabilities, and so on. Nevertheless, some marketers execute fast-running live demos in real time over the Web.

An alternative is the online demo that simulates the product's capabilities or includes a partially live demonstration. This type of demo is more of a guided tour or walk-through of the software—it allows some limited, preprogrammed interaction by the prospect in an effort to convey the basic product benefits and features. A demo of this sort is effective if it is tied together with an offer of a full online demo—which the prospect can request in return for a completed Web response form – often to be guided by a salesperson in real time at the prospect's convenience.

The most common demo format is the download. (Yes, there is an entire Web site devoted to software downloads, at CNet's (*www.download.com*.) CNet recognizes whether you are arriving at the site via PC or Mac, and directs you accordingly to a page with appropriate downloads. The download is typically a compressed file that the prospect copies, expands with common utility software, and then opens on the computer desktop in offline mode. The download has several advantages:

- The prospect does not have to be online to interact with the demo. The demo runs off of the prospect's computer, not off of the marketer's Web

site.

- The demo can contain multimedia (sound and motion), as well as interactivity, that is unencumbered by the technology issues surrounding electronic media transmission.

- The demo can be delivered online, instantly, and free—the prospect does not have to wait.

- The demo can also be set up as a *trial*—it can be the real software product that the prospect tries for a period of time and then purchases if desired. In such cases, the software is programmed to time out after 30 or 60 days.

That is all well and good for software companies, but what if you are a b-to-b direct marketer selling something else? You have the ability to use the online demo or demo download as well—just think creatively. For example, music companies allow prospects to sample albums and individual tracks on the Web prior to purchase. Movie companies encourage fans to stream clips of forthcoming feature films.

Does your product lend itself to a multimedia presentation? How about creating a multimedia, interactive offer that relates to your product or service? Or maybe you can collaborate with another marketer and offer something of value together. The possibilities are endless with this kind of e-fulfillment.

Order E-fulfillment and Distributing
Live Products Over the Internet

Order e-fulfillment is crucial to the success of any e-commerce operation. It appears, however, that for many companies, e-fulfilling orders is no easy task. The ultimate in instant gratification is when a customer can receive a live product online. Anything that can be committed to an electronic format can be distributed live over the Internet. Any product with information at its core can be delivered over the Web. Information products—books, research reports, survey results, white papers, subscription e-mail newsletters, and the like—are all being sold electronically.

The line between electronic inquiry fulfillment and order fulfillment continues to blur. B-to-b marketers are anxious to find new ways to qualify prospects, shorten the sales cycle, and, if possible, get prospects and customers to purchase over the Internet. Even if the product itself is not Web deliverable, product update and service information can easily be electronically delivered via e-mail or over the Web.

Internet-enabled delivery of products obviously goes beyond the scope of electronic lead fulfillment. It is an area the b-to-b marketer should carefully watch. As information and services become products, the Internet becomes a powerful delivery channel for them.

Ultimately, the potential for order e-fulfillment is virtually unlimited for IT marketers. The cost reduction associated with order e-fulfillment is tantalizing. According to the Organisation for Economic Co-operation and Development (*www.oecd.org*), it costs just $0.50 to distribute a software product electronically versus $15.00 traditionally. And it doesn't just have to be software.

Airlines and e-travel services have seen enormous benefits from order e-fulfillment. Airlines encourage online and phone customers to use electronic ticketing acquired via text or e-mail instead of paper boarding passes. E-tickets have substantially reduced the cost of doing business for airlines, and the growth of e-ticketing by airlines and travel services such as Expedia (*www.expedia.com*), Travelocity (*www.travelocity.com*), Orbitz (*www.orbitz.com*) and Hotels.com (*www.hotels.com*) has skyrocketed.

E-fulfillment Resources and Services

For an updated list of firms that can help with e-fulfillment, search "e-fulfillment resources and services" on Google. Numerous customer relationship management (CRM) products and services now include e-fulfillment components, so if you need a broader solution, you would be wise to expand your search to CRM tools. We will discuss CRM in further detail in the next chapter.

8

Building Customer Relationships

Customer relationship management (CRM), has become an essential area of Internet marketing. According to Gartner (*www.gartner.com*) the estimated market size for the CRM software segment was $36 billion in 2017.

In many ways, the Internet has become a symbol of the ultimate customer relationship for both business-to-consumer and b-to-b marketers. But there is much evidence that Internet-based customer service has a long way to go, considering that many companies never even respond to basic customer service inquiries – let alone provide customized, helpful replies. This is what customer defections are made of. And according to a CRM report issued by eMarketer citing studies by Harvard Business School, by simply reducing customer defections by 5%, a company can increase its profits by more than 25%.

eCRM concerns all forms of managing relationships with customers making use of information technology. It includes customer experience functions such as self-service areas, Internet-based help desks, intelligent search engines, solution databases, Chat and Call Me buttons on Web sites and

in e-mails to e-enabling customer relationships. Yet, for many, CRM is still a promise unfulfilled.

In this chapter, we look at what the Internet has to offer to b-to-b marketers who want to build and enhance relationships with their customers.

Building Better Customer Relationships

The business reality of today and tomorrow is that customers have many choices—and they are exercising their options aggressively. As one piece of evidence of the dramatic shift in customer loyalty, you would be hard-pressed to find any IT manager at a sizable company in the world today who would brag about his or her fierce loyalty to a single computer manufacturer. There still may be HP shops or Dell departments—but commingled hardware is as common in most IT organizations as coffee and creamer are in the company cafeteria. That is why one of the fastest-growing businesses in the IT industry is systems integration. If anything, hardware and software companies are developing products that work better together with their competitors' products than ever before. Now, a major computer company's service organization is often as skilled in servicing its competitors' products as it is in servicing its own gear.

This is just as true of any customer-driven business. Unfortunately, your customer is just as likely to be your competitor's customer. Buyers are not exhibiting the kind of loyalty that may have anchored their purchases in the past. Products are more commoditized, and choices are many. Where loyalty does exist, it is frequently connected to the service and support provided by a company rather than to the product itself.

The issue of customer loyalty has pervaded business to such an extent that a

top business book topic in the past few years (along with the Internet) has been customer experience and customer loyalty. There are business conferences and seminars devoted to customer experience, magazines that highlight it, and Web sites that discuss it, such as CRMDaily *(www.crmdaily.com),* and CustomerThink *(www.customerthink.com)*.

Marketers now use numerous programmatic techniques to attack the issue of customer loyalty. Arguably the best-known customer loyalty program in existence is the frequent traveler program. Pioneered by major airlines, frequent traveler/frequent buyer programs now abound. Hotels and rental car companies have them. Restaurants participate in them. Some credit card companies turn them into Membership Miles (American Express) or other kinds of frequent purchase rewards programs.

To what extent do the airlines' frequent traveler programs really create loyal customers? Opinion is mixed. Although frequent business travelers will often select an airline because they are building mileage credit, they will just as often join numerous airline frequent traveler programs so that they can switch airlines with little downside effect when the need arises. Industry data seems to suggest that the top priority of most frequent business travelers is flight schedule, not the mileage credit accumulated in an airline's frequent traveler program, which brings into question the effectiveness of such programs in truly cementing customer loyalty.

Brand preference in the airline industry may be a bad example. Domestic flights have so proliferated that in larger cities, one airline's schedule is sometimes indistinguishable from that of other airlines. Frequent travelers complain that the same is true of the service. The fact is that the traveler has so many choices that no airline is a clear-cut winner. That phenomenon is pervasive in other businesses as well. Look at the credit card, automobile, and

gasoline industries.

Competition always seems to exist for b-to-b marketers, whether it is direct or indirect. Even channel conflict can play a role in fostering unwanted competition. The trick, then, is to create reasons, even opportunities, for your customers to gravitate toward you when the need arises. More to the point, your goal should be to *create loyal major customers*—buyers who continue to do business with you, preferably building a more important mutually beneficial relationship with your company over time.

Using the Internet To Learn What Customers Want

There are two basic strategies you will need to employ concurrently to build better customer relationships with the Internet: maintaining ongoing relationships with your most valued customers, and moving prospects and customers up the marketing pyramid so that they can reach most-valued-customer status.

Maintaining Ongoing Relationships
with Your Most Valued Customers

What do *you* value most about a business relationship? Is it the fact that the other party knows you personally? Understands your needs? Keeps in touch? Makes you aware of valuable offers, new products, and other useful information? Provides you with superb service? Solves problems quickly and to your satisfaction? Remembers what you like? Makes it worth your while to continue the relationship? Shows appreciation for your business?

It is probably all of these things—some of which may be more important to

you than others. It is that complex thing called the business relationship, and understanding all of the attributes of the business relationship is the beginning of successful customer relationships.

By combining database marketing technology with the customer-enhancing power of the Internet, it is within your reach to develop a one-to-one relationship with your customer. In fact, it is the Internet that so effectively offers marketers the missing piece of the customer relationship puzzle: real-time interactivity.

You can start at the most basic level of Internet customer marketing by implementing an *e-mail customer survey*. Collect and opt-in customers' e-mail addresses, construct a simple survey that polls them about their needs, and send it out. Make it easy for customers to respond—tell them to simply put X marks next to multiple-choice answers. Provide a space for additional comments, but keep open-ended questions to a minimum. Then ask your customers to reply to the e-mail survey by a specified date.

Alternatively, invite customers via e-mail to participate in the survey by visiting a special URL. Set up a Web page of questions, similar to a Web response form. That way, you can employ a user-friendly format to take the answers to survey questions.

Your customers have a vested interest in providing you with feedback. Some companies spend thousands of dollars holding in-person focus group sessions with a small number of customers to learn about their needs. Others invest in telemarketing surveys that never get through to a majority of their customers. A customer e-mail survey offers you the opportunity to inexpensively break through to many customers at once and get useful data quickly. Traditional direct mail customer surveys to business clients are known to generate 15%, 20%, or even higher response rates. You should be able to

achieve that kind of response with a customer e-mail survey.

If you are in a position to go beyond the e-mail survey, you should consider building some sort of customer relationship program via the Internet, if only with your most valued customers. Your program could be as simple as a periodic e-mail newsletter delivered to a customer's e-mail box each month or as elaborate as a menu of customer-driven information choices, personalized to each individual's special requirements and needs, or it could become an Internet-driven *customer loyalty program.*

B-to-b marketers are executing Internet-based customer programs that are models for success. For example, some years ago, IBM *(www.ibm.com)* created a customer contact program called Focusing on You that made methodical use of a customer marketing database and used the Internet as the information delivery vehicle. IBM diligently captured customer data and aggressively applied it in a consensual database program to understand and meet customer information needs on a completely individualized basis.

Focusing on You was not based on pie in the sky technology—it relied primarily on e-mail and the simplest of Web site pages. The real key is the strategy behind Focusing on You, as Michelle Lanter Smith, direct marketing manager for IBM, explained:

It is very tempting as the marketer of a product or service to try to control the messages you want delivered to your customers. However, in today's reality of competition and easy access to numerous sources of information, it is not a strategy that will work very long or very well. Customers know that they have much more power than they had yesterday, so they expect to be able to control the information they receive, especially from a large vendor like IBM. With the Focusing on

You program we give them that power. We ask them to tell us what they want to hear about (they select from topics listed on an interest profile) and then we store this information along with demographic data on a relational database.

You can see from this program description that IBM's philosophy was to empower the customer in the relationship. The company let customers make the decision as to what they wanted to receive in the way of information, and even how they wished to receive it.

The benefits of a program such as Focusing on You extend beyond the value inherent in building solid customer relationships:

- The data received directly from the customer was much more valuable than purchased data, said Lanter Smith, because it was straight from the source. Because the data was not being filtered through another party or purchased from an outside source, IBM got to hear what its customers wanted, first hand.

- Lanter Smith reported that the company saw significantly higher responses in many instances when comparing e-mail campaign messages to direct mail results. Results were fast too—one e-mail campaign generated one-third of all responses in just 24 hours. Additionally, there was some evidence that pass-along of e-mail was beating direct mail pass-along by two to one.

- The program was extremely cost-effective because it relied heavily on e-mail marketing. Lanter Smith estimated that sending customers traditional printed materials, such as brochures and binders, as part of a

one-to-one customer relationship program, was at least ten times more expensive than e-mail communications.

Moving Your Customers Up the Marketing Pyramid

The second basic strategy is to move prospects and customers up the marketing pyramid—until they reach most-valued-customer status. The marketing pyramid is a visual way of depicting customer value. It helps you separate customers into groups, typically from the greatest number of customers at the bottom of the pyramid to the smallest number of customers at the top.

As customers move up the pyramid, they are building a relationship with your company. For example, perhaps the customers in the bottom segment purchased a single product from you, but the customers in the middle segment purchased several products along with support services.

As customers move up the marketing pyramid, they increase in value to your company. Generally in b-to-b companies, you will find that the number of customers in each successive segment is smaller. That's why the customers at the top are the most valuable, because they do the most business with your company. Some customers may never get there, but cultivating customer relationships will surely move others to that Golden Triangle at the top of the pyramid. The very special customers in the Triangle may only make up 20% of your customer base…but they could be responsible for 80% of your revenue. (This, by the way, is the 80/20 Rule, a common marketing paradigm.)

One logical way to move customers along is upselling. Upselling is a technique that marketers can use to encourage customers to purchase additional products or services. B-to-b marketers are experts at upselling. For

example, if people purchase a computer system directly from a computer manufacturer, they will undoubtedly be a target for upselling. Not only will they receive notification of the availability of other computer systems, perhaps at preferred customer pricing, they will also receive a host of promotions from other company divisions. They may receive a catalog of software marketed by the manufacturer that relates specifically to the system purchased. They may also be notified of supplies or accessories available directly from the manufacturer (sometimes called aftermarket selling). They will almost certainly be solicited by the company's service organization.

The customer upselling practice has been easy to implement through telemarketing, direct mail, and retail outlets, and it is also possible to implement it online with database-driven Web technologies. Marketers can use the information from their customer databases to dynamically generate Web pages that are individualized to a customer's needs. Pages can even be generated on the fly as a customer "walks through" a Web site.

The potential for upselling and cross-selling products to customers is sure to increase dramatically as the appropriate Internet tools become increasingly available. In fact, the very concept of customized Web pages is likely to drive customers higher up the pyramid.

We can use IBM as an example here as well. IBM created Gold Service to recognize special corporate customers, and expanded it over the years to more than 300 corporate customers. Gold Service customer earned access to a special IBM Web site developed just for the organization's individual needs.

IBM encouraged usage of the special site by direct mailing Welcome packages to every executive and IT staff member at the customer company. The Welcome package included a personal profile survey that helped IBM personalize all further communications. Virtually 100% of the respondents

chose e-mail as their preferred method of correspondence.

IBM reported that average revenues for accounts enrolled in the Gold Service Program increased by more than 30% per year. Response rates to e-mailed offers reached as high as 16%, with up to 22% of responses coming from colleagues of users in the database who received pass-along e-mail offers.

Internet-Based Customer Service (now often called Customer Experience)

Customer service is a primary area that can keep your customers satisfied and intensify their relationship with your company. Internet-based customer service can now incorporate customer call centers built on Internet telephony technology, interactive chat, and 24-hour-a-day, 7-day-a-week customer service support areas with "smart" databases that help customers solve their own problems.

Helpful customer service products abound—some of which are remarkable. Here is a sampling of just some of the innovative companies offering products and services in this burgeoning area.

Aspect *(www.aspect.com)*

Aspect offers a customer engagement platform that is powerful yet affordable, quick to implement, and easy to keep up-to-date. Including contact center interaction management, workforce management and self-service capabilities, they designed it with a relentless focus on things like reducing effort, increasing usability, connecting disjointed interactions and processes,

and simplifying management. And, they make it accessible to customers of all types and sizes in the cloud.

IBM (*www.ibm.com*)

IBM's CRM solutions enable a better understanding of customer sets and expectations to improve interactions with employees and online systems. Elements include technology platforms for collaborative information sharing, strategic alliances with Application Service Providers, industry specific strategy, implementation and integration, and help developing the right mix of hardware, software and services to drive successful CRM implementation. IBM's goal is to help its clients "turn customers into advocates, while driving profitability and growth across your organization."

Oracle (*www.oracle.com*)

Oracle's solutions enable organizations to deliver differentiated and knowledgeable customer service. Driven by sophisticated intelligence engines and automation technologies, these products replicate the knowledge of an organization's most experienced personnel and provide timely, accurate responses to inquiries from both customers and customer service representatives. By automatically responding to routine inquiries, these solutions also free customer service teams to concentrate on more critical service challenges, increasing their overall job satisfaction, decreasing turnover, and reducing the need for additional staff.

Broadvision (*www.broadvision.com*)

Numerous companies provide Internet-based personalized customer communications solutions, but it was Broadvision that first appropriated and

trademarked the concept of one-to-one marketing on the Internet. BroadVision applications enable its customers to transact more business through personalized e-commerce; interact with customers, partners, and employees through a unified enterprise portal; extend business reach with agile self-service Web applications; and manage e-business with efficiency and confidence to drive competitive advantage. The firm's clients have included HP Business to Business, Owens Corning, Siemens and Xerox.

Infor (*www.infor.com*)

Infor optimizes interactions with customers including taking better advantage of inbound marketing opportunities, conducting targeted and event-based outbound marketing campaigns, and increasing the effectiveness of sales and service operations. It improves the entire process of managing customer relationships at the lowest total cost of ownership. The firm's products help companies deliver a single, informed view of the customer, which allows for improved customer acquisition rates, acceleration of organic growth, speeding up time to marketing, increasing customer retention and loyalty rates, and much more.

Verint (*www.verint.com*)

Verint Customer Engagement Solutions can be deployed in the cloud or on-premises to help customer-centric organizations optimize customer engagement, increase loyalty, and maximize revenue opportunities while generating operational efficiencies, reducing cost, and mitigating risk.

Verint Cyber Intelligence Solutions include security and intelligence data mining software and are used for a wide range of applications, including predictive intelligence, advanced and complex investigations, security threat analysis, electronic data and physical assets protection, as well as for

generating legal evidence and preventing criminal activity and terrorism.

Verint solutions are backed by more than 800 patents and patent applications worldwide. And over the last decade, they have spent more than $1 billion in R&D, creating the foundation for our advanced Actionable Intelligence platform.

LivePerson *(www.liveperson.com/)*

LivePerson's technology allows visitors to e-commerce sites to engage in real-time text and live chat conversations with customer service representatives. Today this technology works well on mobile devices as well as on computers and tablets. Customers can instantly chat online to ask questions, make inquiries, and receive assistance from live people. Live Person enhances customer experience, and allows clients to monitor action on their sites in real time, chat with visitors, and push appropriate pages to visitors. It tracks the geographic location and source of visitors, and allows for intervention when it appears that a site visitor may be getting ready to abandon a client's site.

Moving to the One-to-One Customer Relationship

The very idea of developing a one-to-one relationship with a customer was little more than a marketing fantasy before the advent of database marketing. With advances in computer technology, marketers now have access to even the most sophisticated marketing database products on their desktops. Nevertheless, the tools themselves are not enough: first, there must be a commitment to the concept of one-to-one relationship marketing, and then, there must be a strategy behind it. There is a need to identify goals, define

metrics, assemble data, and build baseline metrics – all in an effort to solve real-world business problems.

In a research note on CRM, GartnerGroup *(www.gartner.com)* suggested that the customer database is at the core of any customer relationship management program. Gartner cited several key reasons for the prime importance of the customer database, including the fact that it offers a unified customer view and permits multichannel marketing.

There is little doubt that organizations have generally recognized the value of the customer. Many b-to-b marketers now realize that building a customer-centric company is vital to corporate health and profitability, but even the most superb customer-oriented companies may still be far removed from anything resembling one-to-one customer relationships. One simple reason is that it often means changing attitudes, then business practices, and sometimes even the corporate culture.

Cisco has been widely praised as a company that has virtually reinvented itself around customer needs. Already a pioneer in creating a customer-focused Web site, Cisco publishes dozens of e-mail newsletters that are industry and job specific. Cisco says all of these publications are offered free to customers, but they are only sent with a customer's permission. According to the company, Cisco is pursuing a personalized, dynamic, customer-driven content model.

B-to-b marketers have realized that it pays to get customers involved in solving their own problems. Customer self-service is an important part of Internet-based marketing, and it is saving customers and companies time and money. The MathWorks *(www.mathworks.com),* the world's leading developer and supplier of technical computing software, is a good example. The MathWorks was one of the first 100 companies to create a Web site.

Customers of The MathWorks have included technology companies, government research labs, and thousands of universities. The company's primary product is MATLAB, a fundamental tool for engineering and scientific work.

The MathWorks puts a major business emphasis on its services and support Web capabilities. Each month, The MathWorks' Web site gets hundreds of thousands of visits from users who can access thousands of pages of information. The number one destination of those users is the service and support area, which includes the ability to get technical support, check order status and license information, get quotes for products and services, edit contact information, obtain prerelease "sneak previews," get downloads of product patches and updates, and gain access to the help desk and mini-courses. The most popular part of the service and support area is the company's solution search database, where customers can solve their own problems based on the detailed experience of other customers.

The move to customer self-service has paid off handsomely for The MathWorks. Now 90% of the company's technical support happens over the Web. Users visit the site at least once every one to two months. "It is not just about sales and marketing," said Patrick Hanna, Web manager for The MathWorks. "Our Web site includes full service and support. Service is the secret. If you do a good job at it, loyalty and repeat business will increase."

One-to-one customer marketing doesn't have to be nearly that complex. The Peppers and Rogers newsletter, INSIDE 1to1, reported on Hewlett-Packard's efforts to improve upon product registration rates. For manufacturers, getting a customer who just purchased something to fill in that registration card is a major challenge…yet if the customer does so, the company collects customer data, which can be used for further promotions.

Hewlett-Packard implemented an automatic registration link: Each time a customer installed HP software, a window popped up on the customer's computer screen suggesting electronic registration. Then, within a minute of registering, the customer received a personalized e-mail with a link to a Web page offering a coupon for an additional related purchase. This process, says the report, moved HP's registration rate from 5% to as high as 20% while registration costs fell almost 90%.

In your role as a b-to-b marketer, you can demonstrate your commitment to the concept of addressing customer needs individually. You can do this by establishing a relationship program that truly enables your organization to get closer to your customers, and you can use the Internet as a powerful relationship-building tool in your move toward one-to-one customer marketing.

The Personalization Phenomenon

Underlying one-to-one marketing is the rapid move toward Internet personalization. The original definition of personalization in marketing meant using a person's name or other personally related information in a communication, but today it has taken on a much broader meaning. Personalization, in fact, often crosses lines with customization, which represents the packaging of information in a customized way. For example, Dell Computer *(www.dell.com)* customizes Web pages to meet the specific needs of its major customers. By customizing these Premier Pages for each customer, Dell provides a very personalized experience. More important, this customization makes it easy for customers to always know the discounts and other terms and conditions of their relationship with Dell, thus making it easy

to do business with the company.

Another very effective example in the context of customer service is the way Amazon.com *(www.amazon.com)* advises its customers on purchasing. Amazon makes instant recommendations on an individualized basis. Amazon also provides one-click ordering, which customizes the ordering process so returning customers don't have to reenter basic data already on file. Amazon customers who log in to the site are greeted with Recommended for You, a personalized area of buying recommendations that it creates for customers. Amazon customers also have the opportunity to set up their own profiles and blogs on the site, and to refine Amazon's suggestions by rating previously purchased items.

As mounting evidence of widespread Web personalization, you will notice the presence of My pages at a growing number of sites, in particular at portals and search engines. My pages give users considerable individual power to customize home pages and other Web pages to meet their specific needs. These pages typically use personalization engines and tools that provide users with choices, usually in the form of check boxes, from which to select personalization criteria. By answering a few simple questions, the user is instructing the Web site to "learn" his or her preferences, so that a personalized page appears the next time.

Personalization isn't only for Web sites. More and more, e-mail programs are incorporating sophisticated use of personalization, not just within the e-mail copy, but within the e-mail strategy. Programmatic e-mail is used so that an individual receives the right e-mail at the right time. Today it is possible to design e-mail programs to follow a prospect and cultivate his or her interest, or to prompt a customer to purchase again when appropriate. E-mails can also be personalized with invitations for recipients to visit individual

landing pages on the Internet that greet them by name and make offers based on the prospect or customer's wants, needs and past behaviors.

A valuable source of information covering personalization as it relates to marketing and customer service is Peppers and Rogers Group, the acknowledged one-to-one pioneers. Check out the Peppers and Rogers Group Web site as well *(www.1to1media.com),* itself an excellent example of a personalized site. Register and you'll gain access to a wide range of newsletters, blogs, videos, white papers, Webinars, white papers, and events.

Also worthy of review is a report entitled "Best Web Support Sites" published by The Association of Support Professionals *(www. asponline.com)*. Each current year's report is available on the association's Web site. Winners for 2017 included Cisco, Intel, JDA Software, Ipswitch, Rubrik, Tricentis, and others.

In the context of building customer relationships, there does appear to be strong evidence that customizing and personalizing the Web experience leads to greater customer loyalty and higher customer retention rates. However, personalization, customization, and one-to-one marketing are not gimmicks to dazzle or band-aids to fix poor service; one-to-one marketing is a strategy to which a b-to-b marketer must make a serious commitment.

Five Ideas for Building a One-to-One Customer Relationship Program

1. Treat Customers Like Prospects

B-to-b marketers spend a lot of time, money, and effort in the acquisition of

new customers, yet too many times, these same marketers under-invest in customer retention. That is wrong—because building a long-lasting customer relationship starts after the sale.

Numerous industry studies show that the cost associated with customer retention is far less than the cost of customer acquisition. Sometimes the cost of keeping a customer is as little as 20 to 25% of the cost associated with acquiring a new customer. This could mean that, for every dollar you spend acquiring a new customer, it will cost you just 25 cents to retain that customer.

This law of customer acquisition and renewal or retention is well known to fund raisers, subscription publications, and mail order companies. When they evaluate their marketing efforts, they often find that they actually acquire new donors, subscribers, or customers at a loss but renew them at a profit. It may therefore take more than one year to make money on a customer.

This is the principle behind LTV—lifetime value of a customer. A customer's LTV becomes an important measurement criterion when you evaluate customer acquisition and retention. Look at the average number of years you retain a customer. Then look at the average value of that customer over that period of time. You will get a good sense of what that customer is worth.

If possible, apply this analysis to each individual customer and use it to rank your customers; in effect, you need to build your own statistically accurate version of the customer marketing pyramid. Then you can compare this data with the amount of money you invest in customer acquisition and retention. If you find, as many companies do, that you are investing far less in customer retention than in customer acquisition, consider the ROI impact of even a modest shift in the ratio. By investing in customer marketing programs—and improving your use of the Internet as a customer marketing

and communications tool—you could get a substantial payback.

Attitude is just as important as the money you invest. That is why you should start treating customers like prospects. When you treat customers like prospects, you never assume they are comfortably yours forever. This is a fact of business life for IT companies in particular. There are few customers who do not use products and services from multiple IT vendors. You recognize that customers always can choose to go elsewhere and that you need to do everything you can to make sure they do not. In fact, in the IT world, it often pays to help your customers integrate disparate systems, even those from competitors, so that your customers trust you as a problem solver. The key point here is that you never take customers for granted. Rather, you create opportunities to reward their loyalty, delight them with superior service, and ensure that their interactions with you are positive, satisfying, and rewarding.

With your customer as a prospect, you can think of new ways to keep the flame burning in that relationship. Direct marketing is an excellent way to cross-sell, upgrade, and extend a customer's business relationship with you— and to get that customer to refer other prospective customers to you as well. Use direct mail and telemarketing in combination with e-mail and a customer-only portion of your Web site to build an ongoing relationship with customers. These media should be used in combination to inform customers first about new products or services, make special offers, invite them to special events, and encourage their feedback.

The Internet can help you put a large emphasis on customer service and support and build real value into the customer relationship. Web-based customer service can be open for business 24 hours a day, 7 days a week, anywhere in the world. Just as important, by servicing existing customers over the Internet and making it known on your Web site, you demonstrate to

prospective customers the value you place on customer support.

2. Ask Customers What They Want—And Give It to Them

B-to-b companies that are responsive to their customers are companies that listen to their customers. These companies provide easy ways for customers to offer their feedback and opinions—via phone, mail, e-mail, social media, and on the Web site. They encourage their customers to interact, they take customers' recommendations seriously, and they act on them.

With one-to-one Web technologies available, those b-to-b companies who not only listen to their customers but also learn from their input and needs will be the leaders in the Information Age. These are the companies that will be able to respond quickly and give customers what they want in real time.

IBM's Focusing on You program was built on asking customers what they wanted—and giving it to them. One of the company's key findings was that customers wanted to direct the dialogue based on their own needs. IBM took the responsibility to reduce the amount of information directed to the customer—giving him or her the choice of what to receive. That choice made it easier for IBM to provide the customer with the appropriate product information, based on specific needs.

Because customers directed the relationship and were involved in a meaningful dialog, IBM benefited from an important side effect of the program: Customers also updated their own records. This aspect of a customer relationship effort is just as significant, because database maintenance plays a large role in its successful implementation. When a customer updates his or her own database record, the data is more likely to be accurate.

3. Explore New and Innovative Ways to Encourage and Reward Customers

You do not necessarily have to establish an elaborate frequent buyer program to encourage and reward customer loyalty. Sometimes, just making customers feel special can be enough. One way to do that is to keep in touch with your customers via e-mail. Another way is to establish a customer service center on your Web site. A customer service center is a tangible way to reward customer loyalty, especially if you are providing added value to the customer relationship.

Web-based customer service centers obviously offer service and support to users of your products, but you can go beyond that in a number of ways. For example, you might post white papers, special reports, or benchmark studies only in the customer section of your Web site and provide links to useful Web sites just for customers. You may wish to build in a self-service area where customers can use solution databases to solve their own problems, or perhaps you want to consider using Internet telephony to enhance communications with customers.

You could offer customers the option of signing up for e-mail newsletters and blogs or the option of receiving Web pages from you, delivered to their computers on a regular basis. You could use your Web-based customer service center as a reward center by offering customers incentives for purchasing certain products or for doing business over the Web. You could build a business-to-business portal that serves your company's business area or industry, and then give customers special privileges in using it. Whether you take small or large steps with Internet customer marketing, you are proving that you value the relationship you have with your customers.

4. Recognize the Differences Between Classes of Customers–And Treat Customer Classes Differently

If you utilize database marketing effectively, you can use the information you gather about your customers to segment them and rank them, and then build individualized programs based on classes of customers. Use that marketing pyramid we discussed earlier. For example, you may wish to treat customers at the top of the marketing pyramid very differently from other customers. You may want to develop a special relationship with these highly valued customers, communicating with them more frequently via e-mail, enrolling them in preferred customer clubs, and making them special offers on a regular basis.

You may also wish to develop a special program for resellers or partners. Business partners are a customer audience in and of themselves, and they should be treated differently and communicated with separately.

5. Make One-to-One Fun

The idea of a one-to-one relationship is that you get to know your customers, their attributes, and their individual needs over time. The more you learn about your customer, the more you can use the Internet to target individualized communications to your customer.

Building that relationship is a serious marketing process, of course, but it should also be fun for the customer. Having fun—providing the customer with an opportunity to smile or even laugh—is a part of relationship building that can endear your company to the customer because you make him or her feel good. The Web can be a playful place. Some b-to-b marketers make excellent

use of this characteristic, offering customers games, contests, and cafes where customers can do the online equivalent of leaning back, putting their feet up, and just relaxing. You can use the informality and interactivity of the Web in a good-humored and informal way to make your customers feel that your company is friendly, down to earth, and easy to do business with.

A role model in this regard is seller of industrial absorbents and other safety products, New Pig (*www.newpig.com*) The firm uses a piggy theme on its Web site and catalog and even plays "pig theme music" while callers are on hold after calling its phone number, 1-800-Hot-Hogs. In the midst of the fun, however, New Pig beautifully illustrates some of the best practice for business-to-business marketers. These include top-notch service functions, technical assistance and guarantees; use of case studies and testimonials; a robust Web site that exemplifies the same look and feel as the paper catalog; and even product endorsements from the "New Pig" himself.

We have discussed a number of ways to implement Internet-enhanced customer marketing, but the bottom line is customer database integration. You need to have access to customer data and use it in a proactive yet appropriate fashion to build a long-lasting customer relationship program via the Internet.

With Internet-enhanced customer marketing, you have the potential to keep your most valued customers buying more, the ability to push other customers up the marketing pyramid until they reach "golden" status, and the likelihood of improved productivity and profits that come from the cost-effective implementation of superior customer service.

Building Customer-Driven Extranets

The culmination of one-to-one marketing is the creation of a customer-

driven extranet, a Web site established by a company to specifically offer private or preferred customer access to information and order entry. The extranet can be implemented as a restricted area on an existing corporate Web site, or it can be built as a separate site. Either way, it makes it clear that the company believes in the credo "the customer comes first."

As just one example, IBM reported years ago at an Internet marketing conference that the company was a pioneer in creating extranets with some of its key customers to encourage them to do business with IBM online. The move contributed to moving IBM's e-commerce revenues from $35 million a month before implementation to more than $1 billion a month in less than a year. As an aside, IBM saved some $300 million in call center costs that year by handling more customer service inquiries online.

A restricted-access customer service area of a corporate Web site is, in effect, a version of a customer-driven extranet. Many companies establish such areas for customers only, so that they can interact privately with the organization or gain access to information intended only for them. For the most part, access is permitted via a simple password, which the company assigns or the customer selects. Invitation-only Internet events are also a form of extranet, because they are often delivered via a special URL and require passwords to enter.

Private-access customer areas and virtual events running over the Web may be acceptable solutions for some b-to-b companies, but conducting business on an ongoing basis with customers and partners over the Internet could stretch the boundaries of any public Web site. An extranet may make more sense, if only because the load of real-time customer service and transaction processing could eat a Web server alive.

The customer-driven extranet is, of course, a major technological

undertaking. The impact on the organization should not be minimized, because business processes themselves may undergo dramatic change. If systems serving customers within your company are not centralized, the extranet will likely not succeed.

However, if you have your organizational act together and you have the technology to back it up (either with in-house resources or through outsourcing), then the business benefits of a customer extranet can be huge. In larger companies, for example, the costs associated with customer service and support can be dramatically reduced by shifting much of the repetitive person-to-person contact to Internet-based communications.

There are also out-of-the-box extranet solutions that smaller b-to-b companies can take advantage of. Just search for "extranet software" on Google to research current examples.

Even if you believe in the value of a customer-driven extranet, where do you begin? Maybe it is obvious—but it all starts with what your customers want and need. As mentioned earlier, asking your customers what they want—and giving it to them—should be the driving force behind an extranet. Using database technology, you can accumulate profile data about each customer's relationship with your company, track the customer's interactions with you, and use this data to individualize communications with the customer. In addition, you can learn what customers might want built into an extranet to best meet their needs.

Internet-based customer service requires consideration of new forms of data. For example, transaction data is different from online interaction data. The customer's transactions represent the inquiries or orders you receive. Analyzing this data will help you understand a customer's need for information or buying pattern. But interaction data can offer insight into online

behavior. This is the data that tells you how often customers access your Web site, which pages they access most, how they navigate the site, and so on.

You can also bring together product data with solutions and applications information and what-if scenarios so that customers can interactively learn how products apply to their specific needs or how to solve problems with your products. The MathWorks *(www.mathworks.com),* mentioned earlier, is a good example of this. The company built a database of over 10,000 cases so that customers could solve their own problems online. This concept—using database-driven Web technology to deliver voluminous information of value that helps customers solve their own problems—is an increasingly common practice among b-to-b companies. The added benefit is in the fact that time-intensive customer interactions can be dramatically reduced.

Solutions-oriented content as part of an extranet is at once the most challenging and most exciting opportunity for both company and customer. Imagine, for example, a customer solutions extranet for your organization. It could take the form of a searchable database that cross-references solutions with your products. Customers could enter their desired parameters and be immediately greeted with a list of solutions that fit their needs. Web pages would be dynamically generated on the fly, based on preferences that customers establish in their user profile. New product information could be selectively displayed.

This solutions center could also be used as a sales tool to allow your direct sales force or partners to better match solutions with products your customers' should be purchasing. Electronic fulfillment can be added to the mix so that customers could unlock or download relevant information.

Extranets can also become the core of a highly successful e-commerce strategy. Dell Computer's Premier Pages are proof that customer extranets

work. With tens of thousands of Premier Pages users, Dell is primed to take the next logical step by facilitating the integration of these pages with its customers' own accounting systems.

Extranets with highly personalized information are already widespread. Ultimately, you will be able to cost-effectively offer an even higher level of personalization to customers as Internet database technology continues to advance. Not only will you serve up highly personalized information over your extranet, you will also be able to watch your customers navigate the extranet and provide live assistance to them when required.

A Checklist for Developing Customer Extranets

From a marketing perspective, here are some of the things you will need to consider as you create a customer-driven extranet:

- Learn what to build into your extranet from customers. Listen to their input, and give them what they need.

- Provide a secure path to your extranet that goes beyond password protection alone, especially if you will be using your extranet to transmit sensitive customer data or to accept orders. Be sure that your IT organization or outside service provider addresses any security issues up front.

- Utilize customer promotions to increase customer involvement with the extranet. Consider offering gifts or incentives to customers who provide you with case histories or successful experiences with your product that you can then post on the extranet.

- Actively promote the benefits of the extranet to the customer base. Get customers excited about it and build a business case for its ongoing usage. It will repay you many times over in time and money saved.

- Incorporate online forms that allow customers to easily create user profiles, change their profiles, and request information. Use a Web database that enables you to update customer data online. The cost of this database will be quickly offset by the time saved in one-step data entry.

- Create an online solutions center to provide added value to customers. Integrate the legacy customer database with the extranet so that you can generate customized content that is individualized to each customer.

- Create online fulfillment in conjunction with the solutions center. Allow customers to request and receive product literature in the way they prefer—via e-mail, online download, or traditional mail. Encourage them to go to the Web to unlock or download information directly from the extranet.

- Consider using push technology to deliver product information directly to your customers' desktops by request, via periodic e-mail newsletters or Web pages. "By request" is the key – only do this for those who opt-in.

- Explore emerging technologies that link the extranet with Internet-based telephony to provide customers with a new level of personalized customer support.

- Establish online measurement criteria and do periodic customer surveys to analyze customer usage of the extranet, understand which areas of the

extranet are most and least popular, and continuously improve the extranet.

9

Using Business Communities and Exchanges

Unlike any medium before it, the Internet creates a sense of community. Early on, there were newsgroups, bulletin boards, and chat rooms. At first, bulletin boards met the needs of technical audiences with a hunger for information and advice, but as information sharing became commonplace, full-fledged communities started to populate the Internet. Now communities have advanced to the stage where there are different classes—not just communities, but portals, vortals (vertical portals), hubs, auctions, exchanges, e-marketplaces, and more—a dizzying array of options, each with its own twist.

Although many of these communities are designed for consumers to chat, trade, and interact, the fastest-growing area of Internet-based community is on the business-to-business side. It makes sense for the b-to-b marketer to think of every form of business community as a potential marketing opportunity. You can capitalize on the concept of community not only by participating in communities on the Internet, but by creating one of your own if appropriate. This chapter explores the marketing potential of such communities and

suggests how to make the best use of them.

What Is an Internet Community?

An excellent frame of reference for the b-to-b marketer when it comes to community is the user group of an IT company. Almost every IT company of substantial size has a user group, an organization of individuals, sometimes operated independently, who use the company's products. The user group typically has its own governing body, its own annual meeting, and its own Web site. An IT company listens hard to its user group, because this is a community that could do much good—or much damage—to the company's reputation. A user group is very much a community of people with a common bond—the company whose products or services these people depend upon.

A community on the Internet is likewise a group of people with something in common, getting together or collaborating in a particular area online, but community on the Internet extends far beyond this basic definition. An Internet community seems to take on a life of its own and almost share the personalities of its members.

We could probably consider the first primitive Internet communities to be bulletin boards, newsgroups, and chat rooms. Each of these means of communication brought together people in a common bond. Bulletin boards allowed posting of comments and questions for all to see, but they typically allowed neither privacy nor one-to-one communication.

Newsgroups took the Internet concept of community a step further. Through a newsgroup, individuals could communicate interactively via e-mail. Most newsgroups "threaded" the discussions, so members could not only answer each other but also read each other's answers. Since newsgroups

tended to be formed around specific topics or interest areas, they functioned as mini-communities in their own right.

Chat rooms were more like cocktail parties than communities. In this environment, individuals could spend time chatting interactively (in real time) with others.

Now we will bring our consideration of communities up to the present. Chat rooms were in part responsible for spawning full-fledged Internet communities—entire slices of the Internet that appeal to certain segments of society or people interested in a particular subject. Today there are thousands of such communities, and many of them, as you'll see, are relevant to b-to-b marketers.

Types of Communities

Online Service Providers

The first Internet communities with any kind of mass membership were the early online service providers such as America Online and CompuServe. CompuServe has been part of AOL since 1998.

America Online became an Internet community in its own right.   It grew from a basic fee-based online service provider to a full-fledged community that offers its own unique spin on the Internet.

While AOL grew to more than 30 million users at one point, its strength was challenged in the early 2000s by service providers offering broadband Internet access (AOL had earned its prominence through dial-up access). Realizing that it was losing millions of visitors that it needed to participate in its community features and view its ads, AOL announced that its customers

could keep their AOL e-mail addresses for free, even if they left for another service. Today's AOL visitors are there by choice rather than by necessity. They tend to be older – indeed, they may be teased about why they still use an AOL address instead of gmail. They are likely to have Internet access provided by cable companies or by telephone companies. Most of these firms offer much more than Internet access and e-mail to their customers, including sections providing news, entertainment, health, career information and much more.

Today, while AOL has faded from prominence, its broadband competitors are Internet giants serving millions of people, many of whom seek out others like them, or with interests similar to theirs. This is the essence of the Internet community that marketers must understand: The Internet uniquely encourages a very personal kind of community, even though individuals may only know each other's e-mail addresses or social media handles and never meet face to face.

As a b-to-b marketer, think about how you can take advantage of these special communities. As you might expect, all of these services accept online advertising and other forms of paid promotion. In relation to promoting your product or service to people in business, where your greatest sales opportunity probably is, look the business-oriented portions of these sites as real opportunities to reach "captive" audiences. These services can deliver huge audiences to you—and their members are people who are highly active Internet users. By understanding how to appeal to certain segments of these audiences, you could uncover new prospects and get more business for your company.

Portals and Vortals

One of the most significant Internet developments has been the rise of the portal. The portal is a Web destination or gateway—a site that visitors start at and come back to often. Even that definition is changing fairly rapidly: A portal is one working definition, a hub is another. The hub might be more of a place that simply links to other Web sites without the clear objective of becoming a user's home page. In this context, some would consider online service providers' home pages to be portals. Portals are part search engine, part community, and part something else. "Vortals" has emerged as a term used to describe vertical portals. Some of the most prominent search engines/portals on the Internet today are Google (*www.google.com*), Bing (*www.bing.com*) and Yahoo (*www.yahoo.com*). Google is considered the top search engine with Bing and Yahoo coming in second and third with much less traffic.

Vortals, or vertical portals, offer an entrypoint to a huge array of knowledge and information in one area of business or industry. Interesting examples include the plastics industry's PlasticsNet (*www.plasticsnet.com*) and a Greek industrial vortal available in three languages: IndustryGate (*http://www.industrygate.gr/english/index.php*),

The services offered by each of the sites listed above are constantly changing and evolving. To determine what each site can do for you, visit the site and check out its business services and advertising sections. The Google how-to sections alone are so extensive that they are now being used as the basis for entire college classes.

Searching for information is likely to be the main reason a visitor comes to a particular portal, but there must be far more available than a search engine to entice the individual user to visit and *return*. Most if not all portals now offer

free e-mail, free chat, personalized pages, and other attractive services that make their sites "sticky." (This is a phrase that Internet-watchers have coined to refer to a site's ability to keep users at its site for more time, rather than coming for just a brief visit. Time spent on a site is believed to translate into dollars, because the "stuck" visitor is exposed to more of the site's advertising and uses more of the site's services. This also promotes return visits and loyalty to the site, which are important factors in generating additional revenue.)

Some Internet observers believe that sticky sites will become the only way to differentiate between the millions of options available to visitors. Ultimately, to keep sites sticky, portals and other sites now offer Web-enabled database, word processing, and scheduling tools—creating competition for the programs that run on the PC desktop. Now that broadband is the preferred method of Internet access, portals can really burn rubber, offering heavy-duty applications previously only available on computers.

Are portals truly communities? Yes and no. Some of them are more like information networks than communities, but others, like Yahoo!, are very community oriented. Yahoo! users can create their own My Yahoo! pages to personalize their experiences, and younger users can go to a special community just for them called Yahooligans.

Here again, as with the online service providers, there are many opportunities for b-to-b Internet marketers to capitalize on each portal's popularity—including sponsored search, carefully targeted online advertising, paid page links, discussion groups, and the like. If nothing else, be sure your Web site is linked to the appropriate areas of each portal and be certain to construct your Web pages so that they can be easily recognized by search engines.

Why else should a b-to-b marketer care about portals? That is because in the Internet future, you could be part of one, or you could decide to eventually build one of your own, if not for the outside world, then for your employees. Some businesses are adapting the portal's gateway model as an efficient way for employees to access critical information online.

Auctions

Auction sites can be considered Internet communities in the sense that they bring buyers and sellers together with the common goal of conducting commerce. For the b-to-b marketer, auction sites may provide useful opportunities to more widely promote products and services beyond traditional audiences.

The business-oriented virtual mall offers merchants an opportunity to associate as part of a group of merchants who take advantage of the publicity and e-commerce engine of a larger site. Although virtual malls may lack daily excitement, auction sites have brought a fast and furious brand of electronically enabled old-time commerce to the Internet. As such, auction sites have become an important commodity in the b-to-b space. Here are some auction sites and providers that b-to-b marketers should know about.

eBay (*www.ebay.com*)

eBay, founded in 1995, is the auction site that started it all. It considers itself very much a community – albeit an enormous one. There are 6.7 million eBay sellers in the U.S. alone and more than a million Americans report that selling products on eBay is their main source of income. eBay pioneered online auctions: Sellers offer items to buyers, who bid online. The highest bidder wins the item. Bids are acknowledged by e-mail. eBay sends an e-mail each

time the bidder is outbid to encourage continued activity. Seller and buyer registration is free. eBay creates a true sense of community with its users through such areas as neighborhoods, groups, discussion boards, blogs, chat rooms, and a mechanism for users to create their own personal interests page.

eBay has made significant moves into the b-to-b space. The Business and Industrial exchange on eBay, for example, services the business marketplace at *www.ebay.com/rpp/business-industrial*. It provides a destination on eBay for businesses to buy or sell new, used, and refurbished business merchandise, including computers and industrial items. In addition, eBay Stores, allow a merchant to establish a site on eBay for an affordable monthly fee, to promote and sell its own products directly, rather than through an auction. Within the first month after introducing this feature, eBay had already opened nearly 150 stores in the b-to-b category, with many to follow after that.

DoveBid *(www.go-dove.com/en/)*

DoveBid offers a portfolio of "asset disposition solutions" that includes live Webcast auctions, around-the-clock online auctions, sealed bid Internet sales, and private-treaty Internet sales. DoveBid has conducted industrial auctions for more than 60 years and has aggressively moved into the Internet auction business.

Priceline *(www.priceline.com)*

Priceline.com is less of an auction site/community and more of a comparison shopping site. Here, users bid on select items, to see if they can "win" the item at the price that they wish to pay. Priceline created this type of consumer bidding site and achieved notoriety for consumer bidding on airfares. Now Priceline has established bidding programs for hotel rooms, rental cars and cruises. They also have a Priceline credit card.

The Information Technology Super-sites

In many respects, the Information Technology super-sites are models for the b-to-b information portal/community. These specialized sites consolidate information, often from the various publications they represent, and make it available in a single location. Some may consider them portals, others may classify them as hubs, but they are communities in the sense that a visitor to one of these super-sites can typically receive free e-mail newsletter subscriptions, connect with others in special interest groups, and take advantage of online events and targeted programs. All of these sites feature late-breaking news and information that relates specifically to the information technology industry, and each provides important opportunities for advertising and publicity. These IT super-sites include the following.

United Business Media (UBM) *(www.ubm.com/)*

UBM combines four independent media and information services businesses as divisions. Information Week is the global leader in business technology media connecting more than 10 million technology buyers and sellers worldwide at (*www.informationweek.com*). The Channel Company (*www.thechannelco.com*) is the global leader in channel execution and the one-stop shop for the indirect sales channel that drives 75 percent of technology sales worldwide. Tech Insights (*www.techinsights.com*) is a global media, professional services and marketing services business that serves decision makers in the electronics industry. UBM Technology (*http://tech.ubm.com/*) connects specialized communities worldwide using innovative media, educational events, consulting, training and certification.

IDG.com (*www.idg.com*)

IDG.com is a gateway to the numerous publications and services Web sites of this corporate giant. IDG publishes *Computerworld, InfoWorld, Network World*, and *CIO*. IDG also runs an IT community called ITWorld (*www.itworld.com*).

Internet.com (*www.internet.com*)

Internet.com is a major network that provides numerous Web sites, e-mail newsletters, online discussion forums, Webcasts, white papers, e-books, and moderated e-mail discussion lists. It offers information of interest to various segments including small business, personal technology, developer, IT, storage, security and networking.

TechTarget (*www.techtarget.com*)

TechTarget provides IT professionals and buyers with the information they need to perform their jobs -- developing strategy, researching products, managing IT projects and making cost-effective IT purchase decisions. TechTarget provides IT marketers with targeted, qualified communities of IT buyers by publishing media that deliver measurable ROI, generate leads, shorten sales cycles and help grow revenues.

ZDnet (*www.zdnet.com*)

ZDnet's mission is to be "a premier 'full service' destination for people looking to buy, use, and learn more about technology." ZDnet combines content from various relevant publications with content from a host of online publications and offers news, product reviews, blogs, white papers, Webcasts, and downloads.

Marketplaces and Exchanges

The business-to-business community is a place where information—lots of it—is shared by people from companies with common interests or goals. The providers pool their information to a publisher or consolidator, who sponsors a single location to disseminate the information.

Business communities function as large electronic directories or catalogs of information for a rich variety of sources, each of which is available on or accessible through a single site. Communities also offer information providers the ability to interact with their constituency and effectively expose new audiences to the providers' messages. In most cases, communities are free to users, as long as the users register (and therefore provide contact information that can be used by both the community and the participating information providers).

Many of these communities have evolved into marketplaces or exchanges, where business is transacted between buyers and sellers. Both public and private exchanges are available. Here are a few examples.

Business Communities and Exchanges

InfoDesk (*www.idsk.com*)
InfoDesk is an easy and inexpensive way to use current awareness news and information from any source desired on desktops, on Web sites and in business applications. It offers customized solutions to corporations, media, government, and publishers.

LinkedIn (*www.linkedin.com*)
LinkedIn is a general, professional social network focused on helping

individuals re-connect with past and present colleagues and classmates, stay in touch with them, find new connections through the LinkedIn community, and get answers from industry experts. It is very helpful to job seekers and to those who are seeking employees with specific experience and backgrounds.

Mzinga *(www.mzinga.com)*

Mzinga is a leading provider of enterprise social software solutions and services serving the learning, marketing and support markets for employees, customers and partners. Through a combination of enterprise-class technology, strategy and online moderation services, Mzinga's social solutions enable businesses to increase revenue and lower costs by improving brand visibility, employee performance, workplace satisfaction, and customer loyalty. Mzinga empowers millions of users at many of the world's largest organizations in 160 countries worldwide.

Covisint *(www.covisint.com)*

Covisint began as a private exchange, serving the automotive industry. Founded by competitors GM, Ford, and Daimler-Chrysler, the objective of this consortium was to greatly streamline the buying and selling process between automakers and their suppliers. The consortium did not work as planned, and Covisint now is owned by OpenText, a company that provides business-critical insight to help its customers manage the flow of information, on-premises or in the cloud, and build their digital future with OpenText Enterprise Information Management solutions. (*www.opentext.com*)

Converge *(www.converge.com)*

Converge is a global supply chain partner for technology-driven companies. It serves as an independent online marketplace where high-

technology buyers and sellers connect, collaborate, and transact business. Converge was formed by a collaboration of IT companies, including Compaq, Gateway, Hewlett-Packard, and NEC.

e2open.com (*www.e2open.com*)

e2open is the leading provider of Multi-Enterprise Platform solutions delivered on-demand for improved visibility and control over distributed global supply networks. Founders of e2open included Acer, IBM, Nortel, Panasonic, and Seagate. This exchange offers design collaboration, supply-chain collaboration, and open market capabilities to its members.

Sabic Innovative Plastics (*https://www.sabic.com/en*)

This e-commerce marketplace offers 24/7 access to more than 30,000 resins, along with availability data, easy ordering procedures, and order tracking. Sales through the site are in the billions of dollars each year. The site caters to engineers, specifiers, and other members of the plastics industry as well as buyers and purchasing agents, so it has grown into a true community, not just a company sales vehicle. The site features search capabilities, directories, classifieds, industry news, and discussion forums.

Manufacturing.net (*www.manufacturing.net*)

Manufacturing.net combines product and supplier databases with news, original editorial content, and powerful search and retrieval capabilities. It includes product information, economic statistics, and industry-specific news and research, focusing on design, automation and control, manufacturing processes, plant operations, and supply chain. The site covers aerospace, automotive/transportation, chemical/petroleum, food/beverage, medical, metals, pharmaceuticals/biotech, plastics/rubber, and other industries.

Office.com (*www.office.com*)

Office.com allows its users to "create, communicate, collaborate, and get great work done". Office 365 combines Word, Excel, PowerPoint, Outlook, OneNote, OneDrive, Publisher and Access. Subscribers can use these tools on the desktop, tablet and phone, and with both PC and Apple products. OneDrive uses the cloud to allow for collaboration with anyone, anywhere. Help is available by e-mail, chat, or phone. Versions suitable for home, business and education are available.

1WorldSync (*www.1worldsync.com/*)

This firm was established as Transora, with the support of more than 50 major consumer packaged goods companies. Enabling more than 25,000 global companies in over 60 countries to share authentic, trusted content with customers and consumers, 1WorldSync provides solutions that meet the diverse needs of the industry through its technology platform and expert services empowering intelligent choices for purchases, wellness, and lifestyle decisions. 1WorldSync is the only product content network provider and GDSN Data Pool to achieve ISO Certification 27001.

BravoSolution (*www.bravosolution.com*)

BravoSolution is a leading international provider of eSourcing solutions intended to help clients improve their sourcing process through a balanced combination of technology and professional services. The firm provides a customized eSourcing platform, spend analysis and diagnosis, fully managed negotiation services, cost reduction programs, eSourcing projects, and supplier scouting.

Becoming Part of a Community

You can become part of most communities, as an individual or a representative of your business, by simply joining. In some communities, joining is free. It takes nothing more than the process of completing and sending an online application and getting a user ID and password. Obviously, you could also become a paid advertiser.

In other communities, you may have to pay a membership or participation fee, or you may have to contribute part of the revenue you receive from the community, if you sell something through that community. Some communities, such as virtual malls, may rent you virtual space on a contractual basis. Still others may ask you to subscribe for a certain period of time.

This should not deter you from exploring the business viability of communities. Certainly, you can tell a lot about a community just by the companies it attracts. Typically, name-brand companies will not participate in a community that is not a legitimate operation. Following is a suggested plan of action to help you evaluate communities for potential business participation.

Find the Right Communities

There are so many kinds of communities that you must first do a broad search to locate those communities that may have business or marketing value for you. You can start with the communities mentioned in this chapter, but there may be tens or even hundreds more that apply to your particular needs. Go to several of the portals mentioned earlier and use their search engines to help you locate appropriate communities. Remember that communities are not always identifiable as such; they could be portals, hubs, virtual malls, auction sites, or any site where Internet users congregate regularly.

Narrow Your Options

Armed with this preliminary list of communities, begin to narrow your options by critically evaluating each site. First classify the potential communities into free versus paid sites. Then make sure you understand whom the community serves. You want to be certain that the target audience is appropriate for your product or service. Finally, determine from the information on the site which companies are involved in the community. You want to learn if your competitors participate. You also want to know whether or not the buyers and sellers are from companies that fit your company's own profile or are the kinds of companies you want to do business with. Then apply the following checklist to each community.

Which Free Services Are Offered?

Does the community offer free services you could take advantage of, such as e-mail, home pages, chat, discussion groups, and so on?

What Opportunities for Free Publicity Exist?

Does the community have areas in which your company, product, or service can obtain any of the following free?

- Listing in member or supplier directories

- Mention in discussion groups, blogs, social media or chats

- Opportunity to submit guest blogs

- Posting of press releases or product information

- Including a company profile

- Having speakers participate in online forums or seminars

- Posting of job openings

- Listing of your events in a community calendar

- Listing of your products or services in a buyer's guide

- Reciprocal linking to your site from the community and vice versa

What Opportunities for Paid Advertising
and Promotion Are Available?

In evaluating paid opportunities, look at each possible activity from a media ROI perspective. In other words, analyze the potential number of prospects you will reach and ask yourself if the dollars you are investing in the paid activity are reasonable on a cost per thousand basis. The smart way to go about it is to test a particular activity on a limited scale and see if the results warrant continued investment. The kinds of paid opportunities that may exist on community sites include

- Paid sponsorships of discussion groups, blogs, social media, or chats

- Paid sponsorships of site features, such as job banks and events

- Paid listings in directories and buyers' guides (some communities provide different levels of participation so your products can be highlighted or you can be a featured supplier)

- Fees/commissions for products sold

- Banner advertising on the home page or specific pages

- Paid sponsorship/advertising in a community e-mail newsletter

- Rental of e-mail subscriber lists

As with any business decision, weigh all the positives and negatives before you get involved in a community, even if participation is free. If your objective is to use the community for marketing purposes, you will have to invest time as well as money. It takes time to make use of a community's resources and build relationships with community members.

Often, the highest value you get from a community is the *networking* value. View the community as a giant virtual meeting room. The networking possibilities are limitless. If you look at the community as a place where unlimited networking potential can result in unlimited business opportunities, you will probably get more out of one than you ever thought possible.

Building Your Own Sponsored Community

A much larger decision than participating in an existing community is whether or not to build one of your own. As a b-to-b marketer, why should you consider building a community in the first place? One reason is to establish a peremptory leadership position in a particular field. Another is to influence a target audience without heavy-handed promotion.

A good example of the sponsored community in action comes from BMC (www.bmc.com). In order to educate different corporate audiences, particularly in large companies, BMC launched four different individually branded sponsored communities. Each site was sponsored by BMC (in some cases, as a cosponsor with other organizations), but the company's brand was

intentionally underplayed. There were, of course, links to BMC's corporate site when appropriate.

Current popular communities in the BMC line-up include: Remedy AR System; Control-M Community; BladeLogic Server Automation Community; Remedyforce Community; Developer Community; Discover (ADDM); and TrueSight Operations Management.   The firm offers customer programs including beta programs, advisor boards, local users groups, and a customer connect program.

Tools To Help You Build a Community or Social Network

Many of the companies originally founded to provide community resources for businesses have changed their focus to "spend management" – the way in which companies control and optimize the money they spend. A strong focus for business communities today is on social networking – a concept that grew quickly out of the original consumer communities including MySpace (*www.myspace.com*) and Facebook (*www.facebook.com*). While MySpace is less often associated with business audiences except in music and entertainment, Facebook has a vibrant user base among working adults looking to reconnect with friends and associates.

As mentioned earlier in the chapter, LinkedIn (*www.linkedin.com*) is recognized as the most prominent and helpful general social media network for b-to-b use. It provides a dynamic, global platform to help its users connect with friends, associates and influencers; search for jobs; network; get answers to questions; and seek new employees. Every b-to-b marketer should have a personal LinkedIn profile, and most companies will benefit by having a LinkedIn corporate profile as well.

It may well be more cost-effective for you to utilize segmentation opportunities within existing community and social networking sites rather than invest in developing an isolated community for your firm or field. What's more, there are tools and sources available on the Internet to help you build community elements into your existing site. Here are just a few examples.

Yahoo (_www.yahoo.com_**)**

Yahoo is a portal that also provides the ability to start and join communities, including business communities.

Facebook _(www.facebook.com)_

Facebook provides a platform for businesses to build their own communities of customers. With about 2 billion users worldwide, Facebook is the largest "country" in the world.

Sitrion _(www.sitrion.com/)_

Sitrion's communications mobile app "provides award-winning mobile solutions for the digital workplace, making work better for working people every day". Global brands who are customers of Sitrion include Procter & Gamble, MasterCard, Merck, Airbus, Fortune Brands, and HealthSouth. Typical uses include internal communications and human resources.

Mzinga _(www.mzinga.com)_

 Mzinga provides on-demand solutions that leverage the power of workplace and customer communities for growth and innovation. One of its executives co-authored the book _We Are Smarter than Me_, which focuses on the "wisdom of crowds." The book's authors developed an online community to collaborate with them in writing the book.

Personify's Small World Community *(personifycorp.com/small-world-community/)*

Personify's Small World Community combines a platform, solutions and services that help its customers increase fundraising, manage volunteers, grow membership, empower advocates, engage supporters, and meet program goals.

What To Build Into Your Community

Suppose you have decided to consider building a community. How do you really go about it? Here is a basic plan:

1. *Determine the type of community you need.* First decide if your community will target only employees (an intranet), customers or suppliers (an extranet), or a public community on the Web. Intranets and extranets will require special security measures to protect confidential information and limit access to authorized participants. You may wish to restrict access to a public community as well by establishing subscriber or membership rules. Even though your goal for a public community may be to gain widespread publicity, you may wish to allow only qualified individuals to make use of the community's services.

2. *Set objectives for your community and establish an operating budget.* Set some realistic specific objectives for your community. With a customer community, for example, set a goal for how many customers you expect will participate. Project the customer service savings and revenue impact of the community. Also establish a community operating budget, both for start-up and ongoing development and maintenance costs. A community

is more complicated to build than a basic Web site, and it potentially involves more back-end support because it is so interactive in nature. Be sure to anticipate the cost and manpower required to support the activity generated by a community.

3. *Establish a community structure.* Learn what a community is, how it operates, and what it includes by visiting other business communities and actively participating in them. Typically, you will want to consider including the following in your community:

Information Center. This is usually the heart of the community. Depending on the type of community you establish, this area would contain information about your industry, your company, and other companies' products and services, white papers, links to blogs and social media sites, special reports, directories (if appropriate), pertinent news, research links, tools, and so on.

Community Services. As part of your community, you may want to provide value-added services to community members, such as a master calendar of events, selected links to other relevant Web pages, and an e-mail newsletter.

Interactive Areas. A key part of what makes a community a community is interactivity. The easiest way to offer interactivity is through the creation of a bulletin board. Beyond bulletin boards, interactivity can move from e-mail messaging to discussion forums to live chat rooms. It is recommended that you include at least one form of interactive technology, because this is a primary characteristic of a community. It

is also a good idea to include an interactive feedback mechanism, even if it is a simple Web response form, to encourage community members to offer their comments and suggestions.

Conducting Business, or Using e-Commerce. You will need to incorporate some combination of database and e-commerce technology into your community if you want to conduct business. In this case, you should thoroughly review Chapter 8, "Building Customer Relationships," and Chapter 11, "Selling on the Internet."

Involving Partners. Some partners may want to participate in co-founding your community; others may want to be sponsors. Others may see the community as a way to increase their own exposure and sales opportunities. Partners who have a brand name can enhance the credibility of your community and make it all the more desirable to users. For more about partnering, see Chapter 10.

4. *Set up the back end.* As indicated earlier, a community is a more complex and involved Web site. Do not underestimate the back end. Establish processes and procedures to service and respond to community members. Have a good, integrated Web database in operation. Ensure that all technologies you deploy in the community are pretested and functioning properly. Verify that your Web server or hosting service is adequate and that all activity can be monitored. Make sure everything is working— *before* you go live!

5. *Launch and publicize your community.* Launching a Web community is a lot like launching a new product—and most marketers know what that involves. Use the same marketing tactics for launching the community as

you would with launching a new product: establish a publicity campaign, try to get press coverage, hold special events, and if appropriate, advertise.

6. *Maintain and grow your community.* Once established, your community will require ongoing care and attention. A community is an active, vibrant place. Community members will expect content to be refreshed frequently, links to be working, discussion groups to be current, and interactive systems to be responsive. Maintaining the community is an essential part of its success. And your job does not stop there—you should always be looking for ways to improve and grow the community.

10

Developing Internet Partnerships

B-to-b partnering is not a new concept. Strategic alliances, channel partners, and cooperative business ventures are common practices. However, there has been a steady increase in "coopetition"—the practice of competitors forming alliances or joint ventures. IBM was an innovator in this area, reaching agreements with arch-rivals Dell and EMC. Both Dell and EMC competed fiercely with IBM, the first going head-to-head in PC sales and the second steadily increasing market share in computer storage systems, once an IBM stronghold. Yet IBM apparently saw value in cooperating with these competitors, finding a way to turn their opposition into a business opportunity.

While old-school business theory might argue against "coopetition," ultimately it is the marketplace that decides whether such alliances make sense. As Adam Brandenburger and Barry Nalebuff defined it in their book *Co-opetition*, it is wise to look for "complementors" in your competitive space. According to these authors, a "complementor" causes customers to value your product more than when they have your product alone.

The influence of the Internet is present in many such alliances. In the chapter on business communities, we discussed the phenomenon of Internet business exchanges. Here, rival businesses are forming alliances to pool purchasing power and resources. Although they open up the question of antitrust actions, such partnerships are continuing unabated, at least at the present. The business benefits of alliances, even among competitors, simply outweigh the liabilities.

The Internet has helped to create a whole new business environment in which partnering, even with competitors, becomes incredibly attractive. With its natural alliance-building architecture, the Internet has broken down business barriers and caused partnering to flourish. The Internet has even spawned its own brand of partnering—affiliate programs. The Internet is also becoming the core of entire information networks established by partnering organizations. In this chapter, you will see how b-to-b companies are leveraging Internet partnering and how you can take full advantage of it.

Partnering—The Traditional Way

"Strategic alliances" and other partnering relationships are an increasingly common way of doing business. Companies with compatible products or services find that they can reduce marketing and sales costs, provide a more comprehensive solution, and potentially increase revenues faster when they work together.

Information Technology is one industry that has seen great changes because of partnering. Computer hardware and software companies often develop partnerships that are intended to present strong reasons to buy two or more products together rather than separately. These companies will

sometimes involve a channel partner, such as a VAR (Value-Added Reseller) or a distributor, which typically adds a service and support component to the package. A web site that rates the best VARs is *https://www.g2crowd.com/*. In the best scenarios, the partners deliver a superior solution of high value, but if the partnerships go awry, the customer can be caught in the middle of a lot of finger pointing or, at the very least, a lack of coordination.

Nonetheless, partnering has its distinct advantages, and it has been generally successful as a way of doing business for computer companies. It seems logical, then, that the Internet would not only adopt the partnering model but capitalize on it. In fact, a whole Internet-based business model—the ASP, or Application Service Provider—is largely built on partnering. ASPs typically provide services via the Internet for a monthly fee. These services often utilize select software applications from partner organizations as the basis for their existence. The business model would not work without partnering.

Today, in light of ever-changing economic conditions, partnering could offer b-to-b marketers certain strategic advantages. If, for example, a company is looking for ways to reduce overhead, it may choose to increase its dependence on alternative sales channels. Building and growing a partner network might be more attractive than expanding a direct sales force, especially in industries or geographies where the company is weak.

Before we explore Internet partnering, it might be appropriate to talk about some of the ways you can get the most out of traditional partner marketing relationships.

Cooperate But Do Not Capitulate

Cooperative marketing programs should be just that—cooperative. You and

your partner should develop programs together, and you should agree on common objectives, offers, messaging, and logistics. It is generally best for only one partner to take the lead—and usually it is the partner who is putting in the most money. If that is your company, you need to diplomatically take control of the program. Although you will work in a spirit of cooperation, you will also want to be sure that your company gets what it needs out of the relationship, that you can make the final decisions, and that you will get a reasonable return on your investment.

Accentuate Your Compatibility

Get to the root of what is fundamentally special about your partner relationship—and then highlight the benefits of it. You may want to develop special packages or offers that make it very attractive to purchase your products together with your partner's products. If the partner relationship involves service and support, this too could be a unique aspect of your sale. Whenever you sell jointly, convince the prospect that your partnership makes you stronger and differentiates you from the pack.

Centralize Lead Processing

If possible, centralize lead processing and fulfillment. If you are the lead partner, maintain management of the lead generation process. If leads go directly to partners, you immediately lose control over those leads—and your ability to track responses and analyze results is lost as well. If you must decentralize lead generation, at least establish and agree on methods to share, distribute, contact, and follow up on leads. This activity should be just as carefully managed and coordinated as joint sales calls.

Offer Resellers Turnkey Programs—And Make It Easy To Participate

Many b-to-b direct marketers are involved in *channel marketing*— marketing products and services through VARs (Value-Added Resellers), retailers, distributors, representatives, agents, or other marketing partners who resell products. Computer hardware, software, and networking manufacturers have widely adopted this selling model to reach diverse markets more effectively, often on a worldwide basis. (For an in-depth look at this business, visit CRN at *www.crn.com/*.) As another example, insurance companies have long distributed their products and services through captive or independent agents.

Resellers are a special kind of partner. They especially like programs that support their business but take very little effort on their part. If you want to support reseller partners, it pays to design direct marketing programs that are fast, low in cost, and easy to customize for resellers. Consider doing VAR versions of your end user promotions, and get larger VARs to sign on up front so you can simply tag them on to your existing program. It will be easier, faster, and cheaper for everyone.

Consider adding incentive programs for the sales teams of larger resellers—so they get excited about promoting your products over someone else's. Make sure the sales teams (yours as well as your partners') are informed of any direct marketing programs that you are executing on their behalf.

Supporting Partners with Traditional Direct Marketing

Supporting partners with traditional direct marketing is a commonplace practice. Companies working as partners may co-brand advertising or direct

mail promotions to take advantage of market conditions and benefit from joint marketing. Alternatively, the sponsoring company may execute a direct mail program and offer partners the opportunity of participating by printing versions of the piece with each partner's logo and call to action information.

Some partnered direct marketing programs are comprehensive and all-encompassing, but they need not be this elaborate to achieve results. Partner versions of self-mailers and postcards can perform very effectively. As with any direct marketing program, the keys are good list selection, a strong offer, and audience-appropriate creative.

Today, of course, there is another weapon—the Internet. Now traditional direct marketing partner programs can be enhanced or even replaced with the Internet in a variety of ways:

1. Using a partner-specific URL, you can direct leads to a special Web page that reinforces the benefits of the partnered program and captures responder information.

2. E-mail can be used to acknowledge information requests, confirm orders, and embed Web links to partners' Web sites.

3. You can keep partners informed of program activities via e-mail and post direct mail samples for partners to review on the Web.

4. You can use a partner extranet to allow partners to view and order entire programs, distribute leads, track results, and monitor performance.

We will discuss these ideas further later in this chapter, but first, let's take a look at how partnering began on the Internet.

The Starting Point for Internet Partnering:

Affiliate Programs

It was Amazon.com (*www.amazon.com*) that created the first commercially successful *affiliate marketing program,* Amazon.com Associates. Amazon pioneered a method of partner or shared revenue marketing that has become one of the fastest-growing types of business on the Internet. Brian Livingston reported in Ecommerce-Guide that Amazon attributed 40% of its sales to affiliate marketing. Market researchers predicted that affiliate sales would hit $4.5 billion in 2016, influencing 14% of all e-commerce purchases.

What exactly is affiliate marketing? The particulars change based on who is offering it and how it operates, but the basic definition is the same: An affiliate marketing program is essentially a revenue-sharing program that uses the Internet to facilitate partnered selling.

Let's look at Amazon's original affiliate model to explain the concept. It is a very simple yet ingenious idea. Anyone with a Web site (as long as it does not have questionable content) can become an Amazon Associate, free of charge. You simply sign up, agree to the company's terms, and link to Amazon.com's site through a variety of ways. For example, you can put a button on your home page, use a search box link (which allows visitors to search Amazon for products from within your site), or link to individual products sold by Amazon. In all cases, links lead your Web site visitors directly to Amazon.com—through a unique URL that tracks activity back to you. This way, if a visitor purchases anything from Amazon through your site, you get paid a commission, based on the particular product purchased. You also get the benefit of an e-commerce store on your site, along with the legitimacy of the Amazon brand.

You become an agent or an Internet reseller for Amazon. You need not fill the order, collect money, or deal with customer service because Amazon handles all that. Since the company is so good at it, your Web site visitors have a positive buying experience through your site. It is an Internet variation of the old drop shipping model used by mail order companies. A mail order company would offer a product it did not manufacture and make an arrangement with the manufacturer to ship the product from its warehouse directly to the customer. The mail order company, as the middleman, would then bill the customer and pay the manufacturer.

Affiliate marketing is so uncomplicated and easy for both parties that it is possible for everybody to be a winner. There is little risk on the part of either the affiliate program sponsor or the affiliate. Setting up links is technically simple and inexpensive, and the very nature of the Web makes these links easily traceable. An affiliate can be as aggressive or passive as desired in promoting the sponsor's products. In some cases, the affiliate's primary objective may be to enhance a Web site's service component, so the added income from the program is just an added benefit. Other affiliates may be looking for a fast, easy way to get into e-commerce or improve an established operation by adding an increased product line.

From the site visitor's perspective, an affiliate program is an added benefit. The visitor can now purchase products or services directly from your site. If those products and services are relevant to your site's topic area, then the visitor's experience is enhanced.

Business-to-Business Affiliate Programs

Affiliate programs were first developed for the business-to-consumer

market, but they have grown dramatically in the b-to-b space. In fact, the affiliate program model can easily be adapted to meet the needs of the b-to-b marketer. Suppose you are a marketer of financial services and you target business prospects. If you were part of the Amazon.com Associates program or another Internet bookseller's program, you could select appropriate books in the financial category and sell them on your Web site. You are providing your site visitors with a service and gaining additional revenue at no cost. It really is that easy to make money with the affiliate program model.

The same principle applies to other affiliate programs, from products to services to auctions. It is all in how you use the affiliate program to meet your own specialized business-to-business marketing needs.

Despite the growth of affiliate marketing, some believe the model is flawed. Critics say that affiliate marketing simply directs Web traffic to other sites, providing a quick exit door instead of keeping visitors captive. As a result, some companies, such as JDA *(jda.com/),* offer solutions to help companies build their own web presences using JDA as a vendor.

Tips on Becoming an Affiliate

In most cases, becoming an affiliate is as uncomplicated as signing up and linking to the affiliate sponsor's site, but there are a number of key considerations:

1. *Choose affiliate programs carefully.* Thousands of affiliate programs are available. Start by doing a survey of these programs to determine which fit with your site. One the best places to look is Ecommerce Guide *(ecommerceguide.com/).* This site does an excellent job of providing general information about, and search engines for, affiliate programs.

There are thousands of affiliate programs to review, with more than enough entries in the b-to-b market. Pick several that appeal to you and then read the terms of every affiliate program very carefully. *They are not all the same.* Each may have its own unique twist. Be sure to understand the commitment required by the sponsor and whether or not you will have to pay anything up front to participate.

2. *Verify the legitimacy of the programs you are considering.* Do not assume that an affiliate program or its sponsor is legitimate, just because you find it in a directory. If you are familiar with the name and the reputation of the company, there is probably little cause for concern. However, many affiliate program sponsors could be companies you never heard of before. This does not mean they are not legitimate, but do your homework. Make sure you are comfortable with the types of products the sponsoring company offers. Find out how long the sponsor's affiliate program has been in existence and how many affiliates are involved. Ask for references and check them out. Try to learn if there have been any complaints about the company by checking them out with local Better Business Bureaus or other such organizations operating on the Internet. It may even be worth it to go to a few of the sponsor's affiliate sites and order product through them to see how the sponsor handles your order. Determine if you can try the program for a limited period of time without obligation. This is a serious business decision. Make sure you are affiliating with a company that will not damage your own reputation.

3. *Select programs that meet your Web site visitors' needs.* Narrow down your selection to a few affiliate programs that you feel best fit with your site. Typically, your affiliate program will be more successful if the

sponsor's products or services are complementary to your own. Just as you would be wise to select specific books from Amazon.com that might be of interest to a site visitor, you should think about *drawing a relationship* between the sponsor's offerings and your site. Why do visitors come to your site, and what are they looking for? If the sponsor's affiliate program helps to answer these questions and support the theme of your site or the business you are in, then it is probably a good fit.

4. *Test one program.* You will probably be tempted to add several affiliate programs to your site. If you are new to affiliate marketing, however, you may want to approach it conservatively and test one program first. It is important to understand how affiliate marketing works and to see if your visitors will be receptive to it. You also need to make a commitment to the affiliate program, promoting it on your site and keeping the information relating to the program fresh.

5. *Continuously evaluate the program and add other programs selectively.* Keep a close eye on how well the affiliate program is working. Evaluate the sponsor's service and make sure your visitors are satisfied. Determine if you are getting what you anticipated out of the program. Once you are comfortable with the concept of affiliate marketing, you could consider adding other programs to your site, but do so selectively. Typically, it is not productive to add multiple affiliate programs in the same category, for example. Make a commitment to one bookseller, or one computer products vendor. Otherwise, you may be offering your visitors too many choices and that could dilute overall ordering from your site. Affiliate programs should enhance your site, not take away from its effectiveness. If you fill your site with too many affiliate programs, your visitors may

perceive that you are more interested in making money than servicing their needs.

Guidelines for Creating Your Own Affiliate Program

If you are interested in creating your own affiliate program, you will have a different perspective. Here our guidelines for such an undertaking.

Establish an E-commerce Operation First

Although some affiliate programs share leads rather than revenue, the vast majority of affiliate programs are e-commerce programs. Do not even try to institute an affiliate program unless you already have a successful e-commerce operation or you are willing to make the investment in such an operation. If your objective is to fuel your e-commerce effort with affiliate marketing, you probably should consider a packaged solution or an affiliate marketing service provider. Here are a few of the leading providers of affiliate marketing programs.

CJ Affiliate by Conversant *(www.cj.com/)*
CJ Affiliate is an affiliate marketing ASP that provides a turnkey solution for managing revenue sharing relationships. CJ Affiliate provides a large network of merchants and content sites with affiliate marketing, management, recruiting, and administrative services on demand. Groupon is a satisfied customer of the firm.

Rakuten Marketing *(rakutenmarketing.com/affiliate)*
Under the original name of LinkShare, this was one of the early providers of

affiliate marketing programs. The industry voted Rakuten Marketing the number-one Affiliate Marketing Network for six consecutive years, and in 2016 they facilitated more than 100 million orders worldwide. Satisfied customers include Best Buy, Pacsun, Macy's, Guess, Walmart, Papa John's, and many more.

Performics *(www.performics.com)*

Performics, which is now the performance marketing arm of Publicis, includes affiliate marketing among its media and direct commerce services. Among its many clients are HP, Kiehl's, H&M, and Kohl's.

Each of these service providers offer start-to-finish services in terms of setting up and managing affiliate programs. In return, they typically collect 20 to 30% commission. This may seem like a lot, but it would be very difficult to set up your own affiliate program and manage the high level of affiliate interaction that is necessary for success. If your affiliate program had thousands or even hundreds of affiliates, you would need a specialized system to run the program.

Construct an Affiliate Program That Benefits Everyone

As the affiliate program sponsor, your primary objectives are probably to extend your own company's awareness and reach, and increase your revenue. But you have a business obligation to construct a program that also benefits your primary customers (your affiliates) *and* your secondary customers (your affiliates' customers). Your affiliate program should be easy and uncomplicated for an affiliate to implement. Although you could charge an

affiliate for participating in your program, most affiliate programs are free to the affiliate, so you may be less competitive if participation in your program costs money. Structure your compensation plan fairly so that the affiliate benefits from your sales success.

Typically, companies offer affiliates anywhere from 5 to 15% of the selling price of a product or service. Some programs may offer as high as 20 to 30%, but these higher amounts are usually doled out as special incentives or bonuses. Although many affiliate programs are based on flat commissions, there is some evidence that sliding scale commissions are being adopted by merchants with products of varying value. A sliding scale may be appropriate if you want to reward affiliates for selling higher-priced products, and it could also differentiate your affiliate program from others. Remember, affiliates are really resellers who can contribute significant incremental sales at little cost to you, so make it worth their while to participate.

Work Out All the Details

There are numerous operational details you will need to think about. For example, you could offer an affiliate program that has branding options. You may feel strongly about maintaining your identity on the affiliate program (as does Amazon.com), or you may want to allow affiliates the flexibility to co-brand or private-label your program. Under the private-label scenario, an affiliate could basically take your program and put its name on it. You could decide to implement a graduated revenue-sharing arrangement, whereby affiliates who sell more get a higher share of revenue. You need to determine what kinds of linking to your site you will allow, provide artwork and instructions, and set up a system that tracks affiliate activity. These are the

kinds of details you will need to work out in advance, and each detail will have technical implications behind it.

Protect Yourself with a Legal Agreement

One of the advantages of affiliate programs is that you can grow a network of affiliates very rapidly via the Internet. If hundreds or thousands of Web site owners become your affiliates, it is unlikely you will be able to screen them all and get to know them individually. That is why a legal agreement is absolutely essential. Before you accept affiliates, they should be required to accept the terms of your agreement. The agreement should include, among other things, a discussion of the business relationship you are establishing, your stand on ethics, terms of payment, and conditions of cancellation. You will probably want some language in the agreement that protects you and your site against fraud, unethical practices, and use of your program in association with any illegal or objectionable business activity.

Service Your Affiliates

After your program is up and running, keep your affiliates informed via e-mail and by posting information on a special affiliates' page on your Web site. Report activity to affiliates on a regular basis, and be sure to issue payments *promptly*. Ask your affiliates for feedback on how you can make your program better and what you can do to improve service. Affiliates are not only a valuable source of revenue, they can also refer other affiliates to you and help you keep your finger on the pulse of Internet buyers.

Make a Long-term Commitment to Affiliate Marketing

After you are in the affiliate marketing business, look at it as a *business,* not just a marketing program. As a major distribution channel for your product or service, your affiliates are as important a channel as distributors, resellers, retailers, or a direct sales force. Do not underestimate the care and attention affiliates will require. You will need to consider an ongoing program of affiliate acquisition and retention, just as you would with prospects and customers. You will need to police your network as best you can to make sure that affiliates are legitimate and that they are playing by the rules. You will want to work out the details of building and maintaining relationships with your affiliate community. Of course, you will also need to have a solid structure for standard affiliate reporting (both internal and reports to affiliates) and affiliate compensation.

Examples of B-to-B Affiliate Programs

Here are two examples of b-to-b affiliate programs.

BuyTELCO.com *(www.buytelco.com)*

BuyTELCO is a clearing house for companies to purchase telephone services, selling everything from Internet access and frame relay circuits to long distance and DSL. BuyTELCO has an affiliate program that lets affiliates decide what's best for their sites. They can link directly to the BuyTELCO home page, with access to the entire site, or only to those sections of the site that are of most interest to their customers. Affiliates create their own BuyTELCO store and earn commissions on the items they stock there. BuyTELCO also offers PartnerPlace, a program that allows system integrators

and VARs to set up a telecom back office, or private extranet, that can be offered to customers.

Amway Partner Stores *(www.amwaypartnerstores.com)*

Amway exemplifies a business-to-business-to-consumer system in which Amway Independent Business Owners (IBOs) work with their consumer-customers to encourage purchases of a wide range of products, well beyond Amway's own health and beauty aids. There are scores of affiliates listed on the Amway Partner Store site, including several in the b-to-b realm selling items such as paper products, cleaning supplies, agricultural products and coffee supplies.

Using the Internet to Support Channel Partners

Although the affiliate program is the prevalent partner model on the Internet, there is another kind of partnership that the Internet can impact—channel partnering. Companies using retail or reseller channels know that these forms of product distribution make it difficult if not impossible to capture the end user customer. Customer end users are sometimes held at arm's length—unintentionally or purposely—by distributors, dealers, resellers, or retailers. Even worse, these customers become vulnerable to a company's competition because the reseller or retailer often does not have an exclusive relationship with the company and can therefore market competitive products to these customers.

As a result, the originating company misses out on the opportunity to communicate first-hand with a vast customer segment. These customers are no less important to the originating company, but they are "co-customers" of the

channel partner. Marketing to this specialized customer base and building relationships with them becomes a complex and difficult challenge.

Just as important, the originating company needs to build an ongoing relationship with the partner organization itself. Large, global companies in particular could have a loose network of partners all over the world, some more loyal than others. How can a large company keep all of these various types of partners informed? And how can that company truly service their needs?

The Internet may help to solve this chronic business-to-business marketing problem. The Internet can help you know who your customers are when you rely on indirect sales channels; and the Internet makes it relatively easy for you to collaborate with resellers and other partners, sharing resources and cooperating on electronic marketing initiatives that could result in a substantial payback for a modest investment on the part of all partners. If you are the originating company, you can go a step further and enlist the assistance of partner organizations in reaching out to the Internet's extended customer family.

Reaching channel customers could be just the beginning of a deepening Internet relationship between companies and their partners. It therefore makes sense to fully explore the potential of sharing information on each other's Web sites, cross-linking, and extending electronic marketing activities.

Building an Internet-based Channel Partner Program

There is little doubt that b-to-b companies will increasingly rely on the Internet to help them maintain partner relationships and service channel partners. Of course, these business relationships are far more involved than the

previously discussed affiliate programs. For the most part, the affiliate program concept relies on large numbers to succeed. The affiliate concept links hundreds or thousands of other Web site owners together, working on the basis of exponentially increasing the sales of the originator. Although the originator "touches" the affiliates occasionally, the business relationship is more distant than with traditional partners. In most cases, the originator never meets or even speaks with the affiliate; the relationship is conducted online.

Here, on the other hand, it is likely that a business partner relationship has already been established, typically with a select group of companies. The partners are far more important in their relationships with the originating company. They were in place before the Internet was even considered as a marketing channel.

When it comes to partnering, b-to-b companies must employ the Internet with care because a company's Web presence can create the ultimate in channel conflict. An IT case in point came to light in "Avoiding Channel Conflict," a story that appeared in *Line 56* magazine. It was reported at the time that Hewlett-Packard walked a fine line between selling directly and via its 40,000 North American resellers. HP tried to avoid undercutting its resellers in pricing. In addition, HP funneled leads via the Web directly to thousands of North American certified resellers. Resellers were required to report on the disposition of each lead.

Another example is Steelcase (*www.steelcase.com*), the world's leading supplier of office furniture. Steelcase sells exclusively through dealers, but at one time the firm wanted to test the waters selling its signature product, the Leap chair, online. The solution was to develop a "win-win" situation for dealers and Steelcase alike. Customers who came onto the site wishing to buy just one or a few Leap chairs were invited to do so. Those who indicated that

they wanted to make a larger purchase were instantly referred to their local dealer, with the information going directly to the dealer for follow-up. The dealers appreciated the new source of leads, and were happy to avoid selling chairs in ones and twos without the design services and high-ticket furniture bundles that brought them optimal profits.

For Internet "pure play" companies, the affiliate program may, in fact, represent the sole partner channel, but for traditional b-to-b marketers rapidly transitioning to Internet marketing, the affiliate program is merely a nice bonus in terms of incremental revenue. For the traditional b-to-b company, channel partners are more integral to the success of that company's entire selling model. In some cases, as with companies distributing products through distributors or master resellers, channel selling could be largely responsible for the company's profit or loss.

For these companies, then, the Internet is being used to facilitate communication and interaction between the company and the partner. In fact, this application of the Internet is probably even more significant than affiliate programs in the long run.

It is important to realize that the Internet itself will not compensate for a channel partner program that is unstable or poorly run in the first place. However, if your channel partner program is on solid ground to begin with, then using the Internet can have a major positive impact on channel partner programs.

There are several ways you can combine the traditional principles of partnering with the benefits of new media marketing.

1. *"Web-ize" the partner relationship.* Whether you are the company with partners or the partner, you can ensure that the Internet is an integral part

of your business relationship by collaborating on the Web. Encourage partners either to link to your site or to pick up and incorporate entire pages of information from your site into their sites. Provide partners with information from your Web site that you have repackaged for their use or offer to customize Web content for their sites. Give partners a graphic button or small banner that they can use on their sites to link to your site. If you are the originating company, offer partners a place on your site where they can post their information, perhaps in a partner showcase section of your Web site. Provide partners with their own unique order page to facilitate e-commerce.

2. *Link your communications electronically.* Encourage e-mail communications between your organization's employees and your partners' employees. With major business partners, you may want to agree on using portions of each other's networks selectively to facilitate communications.

3. *Promote your partners in a special area of your Web site.* B-to-b marketers with significant partner relationships may want to promote these relationships on their corporate Web sites. The most common way to do this is by creating a special area on the Web site. This section typically describes the company's partner program (so the company can potentially acquire new partners), highlights new partner participants, features news about partners, and provides links to partners' sites.

4. *Establish a partner service extranet.* A partner extranet is a Web site that you establish especially for the use of one or more partners. There are two possibilities: You can create a private access area of your company's

Web site just for partners, or you can establish a private extranet that uses a separate URL to hide it from public view. In both cases, the primary objective is the same: to provide a site that services your partners. This site can be as simple or as sophisticated as you wish. You can start by using it as a central repository of all partner information—program details, agreements, promotions, and so on.

Ultimately, however, the greatest value of a partner extranet is *service*. You can use the partner extranet to offer a full range of promotional and marketing services to your partners. By establishing an order, delivery, and monitoring process up front, you will be able to offer partners a complete, one-stop resource for support.

You can also use the extranet to service the partner relationship by transferring paper-based systems to the Internet. For example, consider moving program and product ordering, lead distribution, results tracking, program monitoring, invoicing, receivables, and inventory tracking to the Internet, if you have not done so already. Create a self-service center where partners can resolve their own problems to cut down on telephone and face-to-face support. In other words, use the Internet to conduct business with your partners, not just as a marketing support medium.

Examples of Internet Partner Programs

Since Information Technology companies lead the market in using partners and the channel to distribute their products, they tend to have the most mature Web-based partner programs. Here are some examples.

Cisco (*www.cisco.com*)

Nearly 90% of Cisco's revenue goes through the channel, so you would expect

Cisco to have a large, active partner and reseller program. Cisco's Channel Partner Program focuses, in part, on aggressively leveraging e-business. Cisco's established Internet presence plays a significant role in making the program a success.

IBM PartnerWorld *(www-356.ibm.com)*

Take a good look at IBM's PartnerWorld and you'll get a real appreciation for just how comprehensive partner programs can be. PartnerWorld is a complete resource for IBM Business Partners that includes marketing and sales, education and certification, technical support, financing, and more, all in one central location. The marketing and sales area is particularly impressive: It offers an entire comarketing program of campaigns, events and seminars, a marketing materials center with an eLiterature Rack and image library, and numerous sales tools, such as lead management and an "e-business value knowledgebase."

Intel *(www.intel.com)*

The maker of the Pentium processor has an entire subsite off its corporate site just for the channel. (Search Intel Partner site on Google.) It covers products, technology and research, resources, support, downloads and more. Various levels of partner-members enjoy a host of benefits and opportunities.

Microsoft *(www.partner.microsoft.com)*

Microsoft for Partners is itself a customer site that is accessible from the Microsoft.com home page. The Partners offers products and solutions, sales and marketing, licensing opportunities, training and events, and support and security.

MicroStrategy (*www.microstrategy.com*)

MicroStrategy a business intelligence and CRM solutions company, has a well-designed partner program that effectively leverages the power of the Internet. The firm's current business intelligence platform, MicroStrategy 10.8, was specifically designed for fast and simple initial implementation and to grow seamlessly to support enterprise-class requirements. MicroStrategy offers its customers and business partners a comprehensive set of services including technical advisory services, consulting, education and technical support.

MicroFocus (*www.microfocus.com*)

Networking software company Novell is now part of MicroFocus. Its partner site offers services for solutions providers, technology partners and training partners. They are offered promotions, business tools, training and support aimed at growing their businesses.

Oracle (*www.oracle.com/partners/*)

Oracle has a large network of partners—including hardware vendors, independent software vendors, and systems integrators—who deliver applications and services based on Oracle's database. Oracle makes heavy usage of the Internet in servicing these partners. In addition, the company provides a solutions finder that allows users to search on a combination of any word, company name, product name, industry, geography, business function, and operating system to locate the appropriate solution and partner.

Partnering, Internet Style: What the Future Holds

You can expect to see many more of these partnerships, strategic alliances, and affiliations spring up, all facilitated by the Internet. It is too large a business opportunity to ignore, even for companies who compete with one another.

This phenomenon itself has far-reaching implications for b-to-b companies who may be suppliers and buyers alike. Suppliers can participate in a consortium that spreads the Internet infrastructure costs across non-competing partners, achieves economies of scale by offering more and more products at little or no increase in promotional costs, and reaches a wider audience of prospective buyers than could be reached independently. Buyers gain the tremendous convenience of a single point of contact for locating and evaluating products, issuing purchase orders, procuring items, receiving invoices, making payments, and tracking orders. It is likely that, with the proliferation of such consolidated buying sites, suppliers can ultimately reduce their costs and buyers can get better deals. In theory, at least, everyone wins.

As a b-to-b marketer on the Internet, you have a whole new opportunity to extend the reach of your company through this type of Internet partnering. It might be as simple as linking your Web site to other partner sellers or as serious as participating in a sellers' consortium. Whatever form of business venture you pursue, partnering could mean a new source of profits.

This is not the only form of partnering that will exist as the Internet economy matures. Licensing brands and information is a rapidly growing business on the Internet. Co-branding and sponsorships are spreading. These are opportunities that should be explored.

Chances are that, if you are not already, you will also be partnering with your customers in a very real sense. As numerous books on the Internet's future point out, customers will drive companies to build entire marketing and

business strategies around them. Models for the most successful companies doing business on the Internet are already built, and, no surprise, they are all customer driven. These new-age companies treat their customers as if they are strategic partners, encouraging them to play an integral part in molding the company's business.

Finally, as business and consumer users increasingly rely on the Internet as a primary source of information, they will turn to a new kind of partner—the "infomediary." As described by John Hagel III and Marc Singer in their book *Net Worth,* the infomediary, or information intermediary "…will become the catalyst for people to begin demanding value in exchange for data about themselves. …By connecting information supply with information demand, and by helping both parties determine the value of that information, infomediaries will build a new kind of information supply chain."

Hagel and Singer's infomediary of the Internet future could be the portal, community, exchange, or information network of today. Wherever the infomediary comes from, b-to-b Internet marketers will need to factor this new partner into the mix.

In some cases, the infomediary will become a true facilitator of buying decisions. Respond.com *(www.respond.com)* is an interesting example of the potential for matching buyers with sellers. Respond.com describes itself as a "request-driven lead generation solution provider" that matches up businesses with purchase-ready buyers. This Internet matching service, which was the first of its kind, puts prospective buyers in touch with sellers anonymously. The twist is that Respond.com lists product categories connected to forms that the prospect completes and sends. The prospect indicates interest in a particular product. Respond.com *removes the personal information about the prospect* from the form and forwards it to participating sellers via e-mail. The

sellers then respond to the e-mail with information, which goes through Respond.com back to the prospect. In addition to its own branded matching service, Respond private-labels its MatchSource solution so that portals, search engines, directories, and other online communities can offer its business matching service.

One way or the other, a significant success factor for b-to-b Internet marketers is likely to be based on choosing the right partners. It is a strategy that should not be underestimated.

11

Selling on the Internet

Selling on the Internet is, of course, the holy grail of Internet marketing. That is why it is the last, but certainly not the least, of the Internet marketing strategies discussed in this book. For b-to-b marketers, e-commerce is the culmination of every online marketing effort, the ultimate goal of every marketing activity. Although not all products and services are appropriate for selling on the Internet, almost every b-to-b Internet marketer can find a way to sell something.

Despite the rapid rate of e-commerce growth, selling online has claimed its casualties. Years ago, the Internet landscape was littered with unsuccessful dot-coms whose online sales failed to meet their lofty expectations. However, many of these failures were the result of poor business plans or overreliance on the Internet as an exclusive sales channel.

Now there is a more realistic attitude toward selling on the Internet, not necessarily negative, but cautious and calculated. This is a good thing, because companies are more closely evaluating the risks as well as the rewards. Taking a lesson from the pure play dot-com failures, it is largely the "click and

mortars" who are now finding that the best way to sell online is to integrate it with selling offline. E-commerce thus becomes one vitally important sales strategy, but not the only one.

This chapter looks at some of the ways you can take advantage of e-commerce and helps guide you toward avoiding the pitfalls and turning a profit online.

Putting B-to-B E-commerce into Perspective

Early interest in the Internet went beyond a better way to communicate or a more effective way to generate, qualify, and fulfill leads. The real power of the Internet, according to early adopter visionaries, was in its potential to be a major sales channel for marketers. E-commerce—generating revenue directly from electronic storefronts—was touted as the killer application.

With all the optimism, there were some early significant issues surrounding electronic commerce that needed to be addressed…and still linger as issues today:

1. **Security and Privacy.** Despite the attractiveness of online buying, considerable concern about the security of Internet-based transactions exists on the part of the prospective e-buyer. Hacks of high-profile companies, credit card firms and service bureaus show that this is still an important concern. No less prominent, however, is the issue of privacy—not just privacy of credit card data, but the individual purchaser's privacy. Customers are well aware that organizations are capturing and accumulating personal data them as well as on prospects, and that in some cases, that data is traded, rented, or sold. This issue continues to be

one that can hamper e-commerce if it is not resolved in the minds of business and consumer buyers alike.

2. **Infrastructure Cost.** Internet marketers quickly realized that taking orders electronically required a whole different information infrastructure. Initially, e-commerce solutions were prohibitively expensive for all but the largest of companies. Many early e-commerce leaders designed their own systems from the ground up, but this was not a viable option for mass implementation. The market reacted as a number of vendors introduced lower-cost e-commerce solutions. Now, many off-the-shelf solutions are available, even to small businesses. E-commerce has been further fueled by the widespread popularity of auctions and, in the b-to-b space, business exchanges, discussed in Chapter 9.

3. **Regulatory Environment.** Internet marketers were legitimately wary of regulatory controls that apply to commerce, such as the FTC's 30-day rule, and possible tax implications of doing business electronically. It was clear, however, that online sellers were able to achieve considerable e-commerce success despite these controls. By 1998, Internet commerce was fueled even further by a federal moratorium on taxes, which has been renewed time and again, up to this writing. Even so, taxing online sales continues to be hotly debated by state and federal governments alike.

Actual business conducted online, as well as numerous predictions for future e-commerce sales, supports the fact that the global economy increasingly depends upon the Internet as a leading commerce channel for goods and services. E-commerce also has spread rapidly to worldwide markets

as the Internet's penetration continued to grow exponentially, as statistics quoted earlier in this book strongly indicate.

Dell: An E-commerce Success Story

Dell *(www.dell.com)* is primarily a b-to-b direct marketer…and one whose transition to Internet marketing has been successful over a long period of time. Thus it is worthy of study. With annual revenues of $64.8 billion, the company ranked 41st on the 2017 *Fortune 500.* The vast majority of of Dell's sales are Web-enabled, with most of its technical support activities and order-status transactions taking place online.

Dell was not a dot-com, but rather a traditional direct marketer. In fact, it was Dell's direct business model that allowed it to differentiate itself from competitors. The company's business strategy from the beginning was selling and servicing direct to the customer. There are no retailers or other resellers. As a result, everything Dell offers touches the customer without a middleman.

From Dell's perspective, this business model offers several unique advantages:

Price for Performance. By eliminating resellers, retailers, and other intermediaries, Dell feels it can offer more powerful, more richly configured systems for less money than its competitors. Dell assures this with an efficient procurement, manufacturing, and distribution process.

Service and Support. Dell uses knowledge gained from direct contact before and after the sale to provide superior, tailored customer service.

Latest Technology. Dell's model means the latest relevant technology

can be introduced into its product lines much more quickly than through indirect distribution channels. Inventory is turned over every ten or fewer days, on average.

It was almost as if the Internet was invented for Dell to make its business model even better. Current Dell initiatives include moving even greater volumes of product, sales, service, and support to the Internet, and further expanding an already broad range of value-added services. The company says the Internet provides greater convenience and efficiency to customers and, in turn, to Dell.

At the core of Dell's Internet business is, of course, its Web site, Dell.com. The site was launched in 1994 and added e-commerce capability in 1996. It is today one of the highest-volume Internet commerce sites in the world.

Dell's Web site has become a way to promote efficiencies throughout the company's business, including procurement, customer support, and relationship management. At Dell.com, customers may review, configure, and price systems within Dell's entire product line; order systems online; and track orders from manufacturing through shipping. Dell shares information on a range of topics, including product quality and inventory, with its suppliers. Dell also uses the Internet to deliver industry-leading customer services.

Following are brief descriptions of some of Dell's major e-commerce initiatives.

Dell Premier Web Pages

Tens of thousands of business and institutional customers worldwide use Dell's Premier Dell.com (*www.premier.dell.com*) Web pages to do business with the company online. Premier Dell.com is a series of customized electronic storefronts/information portals for large customers. Premier

Dell.com allows users to configure their systems in real time, with up-to-date pricing for each organization. Connecting this information resource to the customer's purchasing system is relatively straightforward if all the elements are in place.

The ultimate purpose of Premier Dell.com is electronic b-to-b integration. It starts with e-procurement, where the customer pulls information directly from the supplier's server into its purchasing system, creating an electronic requisition. After the requisition is approved, an electronic purchase order is created and sent via the Internet to the supplier. This hands-free process has the potential to dramatically reduce the cost of procurement and reduce errors and cycle times in the purchasing process. Dell has implemented the solution in alliance with customers, choosing companies who are ready to invest the time and resources to strive to improve the way they do business.

An early proponent of Premier Dell.com was LSI Logic Corporation (now part of Avago Technology), then a manufacturer of communications chip solutions. According to Dell, LSI designated Dell as one of its standard suppliers for computer equipment. Employees began using Premier Dell.com to gather information, configure systems, and track orders. When direct ordering capability was added, efficiency really took off.

The company's procurement system was connected with the custom Premier Dell.com catalog, thus making ordering direct from Dell with a paperless process a way of life at LSI Logic's U.S. operations. Employees no longer used time to research PC solutions for themselves. Instead, they chose to order directly from Dell. With standardized, preapproved options readily accessible on their custom Dell catalog at Premier Dell.com, they could simply configure the system they needed and initiate a purchase requisition. The electronic approval process allowed them to track their requisition through the

LSI Logic system. Once the order was electronically sent, they could monitor their purchase at Dell.com to find out when and how it would be shipped and when to expect delivery. The system could also be used to access technical data and track warranty status, part orders, and service calls.

The result from such e-orders is flexibility, speed, efficiency, improved customer service, and asset management. Quoting and order processing are faster because a single configuration record can be carried from beginning to end without reentry. Electronic order entry reduces order processing time. The records in the order management system have the Dell configuration files attached indicating support, limited warranty, and asset tracking.

DellHost/AppsiteHosting

Leveraging its success in the server market, Dell turned to the Web site hosting business and introduced DellHost to help its customers get online. Through DellHost, Dell became a company's Internet Presence Provider, offering space for Web pages and site support. DellHost was a comprehensive service that provides servers, setup, service, and support. As with Dell.com, Delq lhost.com was a direct-to-customer site. DellHost even guaranteed next-business-day setup on all dedicated hosting solutions. The services of DellHost are now handled by a third party.

Dell Software and Accessories

Initially, Dell launched a separate site to sell software and accessories called Gigabuys, but later folded it back into Dell.com as a selection on the home page. At the Dell Software & Accessories site, customer can buy printers, scanners, software, accessories, multimedia, data storage, monitors, projectors, networking products, and even office products, with customized sites aimed at home and home office, small and medium business, large

business, and government/education/healthcare/life sciences.

Dell Auction

   Dell Auction *(www.dellauction.com)* is a technology exchange that offers a way to buy and sell used and refurbished computers, peripherals and accessories of any brand; Donation leads visitors to the National Cristina Foundation (*http://www2.hpn.cristina.org/),* which helps disabled and economically disadvantaged children and adults obtain donated computers.

Dell Learning Center

   The Dell Learning Center includes an online learning service called Dell University. This is an online learning community that combines different learning elements with peer-to-peer and peer-to-mentor interaction to create an educational experience tailored to each individual student's needs. Dell University includes courses, a library of resources including articles and white papers, live and archived online seminars, chat rooms, and threaded discussion groups, and 24-hour-a-day live help. Available courses are segmented by business size and industry.

How E-commerce Works with Your Selling Model

   Dell's selling model originally was 100% direct, although today the firm also sells its products through retailers including Best Buy and Costco. Direct dominance, of course, is not every company's ideal selling model. Before you launch a serious e-commerce effort, consider how you sell now, and how the Internet works with your existing selling model. Next we briefly examine the impact of electronic commerce on several common b-to-b selling models.

The Retail or Mail Order Model

At its roots, Dell is a direct retailer. The retail model is basically one in which the customer makes a direct purchase from a location—a store. The customer must physically come in to make the purchase. If the store has the item in stock, the customer can purchase it immediately; otherwise, the item needs to be ordered and the customer needs to return to get it, or have it delivered when available.

The mail order model is a variation on the retail store model. It simply uses a different distribution channel to complete the transaction. Here, the customer does not physically come to a place to purchase but rather orders an item via phone, mail, e-mail, or the Web. Representative of mail order, probably more than anything else, is the catalog. It is no accident that many retailers have mail order catalogs and many mail order companies have opened retail stores. Why? Because the products are the same, only the distribution channel is different—so the basic underlying business process can be retained and applied to both selling models.

In many respects, Dell is both a store and a catalog. It is an electronic storefront with millions of items, which are classified and cross-referenced so that each product can be individually purchased by any number of criteria. Every product has its own description, its own order number, and its own price.

The Internet difference is that you can visit the catalog. You do not actually drive there, open physical doors, walk down the aisles, look at physical products, pay at the cash register, and leave with your purchase. You can say it differs from a traditional bricks-and-mortar store in that there is a loss of personal contact, the tactile browsing experience, and the immediacy of getting

your merchandise on the spot, but consider the other benefits of the electronic store. You do not have to get in your car, drive there, and park. You can browse limitless "shelves" and visit whenever you want (even in your pajamas). You can find every product imaginable in stock, and never wait in line to make a purchase.

Other major b-to-b retailers (those with stores and mail order catalogs alike) have followed the lead of Dell and other successful online sellers by opening storefronts on the Web. If you sell your products through stores or other direct-to-the-end-user locations, or through catalogs and mail order, you can quickly see how to apply this retail or mail order model to your own brand of Internet-based order generation.

It is not surprising that on the b-to-b side, the first electronic merchants to succeed with Web stores were technology-based catalogers—sellers of multiple computer software, hardware, and networking products and services. Software merchants have even been able to fulfill the promise of instant product delivery by allowing customers to unlock and download live products upon purchase, but the marketplace has quickly extended far beyond that niche, and now virtually everything is, or will be, available for sale on the Internet.

A variant of the retail model on the Internet is the *virtual mall*. As with a traditional mall, a virtual mall is a collection of storefronts. Most malls are established primarily to sell to consumers, but an increasing number of malls feature business-oriented categories.

If you are considering participation in a virtual mall, be prepared to ask the mall manager a lot of detailed questions:

How much *business* traffic does the mall generate?

How many business-to-business advertisers are in the mall?

Which categories are available, and do they appeal to business buyers?

How is the mall promoted?

How does the mall assist advertisers with Internet commerce in terms of technical support, activity tracking and reporting, and secure electronic commerce transactions?

What costs are associated with being a mall participant?

Yet another Internet-based retail model is the *auction*. Auction sites are springing up on the Web to facilitate bidding on new and used products, services, and more. There are variations to auctions such as price comparison sites and "name your lowest bid" sites. In fact, auctions and these related sites are one of the hottest growth areas on the Internet.

Auctions are clearly designed to generate revenue for the sponsoring sites, but there is a key characteristic they share that differentiates them from other e-commerce applications: Many auctions are also Internet-based *communities*. That is because the auction encourages ongoing interaction between buyer and seller, and often between seller and seller, via bulletin boards, newsletters, and community activities.

The Reseller Model

Many b-to-b marketers rely heavily on distributors, resellers, retailers, or partners to generate revenue. This is very common in the high-technology sector, especially in a global economy where selling products might be more

efficiently done through indirect channels.

Depending on the type of product or service you offer, the reseller channel may enhance or even dramatically change the item you sell. For example, a computer manufacturer's business systems are often bundled with a distributor's, reseller's, or partner's own products or services to create a total package or solution sale. The reseller adds value to the sale (hence the term "Value-Added Reseller," or VAR). The reseller channel may just as easily become an extension of the company's direct sales force (which, if it is not handled properly, can create channel conflict situations—harmful to prospects and customers alike).

How do you apply the reseller model to Internet-based order generation? Part of the answer depends on the type of relationship you have with your resellers and how they sell and deliver your products or services to the end user. Consider the concept of populating your resellers' Web sites with information you supply if resellers will allow it. Also consider the possibility of funding e-commerce initiatives with the goal of obtaining site prominence on resellers' sites for your products.

If appropriate, you could use the affiliate marketing model to offer resellers the ability to generate revenue by becoming an electronic conduit to your order generation system. For example, Amazon.com's Associates program passes through the orders from an associate's site via a link to the company's central order processing. The link identifies the associate with a code and the book ordered, connecting the two so that the associate can be credited for the sale.

You could provide each reseller associate with a unique order page on the Web, reflecting the special arrangement you have with that reseller. This can be done by setting up a basic Web page, modifying it for each reseller, and then linking the appropriate page through each reseller's site. Alternatively,

you could authorize your resellers to use special pricing and part numbers on their sites so that the orders automatically pass through to your Web site and order fulfillment system.

Another possibility is to explore partnership opportunities that link your organization together with key resellers. Joint e-mail campaigns, combination banner ads, cooperative lead and order generation Web sites, and Web communities or super-sites benefiting several noncompetitive organizations are just a few of the possibilities. Review Chapter 10, "Developing Internet Partnerships" for more about this selling model.

The Sales Force Model

If your company relies on your own telemarketers and/or a direct sales force to sell products, you are accustomed to the ongoing need to feed them qualified leads. In previous chapters, we discussed how the Internet can be used to generate and qualify leads, attract qualified prospects through Internet events, and instantly provide information to prospects and customers through electronic fulfillment.

Although the sales force model is likely to survive, it is undergoing dramatic change as b-to-b companies feel the pressure to cut selling expenses and improve sales efficiency. Sales force selling will always have its place in consultative and complex selling situations. It is difficult to replace a live sales call when it comes to selling highly technical or high-end products and services, yet the Internet holds real promise as a tool for enhancing the sales process and for continuing the sales cycle in the absence of the salesperson.

Internet telephony offers one intriguing way to take advantage of sales force selling. Technologies that integrate telephony with the Web make it

possible for telesales representatives to intercede during a prospect's Web session and assist the prospect by answering questions immediately. More and more sites are incorporating Call Me buttons and other forms of Internet telephony. As a result, it may not be long before online ordering is enhanced with live voice support.

The Internet-enhanced sales force selling model can also facilitate the traditional sales call. A salesperson could walk into a prospect's office and make a sales presentation that was absolutely guaranteed to be consistently the same, anywhere in the world, regardless of that salesperson's personal knowledge base. That could happen by adapting a Web-based presentation, such as an online seminar, for the specific selling situation.

After an online seminar is created, it can be captured and modified for any salesperson to use. Loaded onto a notebook computer and called up locally through a Web browser, the seminar becomes an interactive sales presentation. The salesperson has instant access to it, without the need for an Internet connection. The salesperson can lead a prospect through a personalized one-to-one presentation, and the company has the assurance that the selling message is uniform and consistent. By connecting the notebook computer to a projection device, the salesperson can make the interactive presentation to many individuals at a single prospect or customer location.

Similarly, while in a prospect's office, the salesperson could access the company Web site or a private intranet or extranet to inform and educate the prospect and facilitate the sales process. If the prospect is ready to buy, contracts and product ordering information could be available to the salesperson over the Web. The salesperson could even place an order and receive an instant electronic acknowledgment from the company—all while sitting right in the prospect's office.

Regardless of the selling model, Internet-enhanced order generation can have a dramatic beneficial impact on your sales process. You can either augment the way you sell products and services with the Internet or transition to the Internet and eventually replace your existing selling model with an Internet selling model.

The way you approach it is up to you, but whatever you decide, generating orders through the Internet is already offering significant business benefits and productivity gains to b-to-b direct marketers. They are achieving increased reach into new markets, better support of customers, accelerated speed of order taking and order fulfillment, and reduced selling costs.

A New Twist to E-commerce: Shopping Bots and Chatbots with Artificial Intelligence

Enabled by powerful search-and-compare engines, the shopping bot brings a twist to e-commerce that has far-reaching implications for b-to-b and all e-sellers. The shopping bot is an agent that basically searches the Web for products you want and then can not only bring back the results but compare features and prices for you. As these bots continue to improve in quality and increase in popularity, they are changing the very nature of e-commerce, putting the buyer in total control of the transaction. With advances in Artificial Intelligence (witness the growing popularity of Amazon's Echo and Google Home) we can expect much more news on this score.

How to Get an E-commerce Order Generation System Up and Running

The bottom line for b-to-b marketers who want to sell over the Internet is that, one way or the other, they will need to have an e-commerce order generation system available to them. Many b-to-b companies may choose to outsource the entire system or use someone else's system (such as a virtual mall, an exchange, or a service that creates an online store), but others may wish to make a long-term commitment to e-commerce by establishing their own system. To address this need, look at it from two different perspectives—modifying your existing order generation system versus creating a new order generation system.

Transitioning from an Existing Order Generation System

Transitioning to the Internet from an existing order generation system is no less challenging than building a system from scratch. You should conduct an audit of the existing system's order information and processing capabilities, as well as its technical infrastructure, to determine exactly what needs to be modified or added.

Of course, any order generation system, traditional or Internet based, should be comprehensive from the start. You will need a closed-loop system that offers you the ability to

- Easily enter and maintain prospect and customer data

- Manage merchandise planning and product inventory

- Pick and process orders quickly and efficiently

- Provide responsive customer service

- Monitor order shipments

- Handle returns

- Invoice and reconcile payments and credits.

It is important that the basic system be grounded in a solid database that retains both customer data and a history of customer transactions. You should be able to use this information to continuously update customer records and segment customers by key product and Recency-Frequency-Monetary (RFM) criteria: which products are purchased when, how often, and for how much money.

The underlying technology is not insignificant. You will need to evaluate existing database software and systems to be sure that they can be Internet enabled. You may need to overlay new software tools onto parts of your system and replace other parts with new software. Equally important are the software and hardware servers and networking systems you will need to handle the anticipated e-commerce activity.

Although most b-to-b direct marketers conceptually understand that generating orders through the Internet is essentially the same body in electronic clothing, there are aspects of e-commerce that are decidedly different. Making a commitment to e-commerce will require a marketer to focus on these major areas at a minimum:

1. **The "Store" or Electronic Catalog.** The storefront or electronic catalog is the place you establish to let the visitor browse, learn about products and, potentially, purchase them. The most common customer purchase

model is a store with products that can be put into a "shopping cart." A visitor adds products to or deletes them from his or her shopping cart—typically an electronic inventory list of product names, numbers, and prices. When the visitor is finished shopping, he or she checks out—the point at which payment is authorized and the order is placed.

2. **The System Behind the Store.** Behind the store is the electronic infrastructure the marketer needs to have in place to run the store. This is the system that processes the order, verifies the credit card payment, picks the items for order fulfillment, triggers the shipping order, tracks the order, and updates the customer record. This system is also responsible for, or tied into, an inventory management system so that products can be replenished as necessary.

3. **The Customer Service Component Integrated with the Store.** A customer service component that creates a sense of confidence and responsiveness is important to e-commerce success. There is a need for almost instantaneous response, because the Internet compresses everything into real time. Customers who order through the Internet will demand feedback at once. From their perspective, they are enabling the order process and facilitating product delivery by being on the Net in the first place.

More than anything else, successful e-commerce marketers convey the perception that they are truly on top of customer service. Organizations such as Federal Express *(www.fedex.com)* and UPS *(www.ups.com)* have gone beyond the boundaries of simple Internet order generation. They allow their customers to play a role in the order generation and fulfillment process. In fact, in many

respects, it is the customers who actually drive the process. Try it for yourself: You can write your own shipping orders and track your own packages over the Internet.

Both FedEx and UPS are Internet innovators in their own right. FedEx pioneered online tracking and brought that capability to the Internet early on. UPS OnLine Tools can be incorporated into e-commerce vendors' Web sites so that customers can calculate shipping costs, select and compare services, and track packages from order through delivery. UPS offers integrated end-to-end fulfillment and supply-chain management services through UPS e-Logistics.

The Internet shipping business was further enhanced with the introduction of iShip, a service that offers online buyers and sellers a one-stop package shipping and tracking solution. Online merchants can use iShip to ship packages cost-effectively and manage shipments. Online buyers can choose carriers and track deliveries through iShip. iShip is a subsidiary of UPS.

What distinguishes outstanding Internet b-to-b direct marketers is their ability to personalize the business transaction. Behind the friendliness of sites such as Dell is a marketing database strategy that clearly puts the customer first. Information must be available on a real-time basis so that pages, such as the personalized instant recommendations area, can be updated on the fly. Amazon.com and other sites use something called collaborative filtering to accomplish this, and it appears that collaborative filtering is, in part, responsible for turning e-browsers into e-buyers.

In fact, as database marketing becomes a driving force on the Internet, e-commerce is likely to become a whole new ball game: Instituting database marketing on the Web will be like making the leap from playing checkers to playing multilevel niches…. The high level of segmentation granularity that

can be achieved with interactive direct marketing is virtually unlimited.… Direct marketers can determine not only what products to display to a particular customer or customer segment and what products to group together to improve cross-selling opportunities, they can even determine finite levels such as which color product to feature based on a customer's purchase history.

Starting a New Order Generation System on the Internet

What if your company is brand new to order generation? Then the Internet is a good place to start—perhaps the only place you will really need. Most early Internet order generation systems were home grown out of necessity, but now packaged systems are available that can get any business-to-business marketer up and running quickly and cost-effectively.

E-commerce has now expanded so dramatically that there are a wide variety of packaged solutions offered by numerous vendors, priced from hundreds to hundreds of thousands of dollars. Some of these solutions are even being offered free, as long as the user agrees to utilize the seller's online e-commerce services.

Even with the availability of off-the-shelf products and all-in-one resources, however, the implications of e-commerce on an organization's existing systems should not be minimized. Legacy systems, such as financial and accounting, and possibly the entire order processing and fulfillment system, will need to be tied together with Internet-based operations. Ultimately, any e-commerce initiative will need to be integrated into a company's operations to gain maximum efficiencies. This fact has never been more obvious than in the experience of traditional retailers transitioning to the Internet. Some have yet to effectively meet the challenge of e-enabled

inventory management and order fulfillment.

The cost of a fully enabled e-commerce system should not be underestimated. Gartner Group *(www.gartner.com)* found that building an e-commerce Web site from scratch cost an average of $1 million, with 79% of the cost being labor related.

Another major issue that should be addressed early on is whether or not you want to commit internal staff and resources to a major e-commerce effort. Maintaining an electronic store or catalog is no small feat. Products need to be photographed, scanned, and uploaded. Copy needs to be written and published. Order numbers and prices need to be continuously reviewed and updated.

That is just the creative side. An e-commerce operation requires serious site management on an ongoing basis. Maintaining pages and links and ensuring that all processes are in proper working order can be a laborious responsibility. At the very least, running an effective e-commerce operation will require a Web server that has the capabilities to facilitate online ordering and transaction processing.

Consider the following in evaluating Web servers:

- Languages and development tools

- HTML editors, search indexes, virtual servers, and other administration tools

- Security capabilities: protocols, authentication, and access control

- E-commerce features, such as credit card processing

Should You Use a Web Hosting Service for E-commerce?

Web hosting by an outside resource is an option that may make sense for some companies. If you choose to have your e-commerce site hosted by an outside service, you will want to review the full capabilities of the hosting Internet Service Provider (ISP). Do not assume that every ISP can provide e-commerce hosting. ISPs typically offer the hardware, software, communications access, and service to host Web sites, but not all ISPs have experience with e-commerce b-to-b applications.

Here are some of the key questions you should ask of potential Web hosting services:

- How many b-to-b customers do you have? How many of them are involved in e-commerce?

- What do you provide in the way of security? (firewalls, encryption, authentication, etc.)

- How do you handle secure transactions? (SSL, PayPal, etc.)

- What other e-commerce services can you provide? (packaged solutions, back-end connections, analysis of site traffic, etc.)

- What support do you provide in the following areas?

  - Online store software and services

  - Database connectivity

  - Server disk space

- CGI scripting

- Java and JavaScript

- Authoring tools

- Support for multiple languages

- E-mail standards

- E-mail virus scanning

- What are your technical and service capabilities?

  - Guaranteed uptime

  - Technical support availability (days and hours)

  - Number of Web servers and number of sites per server

  - Access capabilities (T-1, T-3, ISDN, DSL)

  - Data backup

  - Site management

- What are your fees?

  - Setup

  - Monthly: based on which usage criteria

  - Other fees

Taking Orders Electronically

You do not necessarily have to transform your entire operation into an Internet-based business to take orders electronically. Today, scores of b-to-b direct marketers straddle traditional and Internet order generation by supplementing their printed catalogs and mail order marketing materials with the Internet.

The easiest way to start is to add the Internet as a response path to traditional order generation campaigns. If you generate orders via direct marketing, then you already have an established process to handle mail and phone orders. Now add a Web address that leads to a Web order form. Tell customers to refer to their printed catalog for complete product information while ordering on the Web. Set up a simple open-ended order form that pretty much mirrors one of your catalog order forms.

Even with this first small step toward full-fledged Internet order generation, you will have to establish security procedures so that the privacy of your customers' ordering and credit card information is protected.

Secure transactions are essential across the Internet, and this aspect of e-commerce cannot be a weak link. There were initial concerns about online ordering, but they are lessened with technological advances from companies such as PayPal *(www.paypal.com)*. PayPal enables merchants worldwide to accept multiple forms of payment, and provides a buffer between auction buyers and sellers to ensure that transactions are completed fairly. Numerous other electronic wallet services have been introduced with the hope of increasing consumer and merchant interest in this nascent technology.

mCommerce, or mobile commerce, is gaining steam on a weekly basis. Subscribe to the free e-newsletter Mobile Marketer

(*www.mobilemarketer.com*) to stay abreast of advancements. Experts predict that in the b-to-b world, more hand-held devices than PCs will access the Internet in the near future. This provides an even greater future opportunity for b-to-b companies to capitalize on electronic commerce.

Innovative technologies and new avenues will continue to fuel the explosive growth of e-commerce. There is even a growing movement toward a standardized method of online payment using a new technology called ECML (Electronic Commerce Modeling Language). A number of leading companies are working together in an effort to standardize and simplify the online purchasing process.

Several forms of security promise to make online ordering safer than ever. An especially hot technology area is the digital certificate. A digital certificate is a way of identifying the sender of a message or transaction, protecting that message, and then verifying that the original sender sent the message.

Here is how it works. You want to send a secure message. An intermediary verifies your identity via traditional mail, by telephone, or in person. You then receive a digital certificate with a private key and a public key that will be used by the party who is receiving your message. You encrypt the data to be sent. The party receiving the data decrypts it with a private key and your public key. As a result, the receiving party knows it is really you who sent the message.

It may sound complicated, but standards already exist that are supported by major browsers. The use of digital certificates is already growing rapidly among financial institutions.

Want to avoid taxes on those Internet orders? It is a complicated issue, but to date, the Federal government continues to support a moratorium when it comes to taxing goods sold over the Internet. States are rushing to include the

Internet in mail order tax legislation, but it is unlikely to slow down the growth of e-commerce.

Driving Traffic from the Internet to a
Traditional Order Generation Channel

Another way to implement e-commerce is to use the Internet to provide incentives to prospective customers to go to a traditional store to purchase your product. You can accomplish this with Internet couponing.

Internet couponing promises to be a future growth area. According to research conducted by NPD *(www.npd.com),* 87% of online coupon users say they plan to use them again in the future, yet only half of Internet users know about online coupons. It is notable that over half of the online coupon users in the study were considered upscale, and one-third had incomes above $75,000.

With minor adaptation from the initial consumer couponing model, b-to-b marketers could apply this methodology to their own selling situations. For example, you could offer a prospective customer an Internet coupon that is redeemable through any of your traditional order generation channels—a printed mail order catalog, a reseller, or a retail store. The coupon could be generated on the fly, based on answers to qualification questions. It could be accompanied by specific redemption instructions that include the catalog's toll-free number, a reseller's local phone number, or the local address of a retail store. The coupon could be delivered to the customer's mobile device for maximum ease in redemption.

The Business of Order Fulfillment

As part of even the most basic e-commerce operation, you will need a way to implement online order entry and fulfillment. Ideally, it will be an automated process so that the orders received over the Internet can be seamlessly handled through your existing order entry system.

It may actually make more sense for you to outsource the entire order generation process to an Internet order fulfillment firm. Outsourcing allows you to test the viability of e-commerce without committing internal resources to the operation, but it is generally a short-term strategy for any business that is serious about generating orders through the Internet..

It is likely that you will want to provide customers with everything in one place on the Web—product descriptions, special promotions, pricing information, online ordering, perhaps even interactive customer service. Ultimately, that requires an investment that goes beyond a one-time trial or a simple Web order form.

Given the almost continuous flow of innovations in Internet technology, you can expect that generating orders through the Internet will change shape before your eyes.

Examples of Leading B-to-B e-commerce Web Sites

Perennial winners of "top b-to-b Web site" honors include firms such as Amazon.com, Cisco, UPS, GE, and Dell. Because each sites features and specifics change quite often, one of the best resources for up-to-date benchmarking is the btob section of *Advertising Age's* Web site at (*http://www.btobonline.com/section/btob/976*). You may also check out Web

Awards' Best BtoB Web Site Awards page at: http://www.webaward.org/winners_detail.asp?yr=all&award_level=best&category=B2B#.Wfu12WhSxPY.

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Integrating Online and Offline Marketing

This last chapter of this book demonstrates how you can put all of the strategies previously discussed to work. It has another important goal, however: to prove that online and offline b-to-b marketing can and should be integrated. No b-to-b marketer should be under the impression that the time has come to completely abandon traditional marketing in favor of Internet marketing. Despite the continued dominance of Internet marketing, other marketing channels such as advertising, public relations, and direct mail/telemarketing will likely continue to be essential components of the marketing mix. What will change, however, is the mix itself. We are moving toward a time when all other marketing media support the Internet, rather than the other way around. The wise b-to-b marketer will embrace this concept now.

As important today is the economic argument for Internet marketing. There is much evidence cited in this book that makes a case for marketing electronically because of the cost-benefit ratio and the speed-to-market

advantage. Although e-marketing is not a panacea, it presents very compelling reasons for using e-mail, e-fulfillment, Web-based customer service, and other Internet-based marketing, if not exclusively, then as major components of comprehensive marketing programs.

Thus this chapter begins with the premise that online and offline marketing must be integrated—and that the best principles of traditional marketing must be applied to Internet marketing as the b-to-b world migrates to the Internet. We also consider how Internet marketing will fundamentally change the way b-to-b companies market their products and services, and how you can prepare to take full strategic advantage of Internet marketing.

Online and Offline: The Reality of a Changing Marketing World

A little more than five years after the first commercial Web browser came to market, the Internet became ubiquitous in business worldwide. It has been so widely adopted and is so pervasive that the press routinely refers to "the Internet economy." Nowhere has the impact of the Internet been more apparent than on the nation's stock markets, as Internet IPOs almost single-handedly fueled the market's record-breaking rise in 1999 and 2000. The Internet has been the software industry's second coming, as its rise has already spawned a slew of under-40 billionaires (that is "b," not "m"). A whole new breed of Internet-only companies have become a breeding ground for countless innovations.

Just as quickly, however, did Internet business and economic conditions turn around in late 2000 and early 2001. There was trouble in paradise; dot-coms started bleeding red ink. Some went bust. Venture capitalists and the

market looked for profits instead of promises. But while the NASDAQ high-tech stock exchange average took years to rise once again to 5000-plus, today's e-commerce world has stabilized and continues to grow as part of a multichannel marketing environment.

When you open up the electronic black box and look inside, Internet marketing is basically *electronic direct marketing*. It is not all that different from what direct marketers have been working toward all along, even though it has uniquely different qualities and requirements.

The migration to Internet marketing implies many things for all of us in marketing, not the least of which is a fairly dramatic shift in the way marketing dollars are being allocated now and in the future. Internet marketing turns marketing budgets upside down and even requires you to rethink how a marketing organization should be staffed – for social media and blogging positions, as a couple of examples. These are not insignificant issues for b-to-b marketers.

The experience of the successfully launched dot-coms proves that offline is as important as online marketing. Most of those that have done well have done so in part because they used offline marketing to build awareness for their brands. Without offline marketing, how many of these brands would have been noticed by the clicking public?

Heed this as an important lesson. The Internet is a grand and powerful marketplace, a medium that now reaches 88% of the people in the United States alone, but it is also continues as an emerging marketplace, a very fragmented medium with millions of places people can go. Standing alone, it is not yet as effective as it can be when combined with other media.

Most b-to-b marketers know better than to use a single marketing medium to launch any new product. They know that trade publications, for example,

will accomplish one kind of objective, and direct mail and telemarketing will accomplish another. The most successful marketing programs still *combine and integrate* media to increase efficiency and maximize results. That's why, despite the turmoil caused by changing fortunes and an uncertain economy, b-to-b marketers never ran away from the Internet, rather they have run toward online and offline integration.

If you consider the Internet to be *one* of your arsenal of marketing weapons, rather than the sole weapon, your chances of success will be that much greater. It is likely that, someday, the Internet will become by far the most powerful weapon available to you, but not many b-to-b marketers would be ready to risk abandoning every other form of marketing just yet. How, then, can you most effectively integrate online and offline marketing today?

Your Market and Your Audiences Will Determine How You Integrate Online and Offline Marketing

As this book points out, Internet marketing has emerged as an inevitable way of doing business for b-to-b marketers. Yet, if you have ever done targeted marketing, you know that *audiences* drive the effectiveness of direct marketing activities. That is why it is essential to understand where your market is today, and how accepting your audiences are of various forms of Internet marketing.

First consider the market you are in. How well do your competitors utilize Internet marketing? (You will find out a lot about that, just by visiting their Web sites.) How do they speak to their audiences?

Would you classify *your target audience* as early adopters of new Internet technologies or laggards? How your various target audiences and

constituencies respond to Internet marketing is a key consideration. You are probably familiar with the technology adoption curve, popularized by Geoffrey Moore *(www.chasmgroup.com)* in his landmark technology marketing books *Crossing the Chasm* and *Inside the Tornado*. The curve basically defines the stages of acceptance of a technology product. Every product has a group of people who are its early adopters—individuals who will try the product before anyone else and, potentially, lead the market in the product's initial usage and ultimate acceptance. There is also a segment of the product's potential audience that will be far more conservative in adoption, lagging behind and, in some cases, never using it.

Although the Internet itself has long been in a stage of mass adoption, you need to apply the technology adoption curve to your target audiences. Which audiences will be very accepting of new forms of Internet marketing—the early adopters? Which (if any) audiences will be less receptive or even resistant to Internet marketing?

Information technology professionals—software developers and programmers, for example—will obviously be early adopters, but what about other business audiences? Where do sales and marketing people fit in your target industries? Financial managers and purchasing agents? Human resources managers? CEOs? *Which industries* are more likely to embrace Internet marketing? *Which size* companies? In today's world, the answer will likely be "most" industries, companies and individuals, but some may still prefer to have other methods of communicating with you.

That means you may need to do some solid research to determine how *your* audiences will react to your Internet marketing efforts. Closely follow the practices of your competitors and your industry. Watch where they are focusing their efforts. Also, keep a close eye on the traditional media that

target your prospect and customer audiences. Are they putting more of their content on the Web, with companion Web sites that serve your audiences? Are there other Web-based information providers beyond your competitors who target your audiences? Are conferences focused on digital strategies springing up in your target industries? These are all strong signals that Internet marketing has gained strong acceptance. It's high time for you to assert your firm as a leader in Internet marketing for your target area.

How To Integrate Online and Offline Media in the Internet Marketing Era

A second key factor to consider is how you will integrate the Internet with other media. Your media strategy—the way you use media and the mix of media you use—will likely continue to evolve in the future. If you have not already done so, be sure to make the Internet a more prominent and integral part of your media mix.

Here we examine how media integration will shift from the use of traditional media to the increasing use of electronic media. Let's start with the *traditional system of offline marketing used in the past*. Note the following:

1. **Lead Generation.** Direct mail and print advertising were the primary media utilized to generate leads.

2. **Response.** Responses came in via reply mail, inbound phone calls to a toll-free number, faxes of the reply device, inbound e-mail inquiries, or inbound over the Web via a Web response form.

3. **Fulfillment.** Fulfillment took place using traditional direct mail or

outbound fax. In some cases, the respondent could be fulfilled instantly by receiving information and/or an offer at the Web site.

4. **Cultivation.** The respondent's name, address, phone number, e-mail address, and answers to qualifying questions were collected at the response stage and used to initiate a cultivation process. This process used outbound telemarketing, traditional mail, and outbound e-mail to periodically contact and requalify the prospect.

Next, let's examine *media integration in the era of the Internet.* Note the following changes:

1. **Lead Generation.** Leads are generated from any source. E-mail and the Web likely outpull other media as the primary lead source, so electronic lead generation will become more and more essential as time goes on.

2. **Response.** Some responses still come in via reply mail, inbound phone calls to a toll-free number, inbound e-mail inquiries, or inbound Web, as before. But now the Web is likely the primary response path because it is so much easier for the respondent. Web responses arrive via a designated, campaign-specific URL that leads to a Web response area with a Web response form that collects not only basic contact information but answers to qualification questions. Web responses now tend to be the predominant form of inquiry and in the future, this may be true for orders as well.

3. **Qualification and Fulfillment.** Notice that the e-marketing future calls for a single-step qualification and fulfillment process. Today, traditional media are still being used to qualify and fulfill leads in a two-step

process, but now, the process is more heavily weighted to the Internet, which will combine qualification and fulfillment.

With the online lead qualification process happening in real time, marketers are able to instantly deliver individualized fulfillment content to all types of prospects based on their interest and qualification level. This content can be delivered via outbound e-mail or, more likely, through individualized Web pages targeted to the prospect's specific interests and needs. Standard text-only e-mail will suffice for fast acknowledgments and instant response, but most e-mail today routinely includes graphics and embedded Web site links, enhancing the e-mail fulfillment process. Fulfillment on the Web occurs via a routine Web response area process, as well as at Web sites. Fulfillment can also be pushed via the Web to a prospect's desktop if appropriate.

The cost-saving implications of electronic fulfillment to marketers, and the ease of use to respondents, are extraordinary. For that reason, this type of fulfillment is becoming the norm rather than the exception.

4. **Cultivation.** The cultivation process is easier and more automatic with electronic media. Marketers routinely use outbound e-mail for promotional purposes to communicate periodically, relying on e-mail newsletters, which are sent to qualified prospects and customers who have consented to e-mail use. E-mail routinely embeds Web page links, which go to surveys, forms, and specialized Web pages. Prospects and customers are pulled to Web sites and extranets via ongoing informational programs, which often include special promotions and content. Web content is also pushed to the desktops of interested prospects and customers on a regular basis. As part of the cultivation

process, Internet-based customer service rules the relationship.

An Example of How to Execute
Online–Offline Marketing

You can apply the principles of online–offline marketing today to reduce the overall cost and increase the overall efficiency of your marketing efforts even if you are still at the beginning of the Internet marketing curve. Here is an example.

Suppose you are organizing a traditional in-person marketing seminar targeted to a particular audience. It is a free half-day event to be held in five key cities. You need to make sure the seminar is well attended by the right prospects. What is the best way to promote it? If you were to use offline marketing alone, as you've probably done in the past, here is what you would have done:

1. Establish the dates and locations, select list sources (including any in-house lists), and target the appropriate audience within 50 miles of each city.

2. Create and mail a direct mail invitation including a full agenda, dates and locations, and all other pertinent details. Include the traditional phone, mail-in, and fax-back response paths.

3. Follow up to non-registrants with a direct mail postcard to encourage them to reconsider. Follow up with fax and telephone confirmations to individuals who registered and said they would attend.

4. Cross-promote the seminar with traditional advertising and public relations activities.

Now what happens if you add the Internet *as an integral part* of the promotional plan? Here is how your original plan would be modified:

1. Establish the dates and locations, select list sources (including any in-house lists), and target the appropriate audience within 50 miles of each city. During the audience selection process, research additional opt-in e-mail lists that may be available. Also compile an in-house list of e-mail addresses for use in the promotion.

2. Create and mail an oversized postcard, which is considerably less expensive than the direct mail invitation referred to earlier, that promotes the seminar. Instead of including all the details, provide a toll-free phone number for more information, but strongly encourage the prospect to visit a special or even a personal (unique URL) Web page that fully describes the seminar. Let the Web page act as an electronic invitation that provides:

   – A more detailed agenda and description of the seminar, along with speaker photographs and biographies if appropriate.

   – Directions, including printable maps, for each seminar location.

   – Information about other events of potential interest to the prospect, including a list of Internet-based events for those prospects who are not in the five-city area or cannot attend the live seminars but want more information about your company's product.

– An interactive and/or personalized registration form—perhaps with a special offer to encourage registering—so that prospects can register online and receive an instant acknowledgment. Collect an e-mail address here and you can use it to remind the registrant of the seminar several times before the event. Use a Web-based database tool and you can capture the marketing information you obtain from the prospect one time instead of rekeying the information. Use it for future promotions and to track the prospect's activity.

3. Follow up to non-registrants with an e-mail, if you have their e-mail addresses, or if necessary with a direct mail postcard to encourage them to reconsider. Follow up with e-mail at least twice to individuals who registered, said they would attend, and provided their e-mail addresses. Use telephone confirmations only when e-mail addresses are not available.

4. Cross-promote the seminar using online advertising and public relations targeted to your audience rather than traditional advertising. Appropriate media might include mentions and sponsorships in e-mail newsletters, promotions on pertinent community sites, and banners/interstitials placed on targeted Web sites.

Notice in this example that there was a true interrelationship of online and offline marketing. You did not completely eliminate offline marketing, instead you used it to push prospects to the Internet. By using online and offline marketing in this way, you are likely to have a significant impact on your marketing ROI as you take advantage of the growing dependence on, and preference for, the Internet. The bottom line is this:

1. You *reduce the cost of your direct mail seminar invitation* by making it less elaborate and driving response to the Web—where prospects get full seminar details. You provide additional helpful service to prospects by acknowledging their registrations instantly online and by offering exact seminar locations with maps.

2. *Overall response to the promotion could increase* because you have facilitated response by adding a Web response path. This will probably become the preferred method of response in the future for most b-to-b audiences. On the Web, they can get more information about the seminar without the need to speak to anyone, and they can easily register online.

3. *Online registrants will likely be higher-quality prospects* because they take the time to visit the URL, review detailed information, and complete the registration form.

4. Using a series of e-mail confirmations and reminders, which you send prior to the event, *could significantly reduce your "no-show" rate* (which is typically 50 to 60% for live seminars). E-mail is much less expensive than telephone calls. It goes directly to the recipient at their work address and thus is likely to be read.

5. Even if prospects visit the seminar Web page and do not come to the seminar, *they have been made aware* of your company, your seminar series, and other events you sponsor that may interest them.

6. Individuals who are outside seminar cities could visit the seminar Web pages to learn more about your company and products and, as a result, *become new prospects for you, even if they cannot attend the live event.*

The incremental cost to your seminar promotion to achieve these potential benefits should be very low. In fact, you are replacing the cost of a direct mail invitation and potentially direct mail and telephone follow-ups with the much less expensive use of a modest direct mail piece, Web pages, and e-mail. Creating the seminar response area is not a complicated task—it can be done by your in-house Web staff or outsourced to an interactive resource. If you need comprehensive response management support, there are firms that handle online seminar registration and confirmation along with maintaining your marketing database. Examples of such vendors include 123Signup (*www.123signup.com*) and Opus Agency (*www.opusagency.com*).

The Impact of Internet Marketing on B-to-B Marketing Organizations

Most b-to-b marketers are familiar with their role as a change agent in their companies. In recent years, database and direct marketing have catapulted the marketing organization to prominence, as an increasing emphasis on measurable results has struck a responsive chord with senior management.

B-to-b marketing managers are now as likely to be held accountable for generating and qualifying leads as sales managers are for closing them. Senior marketing strategists are no less important to a company's inner management circle than are operating officers. The title Chief Marketing Officer (CMO) has become standard at larger companies as marketing gains prominence.

The rise of the Internet has enhanced the position of marketing executives, managers, and the entire marketing organization within your company. Most senior business executives have acknowledged for some time that the Internet is fundamentally changing the way their company does business. They are also

likely to acknowledge that it is the marketing organization in the company that is on the leading edge of that change. In a Data & Marketing Association survey, 47% of the respondents said the digital media function in their company reports to the marketing area.

The vast majority of Web sites are, first and foremost, marketing and sales sites. That reality has already resulted in many b-to-b companies gaining a leadership position in Internet lead generation and electronic commerce. In fact, more companies today already are e-businesses. It is therefore unlikely that you will meet with much resistance from a company's senior management *outside* the marketing organization when publicizing the notion that Internet marketing is integral to everything the firm does. After all, these same senior managers are in the midst of developing strategic business plans that will leverage the Internet as a means of business process improvement.

Information technology executives aggressively lobby their companies for Internet-related dollars on a regular basis so that they can upgrade intranets and extranets. Corporate Web sites have reached a level of importance well beyond the marketing area, especially for public companies. The Web site is now an enterprise information portal: the repository for all corporate information and the conduit to get that information out to every one of the company's audiences—not just prospects and customers, but investors, analysts, the press, business partners, suppliers, employees, and prospective employees. Even more so, the rush to e-commerce has put the Internet front and center as the primary sales channel for an increasing number of companies.

Ironically, the most skepticism or resistance to Internet marketing often has come from *within* the marketing and sales organizations. Why? Because of the FUD factor: fear, uncertainty, and doubt. These are likely to accompany any

fundamental change to business as usual—and the change has been dramatic and all-encompassing with Internet marketing.

The Impact on Marketing

The company's marketing organization will likely face the continuing challenge of reexamining marketing objectives, priorities, strategies, and tactics. Marketing managers may need to recast their programs, reshuffle their media mix, reorient their staffs—and perhaps even replace some staff with more interactive media, content, and social media specialists.

The entire marketing organization will need to stay up to date with, and to teach the company, new ways of information delivery and response management. Marketing databases and database marketing programs now revolve around the Internet. Fulfillment priorities have changed as instant response and electronic fulfillment become the norm. E-mail has become a vital form of external marketing communication.

Advertising, direct mail, and telemarketing usage are shifting dramatically as these media now to play a more subordinate role to the Internet and the Web. Chances are traditional media will not disappear, but they will follow behind the Internet, relinquishing their former leadership position. Media convergence already exists. Web site addresses are everywhere, and the Web is a primary response path for b-to-b marketers. Direct mail or direct response advertising is being aggressively used to lead a prospect to a Web response form, a landing page, a Personalized URL (PURL), an Internet event, or a corporate Web site. Integration has taken on a whole new meaning as the Internet has emerged as the core of a company's marketing programs, with all other media revolving around it and playing a supporting role.

With it all, some difficult budgeting and staffing decisions may still need to be made. Internet marketing has required the marketing manager to accommodate entirely new budget line items (e.g., e-mail delivery, development of virtual events, online advertising campaigns, participation in communities, management of affiliate programs, creation of Web pages, maintenance of Web sites, electronic fulfillment and response management, Web server expenses, etc.). Decisions are not always clear-cut as marketing melds with information technology and budgets become the shared responsibility of more than one department.

On the staffing and resources side, Internet marketing is causing a massive shift in hiring or training the types of individuals who work in a marketing organization and the kinds of outside services that need to be procured.

Internal resources are being skewed more and more toward the Internet. Instead of the typical advertising and media personnel, marketing communications project supervisors, marketing service managers, or even direct marketing specialists, a marketing organization now needs a cadre of Internet marketing experts. This could be a team of Internet marketing strategists, interactive producers, new media specialists, Web writers, and interactive designers—but it also may need to include a new addition to marketing: a "marketologist." The marketologist is part marketer, part Webmaster—someone who understands the unique combination of marketing and technology that Internet marketing demands.

The Impact on the Marketing/IT Departments

The Internet has spawned some unholy alliances, not the least of which is between IT and marketing departments. In larger companies, these two

contrasting functional organizations already find that they must work hand in hand to deliver Web content over the Internet, and the need now goes beyond Web sites alone, considering the importance of databases and CRM.

The IT department can be a potential internal barrier to an Internet marketing initiative—not because IT managers want to derail marketing, but rather because they legitimately need to control network traffic and user needs. That is a major part of their responsibility. As Marketing "messes around" with e-mail and the Web, some IT managers may get more than nervous. IT's support of corporate intranets is a given—but Web sites, virtual events, or extranets that utilize heavy-duty marketing database engines, include online transaction processing, incorporate voice over IP (Internet Protocol), and require the implementation of electronic commerce are something else again. This is the kind of stuff that could choke bandwidth, melt servers, and bring a corporate network to its knees.

That is why the "marketologist" will be a key person in the marketing organization. It is the marketologist who will need to speak IT's language, work the relationship, and make sure that the needs of Internet marketing can be accommodated by the corporate IT group. It is the marketologist who will need to understand what the internal IT organization can and cannot provide, and help make the decision, if necessary, to outsource Internet marketing to the appropriate Internet service providers.

The Impact on Sales

For the sales organization in any b-to-b company, the transition to Internet marketing has been no less dramatic and potentially more traumatic. The lead generation and qualification process may not fundamentally change, even

though the requirements for information input and dissemination may be drastically different. However, Internet-enabled partnering and electronic commerce initiatives may turn a company's entire sales process upside down.

As electronic commerce becomes easier and more cost-effective to implement, b-to-b companies are now shifting some if not all of the traditional telephone or face-to-face selling to Internet-based selling. Call Me buttons and live text chat on Web sites are becoming the norm. Telesales often is Internet based as telephony and the Internet converge. Sending voice over IP is already technically feasible. As demand for these applications grows, prospects or customers more often go to the Web instead of the telephone to ask for information, solve their own problems, and, when necessary, engage in a sales or service dialog on demand. In short, customers largely drive the interaction process.

Banks of what we used to call telemarketers now find their work shifting from inbound telephone calls to inbound e-mail and Web inquiries. This is not as simple as it sounds, because customer service personnel who are perfectly competent on the phone may need considerable training to ensure that their e-mail correspondence is grammatical, respectful and easy to understand. Telesales specialists now are retrained to watch a visitor navigate a Web site, be available when the visitor clicks a Call Me button, and intercede when that visitor needs more information—pushing Web pages to the visitor if necessary. In fact, now available in the marketplace are Web Centers that fully integrate e-mail, Web sites, chat, call-me, and all customer-facing communications through a central Internet-enabled customer service center.

The direct sales force in a b-to-b company is likely changing in complexion as well. In-person sales calls certainly still occur, but they increasingly are enhanced or sometimes replaced by Internet conferencing – assuming this is

mutually agreeable between buyer and seller. It may begin with just a telephone call that is enhanced with Web support. The salesperson will conduct a phone conversation but will suggest to the prospect that he or she go to the Web to view some information.

The salesperson of today might arrange a virtual meeting over the Web with a prospect, perhaps including live videoconferencing. The prospect, of course, could be anywhere in the world. At this virtual meeting, the salesperson can make eye contact and walk the prospect through a visual presentation on the Web, leading him or her along with live voice. The salesperson will be able to stop at any point and take questions. The salesperson can show the prospect video clips of customer testimonials and success stories, or invite the prospect to view and interact with a real-time product demonstration, right then and there.

If a face-to-face meeting is warranted, the salesperson will undoubtedly bring along a notebook computer that has presentations and demonstrations preloaded. He or she might connect to the Internet while in the prospect's office and guide the prospect through an online presentation, seminar, or demonstration on the Web. This might be an opportunity to have the prospect access an online calculator or analyzer to see the ROI benefits of the company's proposed solution.

Presenting the Case for Internet Marketing

In your role as a marketer, you now may be responsible for obtaining full management support and educating the entire organization about the inevitability of Internet marketing. You know the politics of your company—who the movers and shakers are, where the influence is, who calls the shots.

You will have to use this intelligence wisely to elicit broad-based support for dramatic change.

You will, in effect, need to establish your own internal public relations program for advancing Internet marketing. Plan it carefully and execute it wisely, for it will help shape the future of your marketing organization and your job. Your ally in all of this? The Internet itself. As you have seen in this book, the Internet is a business phenomenon of unprecedented proportion. B-to-b marketing success stories are being written daily, and all of them can be found on the Internet.

In presenting the case for initiation or enhancement of Internet marketing to your organization's management, use the Internet and its vast resources for credibility and validation. Rely on the major search engines and other information search sources, along with industry-specific sites, to get the ammunition you need. Use industry data and reports from the traditional press to enhance credibility. Gain insights from reputable vendors who are on the cutting edge, and share their case studies with decision-makers in your firm.

Start with some of the gateway sites, which provide countless links to the relevant sites you will need to find. One such gateway is the excellent site (*www.ceoexpress.com*). This launching pad for managers opens a wide door to all kinds of information and research about business in general. It is well organized, it is easy to use, and it offers plenty of links to sources that will be useful to you. Other valuable resources are linked week-by-week on your course web site.

Focus on the Quantifiable Business
Benefits of Internet Marketing

Selling the concept of Internet marketing to senior management and to the various groups, departments, or divisions within your company should be supported with facts. There is plenty of evidence, much of it presented in this book, to support the accelerated movement toward Internet marketing. To make your argument all the more effective, focus on the *quantifiable business benefits* of Internet direct marketing:

1. The most successful Web marketers are fully integrating the Web with other media.

2. Internet direct marketing is 60 to 65% cheaper than traditional direct mail marketing.

3. Internet direct marketing campaigns can be changed in real time.

4. The Internet provides unlimited "shelf space" for products.

5. The Internet provides worldwide reach for your company.

6. The Internet makes one-to-one marketing a reality, if it is executed properly.

Now we consider each of these benefits individually:

1. *The most successful Web marketers are integrating the Web with other media*. Internet and Web marketing should not occur in a vacuum. Market forces suggest that Internet marketing will eventually be the predominant form of marketing, but it will not replace the effectiveness

of combining and integrating digital and traditional media.

Use the right combination of media to most effectively reach your target audience. Print advertising may continue to generate awareness for your company, your products, and your services, and direct mail may continue to generate and qualify leads. Do not abandon these media prematurely, but in every case, integrate the Internet into your media plans and escalate your use of Internet marketing.

Whenever possible, establish a campaign-specific URL that leads to a Web response area designed to capture and qualify a lead. Ask prospects and customers to provide e-mail addresses, and request permission to communicate with them via e-mail. Use direct mail and advertising to drive people to Web response forms and your Web site. Support your Web activities by leveraging the messaging and offers from other media and making everything work together.

2. *Internet direct marketing is 60 to 65% cheaper than traditional direct mail marketing.* Research by The Yankee Group (*www.yankeegroup.com*) indicates that Internet direct marketing represents a threefold cost saving for direct marketing. Moreover, The Yankee Group says that Internet direct marketing can bring up to 10 times the return of a traditional direct marketing campaign, when considering original and follow-up campaigns applied to the same product. The areas in which you will achieve the largest savings are likely to be fulfillment, delivery, medium used, and analysis. The economics of Internet marketing make a compelling case for gradually moving promotional dollars from other media to Internet forms of promotion. Studies by research firms like (*emarketer.com*) testify that

this is happening quickly over time. Cost alone should not drive marketing decisions, but cost-effectiveness and media efficiency are powerful motivators for choosing one medium over another.

Digital media turn traditional media cost structures upside down. With Internet marketing, there is nothing to print and mail, there are no advertising materials to reproduce, no telemarketing calls to handle. Web sites can reach one, a hundred, a thousand, or a million prospects or customers for about the same cost. With the proper in-house tools, e-mail can be widely distributed without unit cost implications, as with direct mail, and, at least so far, the Internet is a tax-free commerce zone.

The Internet is just as significant a cost-saving medium in product distribution. According to the Organisation for Economic Cooperation and Development *(www.oecd.org)*, it costs $1.00 to distribute an airline ticket electronically versus $8.00 traditionally. It costs just $0.50 to distribute a software product electronically versus $15.00 traditionally.

Use the growth of Internet marketing as a springboard for evaluating your media investments and product marketing and distribution costs on a dollar-for-dollar basis. Compare and contrast the total marketing costs for a direct response advertising, direct mail, or telemarketing campaign versus an Internet-based campaign. If it is feasible, establish head-to-head tests of one medium against the other. Keep audience criteria, the offer, and the basic creative approach the same. Evaluate which medium produces the

- highest response rates,

- highest-quality leads,

- best conversion of responses to leads,

- best conversion of leads to sales, and

- shortest response-to-lead-to-sale time frame.

3. *Internet direct marketing campaigns can be changed in real time.* One of the Internet's major strategic advantages as a marketing medium is the campaign time to market. Advertising campaigns depend on publication close dates; monthly publications generally require materials 30 to 45 days prior to an issue date. Typical direct mail campaigns take from 6 to 10 weeks to execute. Even telemarketing campaigns may take several weeks to organize and execute.

   The time frames associated with Internet marketing are considerably shorter than traditional media time frames. For e-mail, copy can be written and distributed almost instantly, once e-mail addresses are obtained. The majority of responses to e-mail campaigns are typically received in 48 hours. Web pages can be quickly written, designed, and published to the Web using commonly available tools on almost any computer. Web pages and Web banner ads can literally be changed overnight if need be. Entirely new banner ad campaigns can be created and uploaded within days, making it possible to shift marketing gears quickly based on audience reaction and response. With today's programmatic advertising options, pre-planned Web ads can appear in seconds based on prospects' and customers' interactions online.

   Electronic media today have no time constraints associated with their availability. Information can be available instantly on the Web or distributed instantly via e-mail, regardless of the audience size.

Electronic fulfillment is available for instant unlock or immediate download. Real-time marketing becomes a reality under this scenario. Although it can be both a blessing and a curse, it can lead to new opportunities for instant evaluation and on-the-spot campaign reengineering.

4. *The Internet provides unlimited "shelf space" for products.* Amazon.com migrated from millions of books to tens of millions of books, videos, electronics, household items, and countless other products more rapidly than any bricks and mortar operation could ever conceive of doing. Companies who sell on the Internet can challenge convention by making limitless numbers of products available in an electronic store because, if the product is appropriately described and marketed, the buyer does not need to see and touch it.

   The vastness of cyberspace is a marketing benefit like no other. Only the Internet can act as a virtual warehouse, extending your inventory and presenting any number of products at any time to customers and prospects anywhere.

5. *The Internet provides worldwide reach for your company.* A company of virtually any size can reach out to the world with its message, products, and services. There are countless stories of tiny organizations, even one-person operations, marketing and selling products and services over the Internet. No other medium provides the low-cost coverage of the Internet, no other form of communication the worldwide penetration of the Web. Small organizations can appear to be large, and, more important, they can gain the same marketing advantage on the Internet as do corporate giants.

   With no time zones and no meeting protocol, electronic business can

be conducted 24 hours a day, 7 days a week, in every corner of the world—and the Internet marketer need never leave his or her office. This factor alone fuels the growth of the Internet as a medium of unlimited potential on a worldwide scale.

6. *The Internet makes one-to-one marketing a reality, if it is executed properly.* One-to-one marketing is, at its heart, the simple notion of building a relationship that extends from one party to another. If the individualization of the Internet is maximized, one-to-one marketing can be a powerful and lasting way of doing business. More than that, Internet marketing could create a one-to-one standard for doing business worldwide, and with that will come the availability of mass market tools that will ensure its continued existence.

As with most information technologies, early products are introduced to the marketplace at premium prices. After competitors enter the market and the product category becomes both accepted and desirable, prices begin to moderate. Often, "light" versions of products enter the market to serve the low end.

Already, we have seen the migration toward lower-cost e-mail and Web tools. In most cases, e-mail software and Web browsers are bundled in free with ISP Internet access services. The same is true of many Internet database marketing tools and e-commerce applications. High-end comprehensive solutions will always be available at premium prices, but lower-cost products with limited functionality will suffice for a large part of the market. That means that one-to-one marketing, e-commerce, real-time collaboration, and other Internet advances now reach well beyond a small percentage of Internet marketers. In fact, Internet marketers can

purchase e-commerce services on a subscription or service bureau basis, avoiding the internal cost of establishing such an operation.

In the final analysis, you will not only need to convey the specific benefits of increased Internet marketing—you will also need to spread the word throughout your company that it will be a profitable venture. There are certainly up-front and continuing costs related to Internet marketing, but a thorough analysis should show that Internet marketing compares very favorably to the use of traditional media and marketing methods.

The Internet Marketing Action Plan

The Internet Marketing Audit

Digital Marketing experts suggest that any company involved with marketing on the Web should do an audit every 12 months. So whether you are just starting out or wanting to optimize your plan, this is an important step. You may work with your own IT people to evaluate your firm's corporate network, Web site, Intranet, Extranet, and other assets at your disposal. Using the seven strategies outlined in this text, determine how ready your firm is to implement or enhance those that make sense for you.   Some vendors are happy to provide you with a free or inexpensive audit. Here are some firms you might investigate:

https://www.atomicdc.com/internet-marketing-audit-request/

http://internetmarketinggroup.com/website-marketing-audit.html

http://www.digitalmarketingaudit.com/

Developing the Action Plan

Although each Internet Marketing Action Plan will be unique to a marketing organization's specific needs, these are the basic steps to follow in developing your own action plan.

1. *Assess your Internet marketing readiness.* Now is the time to evaluate your organization's Internet marketing capabilities. Understand your current state of readiness and recognize where you are today—and where you will need to be. The audit will help you with this.

2. *Get buy-in from your management for the Internet-dominated future.* The Internet has already captured top-of-mind awareness among senior management at most companies. You should have little resistance to the adoption of Internet marketing, but you will need to be an advocate. Make sure your management understands the value of Internet marketing and recognizes its inevitability. Share Internet marketing information from authoritative sources with your management. Make sure they know what their competitors are doing.

   If you are in a position to do so, serve on or chair a committee in your organization that is charged with developing a strategic plan for using the Internet as a business, not just a marketing tool. Chances are, management is already using the Internet strategically as part of the company's overall business plan—so you can take advantage of that business condition to benefit your own marketing program.

   With senior management already aware of and working to take advantage of the dominance of the Internet, you have a rare opportunity to position Internet marketing and electronic commerce as a logical, main element of your organization's entire Internet business plan. By

riding the plan's coattails, you can push Internet marketing a lot further, a lot faster. Organizational acceptance and support of Internet marketing will be your ultimate reward.

3. *Develop the action plan.* Some organizations are more technologically ready than others are, and some marketers may be further ahead than you are. Although business-to-business marketers are leading the charge, different companies are in different stages of readiness or implementation. After all, Internet marketing that is measurable is, for many, a new concept. As with any good marketing plan, your Internet marketing action plan should include

   – Objectives: general and specific,

   – Products and services to be promoted,

   – The competitive environment,

   – Market opportunities,

   – Marketing program strategy,

   – Audience characteristics and selection criteria,

   – Media usage and integration,

   – Offer development,

   – Creative execution,

   – Lead qualification, lead fulfillment, and response management,

- Lead and sales tracking,

- Response and results analysis,

- Measurement criteria,

- Technical requirements for implementation,

- Staffing and organizational needs, and

- Program budgets and schedules.

Implementing the Action Plan

The action plan should allow for a transitional stage, a period of time during which you consciously move your marketing programs more and more toward Internet marketing. Recognize that your plan should be flexible and may need to undergo continuous refinement and modification as conditions in your market change.

Refer to your Marketing Audit and work toward turning any weak spots into assets over time. Be sure your company is in a position to support current and future Internet marketing initiatives. If possible, help your company develop criteria for the acquisition of technology that will be required to implement Internet marketing on a broad scale. Lobby for assistance from outside resources and outsourcing of Internet services if needed to support Internet marketing initiatives. You can learn much from vendors who are vying for your business – both by reading their white papers and Web resources online, and by talking with sales reps who can let you know what is possible and at what approximate cost.

Use the media integration plan outlined earlier to capitalize on the Internet

trajectory. Optimize your integration of the Internet with your use of traditional media if you have not already done so. Continue to test the effectiveness of the Internet as a lead generation and qualification medium. Compare and contrast Internet marketing campaigns with traditional media campaigns. Closely monitor Internet usage and evaluate results.

Increase your reliance on the Internet as time progresses, using your customers' preferences as your guide. Let your audiences drive your use of the Internet—ask them how they wish to receive information and if the Internet is the medium they most prefer. Ask them for permission to use e-mail to communicate with them, and determine if they have an interest in having Web pages delivered directly to their desktops. Survey your customers regularly on their acceptance of Internet marketing.

Establish promotional guidelines that require consideration of the Internet in every marketing program. Do not execute any marketing program that does not have an Internet marketing component, and always take the time to spread the news internally (and externally if appropriate) of your Internet marketing successes.

In-House or Outside?

As part of your Internet marketing action plan, you will want to decide whether or not you will be in a position to implement programs in-house or with the assistance of outside resources. To help you make that decision, it is probably a good idea to identify the deliverables and analyze each in relation to your in-house capabilities. It is likely that your situation will change and that at times you may have to outsource only part of the responsibility for some Internet marketing deliverables.

Suppose you decide to run a virtual seminar, for example. If that event

includes streaming sound or video, you may want to use an outside resource—a Web hosting service that has the server capacity and capability of handling streaming media. This may be a more desirable solution than burdening your in-house Web server. Also keep in mind that it may take more than one outside resource to meet your needs at any given time. A Web hosting service would be a good resource for the technical implementation of a virtual seminar, but you may also need an outside interactive agency to create and execute the virtual seminar itself.

Staff Requirements for Internet Marketing

Earlier we mentioned the fact that you might have to retrain existing staff or even replace them with interactive marketing specialists. As Internet marketing continues to grow in importance for your organization, it would be prudent to analyze marketing staff requirements and make adjustments in the future.

In some cases, you may be better off contracting outside freelance resources or working with interactive agencies on a project or program basis. Very often, outside resources have a level of expertise and a team of skilled professionals already working in a cohesive group. You might not be able to match this expertise with existing in-house staff, and personnel situations or budgets may prevent you from recruiting the necessary personnel.

Whether you are evaluating outside resources or planning to add in-house staff, the following job descriptions might be helpful to you. These are generally the types of positions that should be considered in staffing an Internet marketing function. All of these individuals should have a demonstrated comfort level with Internet technology, and all should be competent with the Web tools your firm uses or wants to use. Here are some

general job descriptions that may be helpful:

Internet Marketing Manager

Manages programs, personnel, and budgets

Motivates, leads, and supports the Internet marketing group

Is responsible for training of group personnel

Ensures that policies and procedures are followed

Assigns responsibilities, tasks, and schedules

Makes hiring, promotion, and compensation recommendations

Tailors job descriptions to personal goals of personnel

Maintains marketing partner relationships

Interfaces with senior management regarding Internet marketing strategies

Marketologist

Participates in developing strategic Internet marketing program

Maintains high level of knowledge of Internet and Web technologies

Recommends new technologies in collaboration with IT department

Acts as Marketing department liaison with internal IT resources and outside resources

Manages Internet marketing media plan

Measures and analyzes Internet marketing program results

Acts as marketing strategist for creative execution

Internet Marketing Producer

Facilitates the execution of Internet marketing strategies

Works in close collaboration with Marketologist, media, and creative personnel to build interactive programs

Develops, applies, and integrates Internet technologies and implements programs

Publishes and maintains Web pages

Internet Marketing Media Specialist

Researches Internet media and develops Internet media plans

Places Internet media

Evaluates and analyzes results of Internet marketing programs

Internet Marketing Creative Specialist: Copy

Helps develop Internet marketing creative strategies

Works in close collaboration with Internet marketing team

Researches competition

Writes copy for e-mail, online advertising, and Web forms and pages

Internet Marketing Creative Specialist: Art

Helps develop Internet marketing creative strategies

Works in close collaboration with Internet marketing team

Creates graphics and graphic design for Web pages, response forms, and online advertising

The Internet Is an Integral Part of a Changing Marketing World

In the era of Internet direct marketing, leads may come into your marketing pipeline from any source, qualified or unqualified. However, the e-mail and Web response paths may turn out to be the channel through which you acquire your highest quality leads. By now, it may be the channel of preference for many prospects and customers.

If this is the trend in Internet-based lead generation, it bears careful watching in your company. It implies that it will be more important than ever to utilize the Internet to generate and qualify leads in the first place, because chances are they will be better-quality leads. Of course, it will be imperative to include a Web response path in your direct marketing promotions as the Web becomes the preferred method for response.

It has become common for b-to-b marketers to accept lead generation program responses via campaign-specific URLs leading to Web response forms and pages, or by establishing full-fledged response centers on their Web

sites. Prospects get what they need through electronic fulfillment on Web sites, with the availability of information unlocks or downloads providing marketers with a distinct advantage over competitors. In many cases, customers already purchase products or services online, unlock purchased software or information instantly, or subscribe to services that offer to review, cull, and deliver Internet-based information to them.

One of the strengths of Internet marketing is its ability to facilitate prospect and customer cultivation. As e-mail is a well-accepted means of marketing communication to reach qualified prospects and customers, you can use it as a promotional vehicle to update key constituents on a periodic basis. The e-mail newsletter has wide acceptance as a format, as both customers and qualified prospects elect to subscribe to such publications. E-fulfillment is becoming more popular as well, as the demand for digitally disseminated information increases. This is a boon to b-to-b marketers, who are able to substantially reduce the costs of traditional fulfillment and fulfill information requests ever more rapidly.

Areas of Web sites are increasingly dedicated to customers, and extranets have evolved into customer and key prospect information and service centers. Web-based communications, in the form of Web sites that customers and prospects visit or Web pages that are pushed to customer and prospect desktops, are commonplace.

You can see the implications of Internet marketing just by noting how it pervades every step of the lead generation and qualification process. At this point, the Internet components do not replace other media—all media work together in a closely coordinated effort, supporting one another. Prospects need to be able to choose the way they wish to respond and receive information. This is a key concept, because it defines the future of marketing

communications:

Prospects and customers now define the way you, the marketer, communicate with them. They drive the communication process instead of the marketer.

This fundamentally changes the relationship with a marketer's constituency forever. With the empowerment of the customer and prospect, and the rise of true permission marketing, the marketer's role is to deliver what the customer or prospect asks for, when it is asked for, using the delivery channel of the individual's choice. With the emergence of one-to-one customer relationships, the b-to-b marketer needs to learn from customer interactions and use that data to continuously refine the customer-marketing program.

This is only the beginning. At its current rate of adoption, Internet marketing is not an option but a necessity. With its true cost-saving and time-saving benefits, as well as the growing demand for electronic communication by prospects and customers, the Internet will become the core medium of the entire marketing process.

In many respects, Internet marketing has now come full circle. B-to-b marketers have embraced it recognize that it does not work in a vacuum, that to be most effective, marketing programs need to integrate Internet advertising with traditional forms of advertising, and that traditional forms of fulfillment and customer service need to meld with e-business practices. If there was a backlash against dot-coms, it was the realization that click and mortar companies combining traditional methods with e-business initiatives had a more sustainable business model. For b-to-b marketers, there are even more lessons to be learned:

- B-to-b marketing by its very nature is longer term and programmatic. More often than not it involves complex selling situations, decisions by committee, the need for continuous follow-up and cultivation, and long sales cycles. The Internet can effectively play to all of these factors, but it must be applied strategically.

- B-to-b marketers have different promotional media needs from b-to-c marketers that influence the use of Internet media. B-to-b marketing tends to make greater use of segmentation criteria and targeted marketing strategies. Since audiences tend to be smaller than on the consumer side, marketing efficiency is more difficult to achieve. The b-to-b marketer need to understand how to leverage Internet media, use cross-media advertising strategies for maximum impact, aggressively explore e-newsletter sponsorship opportunities, and pursue Internet-based marketing alliances.

- B-to-b marketers will likely find that a key part of their world will be private business exchanges or e-marketplaces and public information networks or e-communities. These Internet-based business models will change the way marketers view the world and affect the promotional vehicles used to promote b-to-b products and services.

- Real-time marketing initiatives offer competitive advantages that cannot be ignored. E-initiatives have unfolded very rapidly; online ads, e-mails, and Web pages are executed on a fast track, shortening the time-to-market for most marketing programs. Analysis occurs in real time as well, making it possible to adjust programs on the fly.

- The power of the customer has created a new emphasis on customer service and more important, on building long-term relationships. Closing the loop has become imperative as companies work to meet a customer's informational needs on a continuous one-to-one basis. Effective implementation of CRM will reduce customer attrition and increase customer loyalty.

- Forrester Research *(www.forrester.com)* has called this marketing frontier "presence awareness." Forrester defines presence awareness as "the ability to know a person's availability and status across all communication channels." Forrester sees presence awareness as a kind of "electronic peripheral vision" that Internet-based applications will someday incorporate. This means marketers will have a more in-depth understanding of what customers and prospects want, and when they want it, regardless of how they interact with the company. With the advent of wireless communications, this concept is extending even beyond today's physical boundaries. The ubiquitous nature of mobile devices brings this concept to fruition.

These are the possibilities that make the future all the more exciting for b-to-b marketers. The real way to succeed with Internet marketing is to view it as the logical extension of the marketing process in an electronic era. Only when you seamlessly integrate online and offline marketing will you be able to disregard the differences, leverage the similarities, and capitalize on the combined strength of both.

A Final Word

The Internet is at the center of the technological change that is driving our world, but the free ride is over: no more smoke and mirrors, no more crazy stock prices. Now the Internet is really getting down to business. The weaker dot-coms have been weeded out by economic realities. Companies with an inadequate e-commerce infrastructure or poor Internet customer service are doomed.

Internet marketing is now in a phase of maturity well beyond its early experimental stage. E-commerce is in its third generation, in which it is those e-tailers who cross the lines among stores, catalogs, and e-commerce who will survive.

Database-driven Internet personalization is now standard practice. One-to-one relationship marketing is fast becoming a necessity in e-business. eCRM (Customer Relationship Management) is one of the hottest business sectors. Already, b-to-b marketers large and small are using Internet marketing today to generate and qualify leads, hold successful Internet events, execute instant fulfillment, enhance customer relationships, and generate orders. They are joining or starting their own Web communities and participating in exchanges and e-marketplaces, sometimes even with competitors. They are using affiliate marketing, engaging in collaborative selling, and forming new kinds of Internet-based partnerships.

Convergence of the Internet and telecommunications, the connections between the Internet and cable television, the onward march of broadband, voice-based Internet access, and the emergence of a truly wireless Internet are doing much to drive widespread adoption of e-business. Other trends, such as the growth of ASPs (Application Service Providers), are bringing bring

sophisticated e-commerce and e-business applications to even the smallest of companies. Backward integration of the Internet into bricks-and-mortar companies, who are now using the Internet to run their traditional businesses, is having a far-reaching effect. The reliance on e-mail by every consumer and business person once caused it to dominate every other form of communication, but now texting, mobile communications, and social media messaging are threatening e-mail's dominance.

These are vast, fundamental changes. Today the Internet economy is well entrenched, and we are only at the beginning of the Age of the "e."

What of b-to-b marketing? As b-to-b direct marketers who cut their teeth on direct mail, at first we found the swift move to Internet marketing unnerving. We are complete converts now.

The adoption of the Internet hearkens back to the desktop publishing revolution. We remember when typesetters and paste-up artists were swept away by the flood of computer technology, some doubting it would take hold. Now everything in every design department at every ad agency, publication, and marketing communications department is created in digital form. The productivity and quality improvements have been monumental. No one looks back upon the "good old days" of typesetting and manual paste-up with fondness.

It is in fact marketing that early on drove the growth of the Internet, and it is marketing that now is one of its primary beneficiaries. Internet marketing is in reality interactive, personalized, one-to-one direct marketing.

For b-to-b marketers it is more than that: The Internet is the one marketing medium that can truly complete the selling cycle by letting prospects not only learn about a product online, but also inquire about it and, when they are ready, actually buy it online…instantly. Applied correctly, Internet marketing

fulfills the promise of totally accountable and cost-effective direct marketing: It is measurable, results-oriented, repeatable, and highly efficient.

Integrate Internet marketing now into your overall marketing strategy. Capitalize on the combined strength of online and offline media. Recognize that the Internet will become the central core of your marketing strategy. See for yourself why e-mail, newsletter ads, online advertising, and Web sites are now the primary marketing media of choice, working in conjunction with traditional direct mail and advertising to improve the marketing ROI.

The demarcation between traditional marketing and Internet marketing has blurred rapidly, and the change is not merely in marketing. The entire business world is adopting the Internet as a business platform. The Disneys of the world have bought into it, and the Procter & Gambles of the world are advertising on it. It is the Ciscos, Dells, and IBMs of the world who are leading the revolution, and it is the Amazons, eBays, and Googles who are reshaping business as we know it. Yes, there have been setbacks and downturns, but these are indicators of maturation and evolution, not retreat.

Internet marketing is sustainable because it is based upon the fundamental principles of direct marketing, but it goes a step beyond because of its extraordinarily compelling benefits. In the end, it is all about building better, more productive relationships with prospects and customers…the simplest of notions, but all the more challenging to achieve as b-to-b marketing becomes more sophisticated and complex. It is Internet marketing that will ensure fulfilling and rewarding marketing relationships…and ultimately, it is the one form of measurable marketing that will lead to real profits.

Appendix A: Glossary of Terms

80/20 Rule. Also known as Pareto's Principle. States a comparison of relative weight in marketing terms, such as "20 percent of the customer base generates 80 percent of the company's sales."

Affiliate, Associate. Affiliate marketing is a form of partnering that has been popularized on the Internet. Basically, a Web marketer offers affiliates the opportunity to share in revenue by getting referral fees or sales commissions on goods and services sold via the affiliate's Web site. The affiliate (associate) is an organization or firm that participates in an affiliate marketing program.

Audience. Typically, the individuals you are trying to reach with a direct marketing campaign. In business-to-business marketing, a commonly held theory is that there is no single large audience, but rather audience segments. See also *Segmentation*.

B-to-B (B2B); B-to-C (B2C). B-to-b refers to business-to-business, which means businesses that market directly to other businesses; b-to-c is business-to-consumer, or businesses that market directly to consumers.

Bandwidth. The amount of data that can be transmitted in a fixed amount of time. For digital devices, the bandwidth is usually expressed in bits per second (bps) or bytes per second. For analog devices, the bandwidth is expressed in cycles per second, or Hertz (Hz).

Banner, banner ad. A small advertising area on a Web site.

Benefit. What an individual derives from a product or service; what a product or service really does for the prospect or customer.

Bingo cards, bingo leads. Cards or leads that are returned with little or no

information to enable the market to qualify the leads; "raw" responses.

Blog. A Web log – frequently updated online journal or diary.

Bookmark. A Web site or page saved via the Web browser for future reference.

Broadband. A very high-speed means of transmitting data now being used by cable and telephone companies to provide Internet access.

Browser. The software that allows viewing of HTML documents or Web pages. The two leading browsers are Netscape (Navigator or Communicator) and Microsoft Internet Explorer.

Business reply. Mail that carries a business-reply permit so that it can be returned at the marketer's cost.

Cable modem. A modem that facilitates Internet access via television cable. See *Broadband*.

CGI. Common Gateway Interface. Programming used most often to enable interactive forms and counters.

Channel marketing. Marketing done to or through other channels, such as retailers, distributors, and resellers.

Chat. Generally refers to online dialog, typically conducted via e-mail.

Click, click-through. The advertising version of a "hit"—when the viewer of a banner ad clicks on it; or clicking on an area of a Web page to open a link.

Closed-loop system. Generally refers to a lead generation and fulfillment process in which the lead goes from an inbound response through qualification, fulfillment, follow-up, and conversion to sale, with tracking and feedback mechanisms established along the way.

Community. A Web site, newsgroup, or discussion group that shares common characteristics. Web-based communities share information and

provide services to community members.

Compiled list. A list that is composed of names and addresses, telephone numbers, and/or e-mail addresses from nonresponse sources, such as directories or phone books.

Cookie. A piece of data sent by a Web server to the visitor's computer to identify that visitor's computer when it connects again with the Web page.

Cost-per-click. The amount an advertiser pays for each click-through on a banner ad or other online ad medium.

CPM. Cost per thousand. Applies to purchasing media, usually print advertising, mailing lists, and broadcast; also for banner ads.

Cross-functional direct marketing. Marketing to multiple individuals or decision makers in different functional areas within a company.

Customer. An individual who does business with a company; typical classifications are former, dormant, active, or current. Customers can also be ranked based on purchase criteria. See also *RFM*.

Cyberspace. The imaginary location of the Internet.

Database, database marketing. A computerized file of information about individuals, which includes basic contact information, response and/or purchase history, and other historic, transactional sales and marketing data. Database marketing is the practice of using databases to improve the marketing process.

DHTML. Dynamic HTML. Provides additional interactive capabilities beyond HTML. See also *HTML*.

Dimensional. Any mailing that is odd sized or three dimensional in nature, such as a tube or box.

Direct marketing, direct response. The discipline of results-driven, response-oriented marketing. Direct marketing includes any medium used

responsively, including direct response advertising, direct mail, telemarketing, direct response television, direct response radio, and interactive media.

DNS. Domain Name System (or Service). An Internet service that translates domain names into IP addresses. Because domain names are alphabetic, they're easier to remember. The Internet, however, is really based on IP addresses. Every time you use a domain name, a DNS service must translate the name into the corresponding IP address. For example, the domain name *www.example.com* might translate to 198.105.232.4. The DNS system is, in fact, its own network. If one DNS server doesn't know how to translate a particular domain name, it asks another one, and so on, until the correct IP address is returned.

Double opt-in. Asking a customer or prospect who has opted in to receive e-mails from a marketer to confirm and refine that opt-in via return e-mail.

Download. The process of copying a file from one place to another, usually from a Web server to a computer.

DSL. Digital Subscriber Line. A technology that uses basic telephone lines to provide Internet access at very high speed.

E-business. The general term, popularized by IBM, for conducting business electronically.

ECML. Electronic Commerce Modeling Language. An emerging standard for universal acceptance of online payments.

E-commerce. The general term for selling online.

E-mail. Any electronic message sent over a network.

E-mail newsletter. A periodic news publication, sent in the form of an e-mail.

Exposures. See *Impressions*.

eXtensible Markup Language (XML). An emerging standard for Web page

creation that may someday replace HTML.

Extranet. An Internet-enabled network designed primarily for a company's internal use, but that allows select outsiders, such as customers, partners, and suppliers, in.

FAQs. Frequently Asked Questions.

Feature. What a product does; a product attribute or quality, unrelated to how it benefits an individual.

Flame. A negative response to unsolicited e-mail.

Flash. A bandwidth-friendly and browser-independent vector-graphic animation technology. As long as different browsers are equipped with the necessary plug-ins, Flash animations will look the same. With Flash, users can draw their own animations or import other vector-based images. Flash animation can only be created using the Flash animation application from Macromedia Inc. Flash was known as FutureSplash until 1997, when Macromedia Inc. bought the company that developed it.

FTP. File Transfer Protocol. The protocol used on the Internet for sending files.

Fulfillment. Generally refers to materials sent in response to an inquiry, or to the process of sending those materials.

GIF. Graphical Interchange Format. An electronic-image file format. Often used to refer to any graphic image on a Web page, other than a photograph.

Hit. An interaction or request made to a Web server. A page can be "hit" numerous times by one visitor, so hits are not a measure of the number of visitors.

Hits. The number of clicks to a Web page.

Home page. The primary page of a Web site.

Hosting. Typically provided by an Internet service provider, the process of

setting up a Web server and administering a Web site.

House list, house file. A mailing list or database of prospects or customers that belongs to a company; could be maintained in-house or by an outside firm.

HTML. The HyperText Markup Language used so that browsers can view words on Web pages. Most text on Web pages is created in HTML.

HTTP. HyperText Transfer Protocol.

Hybrid list. Typically a compiled list that has been enhanced with response data or additional marketing information.

Hyperlink. A link to a Web page.

Icon. A graphic, picture, or small graphic element.

Impressions. The number of times a banner ad appears in an established period of time, typically a month.

Interactive media. Usually refers to the Internet, World Wide Web, and CD-ROMs; also means any media that encourage interaction.

Internet. A computer network of networks; the world's largest network allows computers to connect with one another.

Internet address. Any location on the Internet. A URL (Uniform Resource Locator) is one form of address that points Web browsers to a particular Web page.

Internet Explorer. Microsoft's Web browser.

Interstitial. Web advertising that appears or "pops up" between Web pages.

Intranet. An Internet-enabled network used internally by a company or organization.

IP. Internet Protocol.

ISP. Internet Service Provider.

Java; Java applets. A language developed by Sun that has become the basis

for many Internet applications; scripting or applications driven by Java.

JavaScript. A scripting language developed by Netscape to enable Web authors to design interactive sites. Although it shares many of the features and structures of the full Java language, it was developed independently. JavaScript can interact with HTML source code, enabling Web authors to spice up their sites with dynamic content. JavaScript is endorsed by a number of software companies and is an open language that anyone can use without purchasing a license. It is supported by recent browsers from Netscape and Microsoft, though Internet Explorer supports only a subset, which Microsoft calls Jscript.

JPEG. Joint Photographic Experts Group. Refers to a compressed graphic image format.

Keycode. A code assigned to a list to identify it as part of a mailing. The code could also represent other criteria, such as geography, company size, industry type, job title, etc.

Lead. Generally, a prospect that has not yet been qualified.

Lead processing. The process of qualifying, fulfilling, distributing, and tracking leads.

LISTSERV. An automatic mailing list server developed by Eric Thomas for BITNET in 1986. When e-mail is addressed to a LISTSERV mailing list, it is automatically broadcast to everyone on the list. The result is similar to a newsgroup or forum, except that the messages are transmitted as e-mail and are therefore available only to individuals on the list. LISTSERV is currently a commercial product marketed by L-Soft International. Although LISTSERV refers to a specific mailing list server, the term is sometimes used incorrectly to refer to any mailing list server. Another popular mailing list server is Majordomo, which is freeware.

Log in, log on. To make a computer system or network recognize you so that you can begin a computer session. Most personal computers have no log in procedure; you just turn the machine on and begin working. For larger systems and networks, however, you usually need to enter a username and password before the computer system will allow you to execute programs.

Mailbot. An automatic e-mail responder or response program.

Marketing database. See *Database.*

Marketing Pyramid. A tool that can be used to break audiences into identifiable segments.

Match code. A code used to identify a specific name and address record. Usually the match code is made up of some combination of pieces of data from the name and address and other identifiable data.

Megabyte. (a) When used to describe data storage, 1,048,576 (2 to the 20th power) bytes. Megabyte is frequently abbreviated as M or MB. (b) When used to describe data transfer rates, as in MBps, it refers to 1 million bytes.

Micro-segmentation. The process of dividing an audience into very small, identifiable segments based on defined criteria or combinations or criteria.

Modem. Acronym for modulator-demodulator. A modem is a device or program that enables a computer to transmit data over telephone lines. Computer information is stored digitally, whereas information transmitted over telephone lines is transmitted in the form of analog waves. A modem converts between these two forms.

Mozilla Firefox. The world's second most popular Internet browser, after Internet Explorer.

MSA. Metropolitan Statistical Area. A geographical area encompassing a city.

NCOA. National Change of Address processing or program.

Nixie. Mail returned with a bad address.

OEM. Original Equipment Manufacturer.

Offer. The underlying offer is the company, its products and services, and the perception of those things by a particular audience. The direct marketing or promotional offer is the incentive offered by the advertiser/marketer to elicit a response.

Online. Usually refers to being on the Internet or on the Web; connected to a network.

Operating System, OS. The most important program that runs on a computer. Every general-purpose computer must have an OS to run other programs. Operating systems perform basic tasks, such as recognizing input from the keyboard, sending output to the display screen, keeping track of files and directories on the disk, and controlling peripheral devices such as disk drives and printers.

Opt-in. To agree to receive e-mail or direct mail from a particular marketer.

Opt-out. To ask that a particular marketer remove one's e-mail address or postal address from their list.

Package. Generally refers to a direct mail package, which typically includes an outer envelope, letter, brochure or other inserts, and a reply device.

Page. See *Web page.*

PDF. Portable Document Format. A form of publishing that retains the original document's characteristics; created by Adobe.

Perl. Short for Practical Extraction and Report Language. A programming language developed by Larry Wall, especially designed for processing text. Because of its strong text-processing abilities, Perl has become one of the most-popular languages for writing CGI scripts. Perl is an interpretive language, which makes it easy to build and test simple programs.

Permission e-mail, permission marketing. The concept of sending e-mail or marketing only to individuals who give their permission to receive the marketing messages.

Personalized. Applies to direct mail that utilizes the individual's name or other unique data that is referenced in the copy.

Pixel. A single point in a graphic image; the smallest element of an image that can be individually processed in a video display system.

Plug-in. Software that "plugs in" to a Web browser to enable added functionality, such as the receipt of sound or multimedia. See also *Flash; Shockwave*.

Podcast. A collection of digital media files distributed over the Internet, for playback on portable media such as an iPod.

POP. Point of Presence. The physical place of connection from a computer to the Internet.

Portal. A destination site on the Web; can be an outgrowth of a search engine, or a specialized destination such as a business-to-business portal.

Premium. An offer or incentive for responding.

Prospect. An individual with the potential to purchase a product or service.

Pull. Generally, interactive media that draws ("pulls") the user to it, such as a Web site.

Push. Generally, interactive media sent ("pushed") to the user, such as outbound e-mail or Web pages delivered to a user's computer.

Qualification process. The process of qualifying a prospect to determine likelihood of purchase.

Qualification questions. A set of questions designed to qualify and prioritize prospects prior to advertising.

Reader service number. Numbers assigned by publications to handle

inquiries to print advertising.

RealAudio. The de facto standard for streaming audio data over the World Wide Web. RealAudio was developed by RealNetworks and supports FM-stereo-quality sound. To hear a Web page that includes a RealAudio sound file, you need a RealAudio player or plug-in, a program that is freely available from a number of places. It's included in current versions of both Netscape Navigator and Microsoft Internet Explorer.

RealVideo. A streaming technology developed by RealNetworks for transmitting live video over the Internet. RealVideo uses a variety of data-compression techniques and works with both normal IP connections and IP Multicast connections.

Relationship direct marketing. Direct marketing that is intended to build an ongoing relationship through periodic contact over time.

Reply device. A reply card, reply form, or any other response piece that the respondent returns to the marketer.

Response list. A list made up of individuals with a propensity to respond, based on the fact that they responded to something already; typically, a list of subscribers, members, buyers, donors, etc.

Response management. The process of managing responses or leads from the time they are received through conversion to sale.

Response path. Any method established to facilitate a response, such as a business reply card, inbound fax, inbound telephone, e-mail, or Web URL.

RFM. Recency/Frequency/Monetary data, which helps determine the value of a customer. Recency refers to when the customer last purchased, frequency to how often, and monetary to how much money was spent.

Rich media. The term generally applies to online advertising that incorporates multimedia, sound, motion, interactivity, or e-commerce.

Rollover. Moving the cursor over a specific area of a Web page.

Screen. Typically refers to the administrative, mailroom, or receptionist screening process of mail or phone calls in a larger company.

Search engine. A program that accesses information via a process of matching keywords; there are numerous search engines on the Web.

Segmentation. The process of dividing an audience into identifiable segments based on defined criteria or combinations of criteria.

Selection criteria. Refers to the available data used to select segments of mailing lists, such as geography, size of company, industry, job function, job title, etc. Selection criteria typically add to the CPM of a rental list.

Self-mailer. A mailing piece that is self-contained.

SET. Secure Electronic Transaction protocol for e-commerce payment transactions.

Shockwave. A technology developed by Macromedia, Inc. that enables Web pages to include multimedia objects. To create a shockwave object, you use Macromedia's multimedia authoring tool called Director, and then compress the object with a program called Afterburner. You then insert a reference to the "shocked" file in your Web page. To see a Shockwave object, you need the Shockwave plug-in, a program that integrates seamlessly with your Web browser. The plug-in is freely available from Macromedia's Web site as either a Netscape Navigator plug-in or an ActiveX control. Shockwave supports audio, animation, and video, and even processes user actions such as mouse clicks. It runs on all Windows platforms as well as the Macintosh.

SIC. Standard Industrial Classification code. A common list selection criterion. An SIC is used to represent a specific industry or an industry segment, such as Computers or Hospitals.

Social Networking. The practice of expanding the number of your business and/or social contacts by making online connections through individuals.

SOHO. Small Office Home Office. A rapidly growing business segment.

Source Code. Program instructions in their original form. The word "source" differentiates code from various other forms that it can have (for example, object code and executable code).

 Spam. Unsolicited, indiscriminate bulk e-mail of a promotional nature.

SQL. Structured Query Language (pronounced either "see-kwell" or as separate letters). SQL is a standardized query language for requesting information from a database. The original version, called SEQUEL (Structured English Query Language), was designed by an IBM research center in 1974–1975. SQL was first introduced as a commercial database system in 1979 by Oracle Corporation.

SSL. Secure Sockets Layer. A protocol developed by Netscape for transmitting private documents via the Internet. SSL works by using a private key to encrypt data that's transferred over the SSL connection. Both Netscape Navigator and Internet Explorer support SSL, and many Web sites use the protocol to obtain confidential user information, such as credit card numbers. By convention, Web pages that require an SSL connection start with *https:* instead of *http:*.

Sticky sites. Web sites that use techniques to get visitors to "stick," or stay on the site and return to the site; these techniques may include free e-mail and incentive offers.

Streaming. Generally refers to sending audio or video across the Internet. See also *RealAudio; RealVideo*.

Surfing. Reviewing Web sites or moving through Web pages.

Suspect. A potential prospect.

Targeting. The most common direct marketing practice; the practice of identifying an audience or audience segment, developing an offer for that audience, and promoting it through creativity that is appropriate for that audience.

TCP/IP. Transmission Control Protocol/Internet Protocol. The suite of communications protocols used to connect hosts on the Internet. TCP/IP uses several protocols, the two main ones being TCP and IP. TCP/IP is built into the UNIX operating system and is used by the Internet, making it the de facto standard for transmitting data over networks. Even network operating systems that have their own protocols, such as Netware, also support TCP/IP.

Telemarketing, telesales. Telemarketing refers to inbound or outbound prospect or customer contact via telephone with the objective of promotion or qualification. Telesales is the same process but with the objective of selling a product or service.

Universe. The total number of individuals who conceivably could be reached with a specific direct marketing campaign.

UNIX (Pronounced "yoo-niks"). A popular multi-user, multitasking operating system developed at Bell Labs in the early 1970s. Created by just a handful of programmers, UNIX was designed to be a small, flexible system used exclusively by programmers. Although it has matured considerably over the years, UNIX still betrays its origins by its cryptic command names and its general lack of user-friendliness. This is changing, however, with graphical user interfaces such as MOTIF.

Upload. The process of sending a file from a computer to a server or another computer. See also *FTP*.

URL. Uniform Resource Locator. An Internet location, most often a Web

address.

Usenet. An Internet-related network that includes e-mail and newsgroups.

VAR. Value-Added Reseller.

Variable. Usually refers to a field on a database in which information changes based on the individual record. The variable can then be used in direct mail copy or a telemarketing script to build a relationship with the individual. An example might be the amount of money a customer spends with a company in a year, which would vary from customer to customer.

Versioning. Using variables to create versions of direct mail copy to personalize and appeal to specific characteristics. In business-to-business direct mail, versioning by industry or job function has generally been shown to increase response rates.

Viral marketing. Marketing that spreads rapidly via e-mail or other Internet communications. Viral marketing refers to e-marketing that encourages customers, prospects, or site visitors to recruit others, who recruit others, and so on.

Virtual event, online event, Web event. An event that occurs online, via the Web.

Visit. One user accessing one Web site at any given time.

Webmaster. Typically, an individual in an organization responsible for the organization's Web site and, sometimes, for Internet usage.

Web page. An individual document on a Web site or on the Web. A Web page can be heavily graphical and can include sound, photography, multimedia, and interactivity, based on the technologies used to create it.

Web response form. A form designed to capture visitor contact and often qualification information.

Web site. A collection of pages on the World Wide Web.

White paper. A short document intended to educate industry customers and prospects.

Wiki. An online resource which allows users to add and edit content collectively.

WWW, World Wide Web. The area of the Internet that contains HTML.

XML. See *eXtensible Markup Language*.

Creative Strategy in DIRECT& DIGITAL Marketing

FIFTH EDITION

SUSAN K. JONES
Ferris State University
Susan K. Jones & Associates

Contents

PART ONE

Laying the Groundwork

1

A Profitable Blend of Art and Science

To become a successful direct and digital marketer, it is vital to stoke your creative fires: moving beyond the obvious formula and format to discover fresh words and pictures that overcome inertia and incite prospects to action. And considering the pervasiveness of predictive modeling, databases, Customer Relationship Management and other analytical elements of today's marketing world, successful copywriters and graphic designers must also hone their expertise in the scientific side of the business.

Indeed, ever since the great copywriter Claude Hopkins coined the term *scientific advertising*, direct and digital marketers have worked to reach a profitable balance between science and art . . . technique and creativity. At its best, direct and digital marketing combines the freedom to explore new worlds of creativity with the discipline of measured response . . . the challenge of searching for bright, new ideas and the satisfaction of measuring those ideas' worth in units sold and long-term customer value achieved.

This chapter offers a historical review showing how direct and digital marketing blends art (creativity, talent, and open-ended exploration) with science (research, market testing, segmentation, and measurability). But first: a brief discussion of direct marketing, Integrated Marketing Communications (IMC), and Multichannel Marketing.

The Definition of Direct Marketing

The late Henry R. "Pete" Hoke, Jr., who was publisher of *Direct Marketing* magazine for many years, defined *direct marketing* as:

> An interactive system of marketing that uses one or more advertising media
> to effect a measurable response and/or transaction at any location, with this
> activity stored on database.

This definition touches on several important points.

1. Direct marketing is a *system of marketing*. That means that it hinges on the marketing concept: creating and promoting products that fill specific consumer and business wants and needs.
2. Direct marketing *interactive*. It attempts to set up a cause-and-effect relationship with the prospect, asking for a certain response to a call to action, and fostering a dialogue rather than one-way communication.

3. Direct marketing uses *one or more advertising media*. In previous generations, direct marketers delivered most of their messages via space advertising, direct mail, and catalogs. Today, additional media such as telephone, television, radio, the Internet, mobile marketing, and social media may serve as a direct marketer's conduit to customers.

4. Direct marketing produces a *measurable response*. To achieve this, the direct marketing message includes a response device such as a coupon, toll-free or mobile telephone number, e-mail address, Web site, landing page, Web response form, or mail-in address. The direct marketer's call to action is met with an exact number of sales or leads, which then can be measured against objectives.

5. Direct marketing may involve a *transaction at any location*. Thus direct marketers may receive their responses not only via media, but also when customers bring coupons sent by mail or mobile device—or printed out online—to a retail outlet, or when they show up for an advertised sale, or visit a local dealer mentioned in a national ad campaign.

6. Direct marketing activity is *stored on database*. This allows direct marketers to record and manipulate data that helps them to offer customers and prospects the best possible, personalized and customized offers at the optimum times through the most appropriate media.

Digital Marketing and Customer Empowerment

While interactivity has always been part of the direct marketing definition, today's powerful databases and highly individualized Web sites make the digital element more crucial than ever before. As Stanford University Professor Ward Hanson defined it, interactivity is "the back-and-forth flow of information. For a Web site, participation plus procedural rules lead to interactivity." When such procedural rules are properly and carefully programmed into a Web site, they allow for real time reactions to customer requests that are sometimes uncanny in their appropriateness and helpfulness. As Ward Hanson explained, "Such a Web site may anticipate user choices and suggest possible alternatives."

This means that when digital marketing is effectively applied, consumers can get the kind of personalized guidance and shopping assistance online that they can only dream of in today's impersonal, mass-oriented retail environment. Digital marketing can lead to true customer empowerment, allowing individuals to identify potential product choices and then compare features, benefits, and prices from the comfort of their homes or offices. They can also share their experiences with products and services via social media, and rate those items on Web sites so that other consumers may benefit by their guidance.

The Economic Impact of Direct and Digital Marketing

Figures provided by eMarketer show that digital marketing ad spending in the U.S. will grow from $83 billion in 2017 to $129.23 billion in 2021. It was remarkable that in 2016, digital ad expenditures surpassed spending on TV ads for the first time, and that gap will continue to widen each year in the foreseeable future, per eMarketer. Mobile marketing was "the main driver of digital's growth in 2017," per eMarketer. The research firm also noted, "Digital made up 36.7% of total media ad spending in 2016 and will account for around half by 2021." That said, as the visual below shows, television will remain an important medium through 2021, and print – while shrinking – will still

command almost 10% of media ad spending by then.

Exhibit 1.1. Total Media Ad Spending Through 2021

US Total Media Ad Spending Share, by Media, 2016 & 2021
% of total

2016

Out-of-home 3.9%
Directories (4) 2.2%
Radio (3) 7.3%
Print (2) 13.4%
Digital 36.7%
TV (1) 36.6%

2021

Out-of-home 3.1%
Radio (3) 5.5%
Directories (4) 1.4%
Print (2) 9.3%
Digital 49.9%
TV (1) 30.8%

Note: numbers may not add up to 100% due to rounding; (1) excludes digital; (2) includes newspapers and magazines; excludes digital; (3) excludes off-air radio and digital; (4) print only; excludes digital
Source: eMarketer, March 2017

224023   www.**eMarketer**.com

What's more, according to the Data & Marketing Association (DMA), nearly 1,000,000 people are employed in fields related to direct and digital marketing in the United States, with sustained growth expected due to the increase in data and digital marketing jobs.

Characteristics of Direct and Digital Marketing

The essential character of direct and digital marketing lies in its *action orientation*. General advertising may inform, persuade, or remind prospects about products or services, but it does not sell. To sell, or to invite a step toward a sale, direct and digital marketers include a call to immediate action and an easy-to-use response device. Direct and digital marketers make specific offers: they tell prospects what they're going to get and what they have to do to get it—be it a product in exchange for a price, free information in exchange for a phone call, or some other quid pro quo. In addition to action orientation, direct and digital marketing has several other important characteristics.

Targeted

Successful direct and digital marketers develop products and services that will appeal to specific groups of consumers—groups that are *measurable*, *reachable,* and *sizable* enough to ensure meaningful sales volume. Direct and digital marketers' ability to tailor a list of prospect names combining several characteristics—for instance, proven direct response buyers who own home exercise equipment and take at least two ski vacations a year; or online buyers of both popular novels and infant toys—allows them to carve out new market segments with profit potential.

Personal

Because direct marketers can record so much about their customers' and prospects' buying habits and

preferences as well as lifestyle information and Web surfing behavior, they are able to address these people in very specific terms—as tennis enthusiasts, classic movie buffs, or whatever. What's more, today's database and printing applications (including Personalized URLs or PURLs) and "on the fly" Web site responses make possible a broad range of personalization techniques as well as one-to-one customized messages and offers.

Measurable

Because each direct and digital marketing message carries a call to action, the advertiser is able to measure the effectiveness of mailings, calls, ads, and online offers by tracking the sales, leads, or other responses received. This makes direct and digital marketers *accountable* for every dollar they spend.

Testable

Because direct and digital marketers can generate firm numbers that measure the effectiveness of their efforts, it is possible for them to devise accurate head-to-head tests of offers, formats, price, payment terms, creative approach, and much more—all in relatively small and affordable quantities.

Flexible

This is especially true in direct mail, where there are few constraints on size, color, timing, and format. Other than conformance to U.S. Postal Service standards, a direct mail marketer can sell with formats ranging from a post card to a $9'' \times 12''$ envelope to a three-dimensional package. The mailing date is set by the marketer—not by a publication.

The Role of Direct and Digital Marketing in Integrated Marketing Communications

The concept of *Integrated Marketing Communications (IMC)* makes absolute sense—so much so that novices in the field may wonder what all the commotion is about. IMC suggests that marketers look at their customer first—his/her preferences, buying patterns, media exposure, and other factors—and then expose that customer to products and services that fit his/her needs via a mix of communication methods the consumer finds attractive and credible.

As Don E. Schultz, Stanley I. Tannenbaum, and Robert F. Lauterborn asserted in their book, *The New Marketing Paradigm*, IMC challenges marketers to "start with the customer and work back to the brand." Why was this revolutionary? Not because it was a new or controversial concept, but because a whole culture of agencies, in-house departments, and consultants once grew up around the notion of separation for advertising, direct marketing, sales promotion, and public relations efforts, rather than the harmonious, customer-centered planning process that IMC requires. What's more, in their haste to get an initial Web site up and running, many companies established their online marketing presence apart from their traditional direct marketing businesses, thereby perpetuating this wall of separation into the new century.

At its worst, this old-style culture leads to arguments among professionals as to how a media budget will be split: how much for general advertising, how much for direct marketing, how much for the Web site, social media and mobile marketing, and so on. Such "turf wars" have very little to do with what the *customer* wants and needs. They rely on chauvinistic notions that "my method is better"—that direct and digital marketing is inherently superior to sales promotion, for example, or that general advertising is more refined, and therefore more appropriate, than "pushier" direct and digital marketing techniques.

Because of the paradigm shift required to implement IMC, direct marketers and their counterparts

in general advertising, sales promotion, and public relations continue to work to come to grips with this concept. As with other deep cultural changes, intellectual acceptance may long precede the ability to embrace the gains and losses inherent in this new way of doing things. While the evolution continues, this conceptual framework may help creative people to understand IMC and use its tenets to their advantage.

The Evolution That Led to IMC

In their book, Schultz, Tannenbaum, and Lauterborn related the societal and business changes that led to the need for IMC. They talk about how the propaganda machine of World War II actually heralded IMC with its emphasis on production aimed at victory. This message was imbedded in everything from consumer product ads to current movies. After the war, the IMC concept was lost for a time because of pent-up demand for consumer goods. Mass products could easily be sold by mass media.

What the authors call "demassification" began in the 1970s, however, as economic growth slowed. Since then, mass media have lost much of their punch, and mass messages have—more and more—fallen on deaf ears. In an economy where most product categories are at the maturity stage, many customers are militant or at least wary, and consumers have taken charge of their own media consumption patterns and product ratings. Smart marketers seek integration for their messages as a way to create "a respectful, two-way dialogue." Social media may broaden that dialogue to include a large number of followers or friends.

The Four Elements of IMC

Integrated Marketing Communications encompasses *general advertising*, *sales promotion,* and *public relations* as well as *direct marketing*. In this definition, digital marketing is combined under the direct marketing banner. Some IMC campaigns feature aspects of all four elements, while others may eliminate one or more elements for strategic reasons. The American Association of Advertising Agencies has defined IMC as follows:

> Integrated Marketing Communications is a concept of marketing communications planning that recognizes the added value in a program that integrates a variety of strategic disciplines, e.g., general advertising, direct response, sales promotion and public relations and combines these disciplines to provide clarity, consistency and maximum communications impact.

In an integrated campaign, *general advertising* shines at strengthening brands and brand equity while *direct and digital marketing* builds relationships and dialogue, and provides the means to close sales. *Public relations*—mainly publicity in this case—offers third-party endorsements and extra reinforcement for the paid advertising messages. *Sales promotion* provides short-term buying incentives for both consumers and the trade. None of the four elements is inherently superior or inferior; they all have important functions in an integrated campaign. The campaign should focus on a "big idea" and a graphic look that threads through all four elements. This maximizes the chances that consumers will get the message and then have the message reinforced and layered in their memories without the "cognitive dissonance" that arises from mixed messages or incongruous graphic elements.

Multichannel and Omnichannel Marketing

Multichannel marketing is the use of multiple media (typically a catalog, a Web site, and a brick- and-mortar retail presence), to effectively reach and serve a targeted customer group. As the IMC concept has evolved, it has increased its focus on this type of multi-faceted communications between buyer and seller—necessitating a sophisticated database integrated across all media and all channels.

Today the Internet has become a vital element in the marketing communications mix, and Internet marketers who lose sight of the importance of integration with other channels and media will do so at their peril. While some firms may choose to present a different message and "look" online, they

Exhibit 1.2. Tiffany Web Site
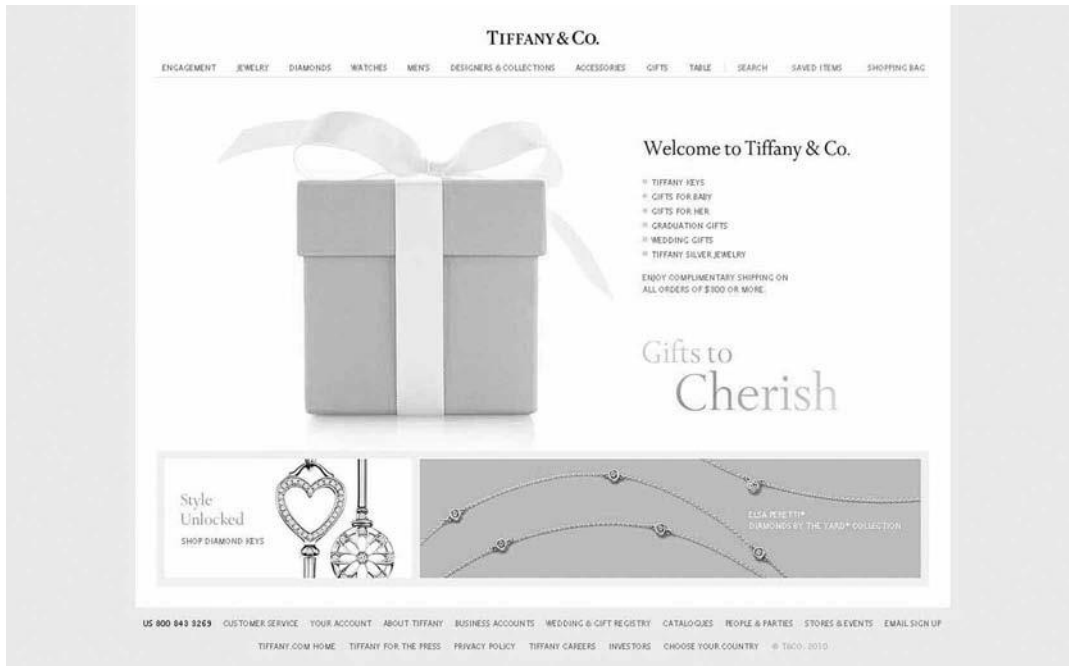
The Web site at http://www.tiffany.com combines the robin's egg blue color and elegant-yet-streamlined de- sign that also characterize the company's catalog and retail store interiors. Visitors to the site can down- load and "flip through" Tiffany's several catalogs, and also get directions to their nearest Tiffany store.

Reprinted from the Tiffany Web site at www.tiffany.com.

must make that decision strategically. And most firms will be best served by presenting a Web site that harmonizes with the images and messages of their traditional print and broadcast media. Here are several elements of successful multichannel marketing:

Integrated "Look and Feel"

For a simple example of "total creative integration," leaf through the print catalog of Tiffany & Co., then log on to their Web site at *www.tiffany.com,* and then visit one of their elegant retail stores. Tiffany's catalogs almost always feature the same shiny robin's egg blue cover and white internal pages with minimal copy, lots of negative space (white space), and simple-yet-tasteful product presentation. The Web site displays those same colors, graphics, and type styles—which you'll see echoed again at the retail store where every Tiffany's purchase is presented in a shiny robin's egg blue box with silky white ribbon.

Another fine example is Williams-Sonoma. The firm's catalogs and stores are so well integrated that visiting a Williams-Sonoma store is like stepping into the catalog—and vice-versa. Store visitors may be treated to cooking demonstrations, sampling, and advice on food preparation and presentation. The catalog offers how-to sidebars and recipes, while the Web site *(www.williamssonoma.com)* picks up on the same look and feel with beautiful "lifestyle" photography, recipes, and tips for creative cooks.

Exhibit 1.3. Williams-Sonoma Catalog

WILLIAMS-SONOMA
A Catalog For Cooks
Christmas

Order Until Noon (PST)
November 20 for Thanksgiving Delivery
6 pm (PST) December 22 for Christmas Delivery
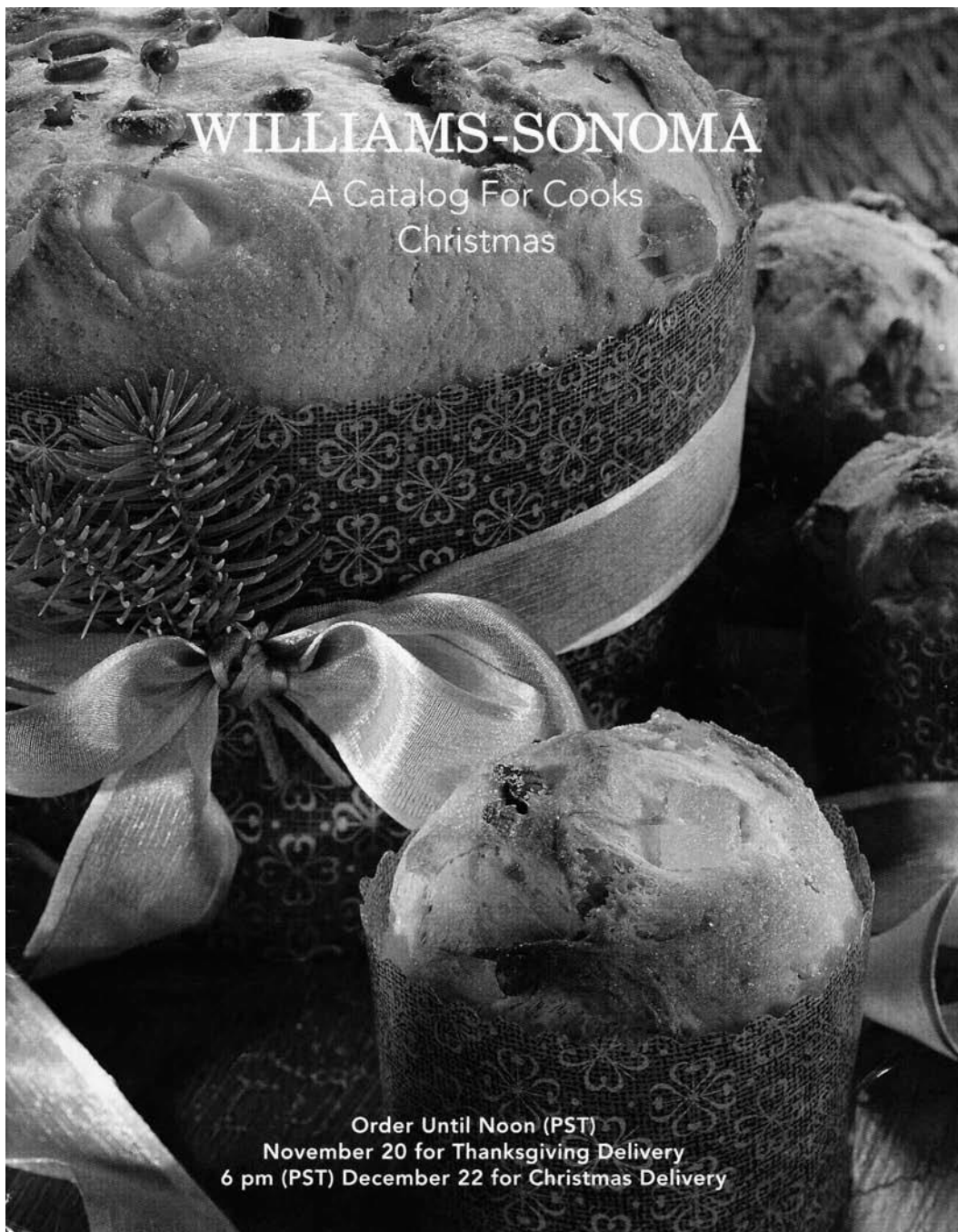
The Williams-Sonoma catalog and stores are so well integrated that visiting a Williams-Sonoma store is like stepping into the catalog—and vice-versa. The Web site at www.williamssonoma.com picks up on the same look and feel.

Reprinted with permission of Williams-Sonoma, Inc.

A Strategic Choice for a Unique Online Focus

As much as marketers value the customer knowledge and recognition they gain by integrating their messages, some firms decide to modify their look and feel online for corporate reasons. For example, as pointed out by catalog expert Ed Bjorncrantz, the automotive supplier J. C. Whitney (*www.jcwhitney.com*) has better product presentation and easier search than the firm's catalogs. Bjorncrantz says that's because you can only "cut" a catalog two-dimensionally—by vehicle, by product category, or some simple combination. On a Web site, you can do search by vehicle, keyword, product, or any other method that's helpful to the customer. The Web site is structured to allow the customer to navigate the way they want to do it. You can also create specialty landing pages that help address certain markets that are attracted through e-mails, affiliate programs, banner ads, and the like.

Integrating the Database

At computer and office technology products marketer CDW (*www.cdw.com*), one integrated database covers every transaction and communication, no matter what medium is involved. Account managers can pull up an account and see in a summary system how many times that customer has used the Web site and/or their Extranet, what they've been buying, how many tech support calls have been made, what returns were made, sales this year versus last year, and much more. CDW built its own Customer Relationship Management system in-house, as well as its own order management system.

Let the Customer Buy When and Where They Want

Most direct and digital marketers agree that if they can entice a customer to buy both online and offline, that customer's long-term value will grow. Yet they also realize the best way to build satisfaction and loyalty is to cater to the customer's buying preferences and habits. Steve Katzman of Steve's Blinds and Wallpaper calls his firm "the Burger King of the home decorating industry—have it your way! Whatever way you want to communicate with us, we'll do it. It costs too much to have a customer consider working with you to shut them down by not facilitating the buying channel they prefer."

This means that every catalog page or spread should include the company's Web site address and toll-free phone number, and that the Web site should allow customers to view the print catalog and access handy functions such as Live Chat or a place to click that will alert customer service to call the customer immediately. What's more, retail stores should be kept up to date about what is featured in catalogs and on the Web so that when customers visit with catalog in hand—or ask about "that item on the front of your Web page," they can help the customer immediately.

Don't Abandon Print When You Go Online

When the World Wide Web first gained prominence in the mid-1990s, some pundits predicted the demise of most every other medium—particularly print. Yet successful online marketers have found that the strategic combination of print and online marketing methods optimizes their efforts. What's more, history shows us that new media do not obliterate old media, they simply sharpen the focus of each medium's function. For example, television's swift rise to ubiquity with strong national networks and exceptional visual qualities did not "kill" radio in the 1950s. Rather, it inspired radio executives to reinvent their medium as a highly segmented, locally focused provider of music and information.

Jim Shanks, formerly of CDW, doesn't believe that the strategic use of multiple media—especially

catalogs—will end anytime soon. Noting that CDW mails tens of millions of catalogs every year and that every one of them talks about the Web site, he asks, "How many magazines would you have to take space ads in to get that kind of a circulation?

Omnichannel Puts Mobile at the Center

While multichannel marketing may take place in silos between customer and channel – via retail store, online or via catalog, *Omnichannel* Marketing puts the customer at the heart of the multichannel strategy, with mobile as a key component. As John Bowden, then Senior Vice-President of Customer Care at Time Warner Cable explained, "Multichannel is an operational view – how you allow the customer to complete transactions in each channel. Omnichannel, however, is viewing the experience through the eyes of your customer, orchestrating the customer experience across all channels so that it is seamless, integrated, and consistent. Omnichannel anticipates that customers may stay in one channel and move to another as they progress to a resolution. Making these complex 'hand-offs' between channels must be fluid for the customer. Simply put, omnichannel is multichannel done right!"

Today's customer is very unlikely to take a linear approach to shopping. He or she might take any number of actions, in any order. These include online research, checking social media, opening e-mails, chatting online, asking influencers for their opinion, reading blogs, and so on. This makes it vital that marketers adopt an omnichannel perspective and make sure that they are there with helpful, pertinent and respectful information at every stop on the "path to purchase."

Direct and Digital Marketing: A Brief History

Social changes and technological advances have fueled major development and growth of direct marketing since the late nineteenth century. Yet even 500 years ago, publishers in Europe used catalogs to attract customers for the new wealth of books available after Johann Gutenberg introduced moveable type around 1450. And nurserymen let gardeners know of their wares with seed and plant catalogs issued regularly in England by the late 1700s.

Meanwhile in the American colonies, Benjamin Franklin formed what might be called the first continuity-style book club. Each member paid an entrance fee and dues for the privilege of reading books they selected by catalog. Franklin also published his own bookselling catalog in 1744, boasting nearly 600 titles. In it he pioneered the basic idea of "satisfaction guaranteed or your money back."

During this same period, another major influence of direct marketers came into play: the peddler who sold soaps and patent medicines by means of demonstration, traveling door-to-door or gathering crowds in village squares. Direct marketing masters from Claude Hopkins to Alvin Eicoff have attributed much of their success to techniques learned from these eloquent stand-up salesmen.

Ward and Sears Herald Modern Direct Marketing

Although such enduring American direct marketing firms as Orvis, L. L. Bean, and Tiffany were already well established with catalogs in the early 1800s, the innovations of Montgomery Ward and Sears, Roebuck & Co. are generally considered the beginnings of modern direct marketing in the United States.

As a peddler traveling across the Midwest, Aaron Montgomery Ward developed a unique business strategy idea. It hinged upon the slogan of the powerful farmer's group called the Grange: "Eliminate the Middleman." Ward would sell directly to the consumer and save his customers the money they perceived as going to undeserving intermediaries. Ward started his direct mail business in America's transportation center, Chicago, in 1872. By 1884 his catalog grew to 240 pages.

Many of Ward's brilliant innovations still are used today to good effect by direct and digital

marketers. He guaranteed all products unconditionally, and showed pictures of his employees throughout the catalog to prove that this was indeed a person-to-person operation. His folksy customer service letters matched the tone of friendship in those he received from his isolated rural customers.

Richard Warren Sears first learned the power of direct selling when he peddled a package of watches to his fellow railroad agents in Minnesota. Ads in newspapers followed and by 1887 young Sears was ready to team with Alvah Curtis Roebuck, a watchmaker and printer. Like Ward, Richard Sears and his partner offered money-back guarantees on all products. Hard work and a natural instinct for direct marketing helped Sears, Roebuck & Co. grow to an annual mailing volume of 75 million pieces by 1927. Besides the family Bible, Wards and Sears catalogs were often the only books in the house for America's turn-of-the-century rural families. Some social historians argue that the electric refrigerators and other appliances offered in these wish books provided the concrete evidence farmers needed to understand and support the drive for rural electrification.

Business for both Ward and Sears grew even more once the U.S. Postal Service began Rural Free Delivery in the 1890s and Parcel Post in 1913, making shipping to even remote areas a simple and timely proposition.

Salesmanship in Print

The next generation of advertisers built upon the principles established by Montgomery Ward and Sears, Roebuck & Co. to expand the applications of direct marketing in space advertising and direct mail. Albert Lasker was a fledgling newspaperman who fell in love with advertising and never returned to journalism. He learned two key direct marketing ideas from his enigmatic mentor, copywriter John E. Kennedy. In his reminiscences, first published decades ago in *Advertising Age*, Lasker recalled how Kennedy's definition of advertising changed his life and the course of his career.

In those turn-of-the-century days, the main function of an advertising agency was to act as a space ad placement broker for clients. To make their services more attractive, some of these advertising agents offered to create the advertising for their clients. In most cases, their main objective was simply to keep the client's name before the public.

But Kennedy told Lasker that advertising should be much more than that. Effective advertising was *salesmanship in print*. He went on to explain that the key to this salesmanship was "reasons why" copy—writing that convinced the reader that the product was worthy because of its *features* and *benefits*.

Other advertising men of Lasker's and Claude Hopkins's generation were discovering and amplifying the same principles in agencies and companies throughout the East and Midwest. Notable among these were Harry Schermann and Maxwell Sackheim, who launched their "Little Leather Library" in 1916. Unimpressed by the volume of sales they could obtain through retail outlets, the two men began offering their books by mail. At that time, there were few bookstores outside major cities. Availability of the Library by mail enabled thousands of striving Americans—many of them immigrants—to obtain the books they desired for themselves and their children. The Library's success led Schermann and Sackheim to develop the Book-of-the-Month Club in 1926, paving the way for today's plethora of continuity programs selling books, music, plants and flowers, clothing, and food on by-the-month clubs and boxes.

The Direct Mail Advertising Association (now the Data & Marketing Association) was founded in 1917, and the U.S. Postal Service inaugurated third class bulk mail in 1928. In those days, the first major business-to-business direct marketers emerged, seeking qualified leads for their sales forces. Principal among these were National Cash Register Co. and Burroughs Adding Machine Co.

After World War II, the parents of the "baby boom" generation sought all manner of goods, but often found them in short supply in neighborhood stores. New catalog and direct marketing firms filled the void, including Miles Kimball, Hanover House, and Fingerhut. The 1950s saw the growth of Time-Life, perhaps the first firm to fully understand the potential of a database, recording demo-

graphic and psychographic information about customers.

The Growth of Direct Marketing: Social and Technological Change

The 1960s was a decade of profound social change in the United States, as well as a time of many technological advances that spurred the growth of direct marketing. It was during this period that most of the forces that drive the direct marketing boom first emerged.

Advances in Computer Technology

Recording and manipulating a database became feasible when fast and affordable computers penetrated the American business market. The new technology also has allowed for useful innovations in printing and production such as laser, inkjet, and digital personalization techniques as well as digital graphic design, printing and production.

The Emergence of Digital Marketing

The Internet, originally a tool for the military and universities, found a booming business and consumer market in the 1990s—fueled by user-friendly navigation software, powerful search engines, and high-quality graphics on the World Wide Web. Online services, which had served a small, cult-like audience for years, caught fire in the 1990s as well.

Even though most marketing and IT conferences circa 1997–2000 featured at least one keynoter asserting, "The Internet Changes Everything," the dot.com boom of the late 1990s turned into a bust in the first year or two of the new millennium. But while dot.coms died by the score—and the promise of swift and radical transformation to e-business faded like the NASDAQ's "irrational exuberance" highs—seasoned marketers had expected no less. That dot.com bust represented an inevitable phase in the Internet's life cycle, resulting in the survival of the fittest.

Targeted Media Opportunities

Just as the Sears general catalog has given way to smaller and more specialized books offering narrow product lines like tools, outdoor furniture, supplies for babies and work wear from Sears, the old mass magazines such as *Life* and *Look* have been supplanted by books that define their audiences: *Working Mother*, *Garden Design,* and *Men's Health*, just to name a few among hundreds of targeted titles. And the three old-line television networks, with their "all things to all people" programming, lose ground year by year to more targeted networks like Fox and The CW, and to specialized outlets like CNN Headline News, ESPN (all sports), Univision (Spanish), HGTV (Home and Garden Television), and home shopping channels. What's more, many young people are "cutting the cable cord" or never even subscribing to cable TV, preferring to watch their TV shows online. At the same time, marketers have learned to use broadcast and satellite radio stations geared toward news, talk, classical music, and other defined audiences for direct response offers. What's more, with the unlimited real estate offered by the Web, marketers can develop specialized and targeted sites for subsets of their businesses, very cost-effectively.

Growth of Consumer Credit

American Express, Visa, MasterCard, Discover, and other widely distributed credit cards offer consumers the opportunity to make impulse buying decisions, a boon for direct and digital marketers. Consumer credit works hand-in-hand with telemarketing and online marketing to streamline the buying process: customers can call a toll-free telephone number or fill an online shopping cart, provide their card numbers, and order products from the comfort of home. Credit cards and payment services like PayPal also increase the opportunity for trust on both sides of the buying transaction. The marketer is protected against much of the risk of bad credit, and the buyer can call on the credit card or payment firm to help if there is a customer service problem. Today, consumers can simply

swipe their phones using Apple Pay and other digital payment methods to buy anything from

Starbucks Coffee to groceries to vacations.

Decline in Personal Service

Americans believe that they got better service from retailers in the "good old days." They remember when career salespeople who knew their merchandise well would provide individual service, calling customers by name and showing them deference and respect. Contrast this with today's transient retail sales clerk, often paid a minimum wage and no commission. Add the time-wasting prospect of standing in line only to find that the desired item is out of stock, and it is no wonder that consumers are ripe for the convenience of shopping at home. Vast improvements in direct and digital marketers' inbound telemarketing systems, their online sales operations, their customer service capabilities, and their inventory and shipping controls have made shopping from home a viable alternative even for those who need merchandise delivered quickly. The two-day shipping service, Amazon Prime, was estimated to have 80 million members circa 2017, each spending an average of $1300 a year to help justify the annual fee of $99.

Changing Lifestyles

The classic American family, with Dad employed outside the home and Mom staying at home with two or more children, now accounts for only a tiny fraction of American family units. There are more single-parent families and dual-career families than ever before. Women represent about 47 percent of the U.S. work force, and a recent statistic shows that 38% of working wives makes more money than their husbands.

With these changes has come an important alteration in family buying patterns. Today's working woman often has more money than time to invest in shopping. Thus she prefers to complete her buying transactions as quickly and painlessly as possible. Direct and digital marketers offer ways to do this: catalog; TV home shopping, online shopping or mobile phone purchasing at any hour of day or night; toll-free, 24-hour phone lines for ordering; home or office delivery, including affordable overnight or two-day delivery; liberal guarantees; free-trial privileges; and much more.

Shopping at home also allows customers to remain safe and anonymous in their own "comfort zones"—attributes that are growing in importance to many busy consumers and senior citizens today. Home shoppers need not get dressed up, carry mace spray units on their key chains, or walk through deserted parking lots or garages with their purchases in hand.

In addition, the higher incomes of dual-career families allow them to indulge in hobbies and leisure activities. Special-interest groups like white-water rafters, hunters, movie buffs, and many more offer direct and digital marketers a fertile field for development of targeted product lines.

A Diverse and Affluent Marketplace

In the United States today, in terms of percentages, the fastest-growing population group is that of Asian-Americans, followed by Hispanics/Latinos, and African-Americans. Sometime in the first half of the twenty-first century, experts project that whites will become a minority in the United States—in other words, people of color will make up 51 percent or more of the American population. While well-heeled consumers who represent visible minority groups may often be forced to purchase products that are promoted using only white faces, music, speech patterns, and culture, their preferences are clear: they appreciate being targeted much more directly.

With media choices broadening, direct marketers can reach specific racial and ethnic groups in magazines and newspapers, and on cable networks like Black Entertainment Television (BET) and Univision (Spanish). Restaurant chains including McDonald's and KFC have reaped considerable financial rewards by tailoring messages and even store decor and menus to the racial and ethnic groups

Exhibit 1.4. Univision Web Site Capture

The Univision Web site (www.univision.com) and cable television network deliver content and promotions aimed at America's fast-growing and affluent Hispanic community.

Reprinted from the Univision site at www.univision.com.

who live and work near specific stores. Automobile companies, cigarette marketers, and sporting goods firms are among many others that have become much more sensitive to the profit potential of better targeting, including the LGBT community as well.

While some direct marketers who are personally "steeped in the dominant culture" may initially dismiss such market segmentation as mere political correctness, improvement on the bottom line is the most dramatic business reason for target marketing based on race or ethnicity. Indeed, many direct marketers who do not appreciate and reflect the diversity of their potential customers may be missing business unknowingly.

In recent years, the ability to target individuals by surname has increased marketers' opportunities to address Asians and Hispanics by mail. Since African-American surnames are much less discernible, some marketers have attempted creative methods of identification such as compiling lists from directories of predominately African-American churches.

Segmentation opportunities abound within general ethnic and racial groups as well, as evidenced by the success of Allstate Insurance Company in targeting various specific segments of the Hispanic/ Latino market. Allstate's ads in Spanish have featured voice-over announcers with Cuban accents in Miami, Mexican accents in Southern California, and Puerto Rican accents in New York City, for example.

Direct and digital marketers who recognize the profit potential of sensitively targeting specific racial and ethnic groups will enjoy fertile new fields—especially in a time when many firms are complaining of difficulties in finding untapped markets.

International Opportunities

Large and sophisticated direct marketing companies have long recognized the sales potential in countries beyond the United States. Countries including Japan, France, Germany, the United Kingdom, Taiwan, Italy and Switzerland already represent billions of dollars in direct and digital marketing sales. Meanwhile, emerging markets including the BRIC nations (Brazil, Russia, India and China) offer huge potential for global direct marketers. Indeed, more than 40 countries boast professional direct marketing clubs and organizations. What's more, organizations such as the International Direct Marketing Federation at *http://www.idmf.com* and the Federation of European Direct and Digital Marketing at *http://www.fedma.org/* provide valuable information for direct marketers with plans for international expansion.

Before the Internet provided immediate potential for global exposure to anyone with a URL, companies had to be intentional about their international efforts. They either set up shop in their targeted countries or hired international agencies to help them deal with myriad differences in language, culture, database availability, postal rules, and so on. Now many companies find international business thrust upon them as their U.S.-based sites are discovered by patrons all over the globe. Some direct and digital marketing firms admit that their international policies to date are fairly elementary. As Todd Simon of Omaha Steaks comments, "The logistics of shipping our product over borders is so difficult that we do it only on a case-by-case basis." The Omaha Steaks Web site states, "Due to import/export restrictions, we are unable to ship our products outside the United States, Canada, Puerto Rico and the US Virgin Islands." The Chicago Symphony Orchestra does not actively solicit international orders, but they fulfill them if their regular shipping company is able to deliver the product.

Higher Education Allows for a Longer Story

Although illiteracy is still a major problem in America today, the upscale target prospects of most direct and digital marketers are better educated than ever before. Thus they are ready and able to read the meaty, benefit-laden copy that helps direct and digital marketers sell thoroughly and effectively in print media and online.

Challenges for the Direct and Digital Marketing Community

While direct and digital marketers enjoy many positive indicators for sustained growth and success, it is essential to recognize and deal with several threats to the industry. These concerns include privacy, the environment, and issues regarding the government and the U.S. Postal Service.

Privacy Issues for Direct Marketers and Digital Marketers and Their Customers Responsible direct and digital marketers see their customer knowledge as a positive way to customize offers and serve individuals better. However, many customers and some activists are concerned about the potential for abuse of personal information direct and digital marketers may acquire and store on their databases. There are also concerns about what types of lists may be rented, sold, or even obtained on the Internet—including government-recorded data such as vehicle registration and driver's license records. What's more, some buyers are unwilling to let their names be rented to other marketers.

The pressure for search and social marketers like Google, Facebook, Instagram and Twitter to generate revenue—and these sites' huge potential to gather and leverage information about site users and their friends—has drawn even more attention to this problem.

Direct and digital marketers are dealing with these concerns in a number of positive ways. First, the Data & Marketing Association and many regional direct marketing groups require their members to adhere to specific codes of conduct. Second, the DMA's Mail Preference Service (*www.dmachoice.org*) allows consumers to opt out of direct marketing offers—DMA shares these names with direct marketers who eliminate them from their cold lists. Third, responsible direct marketers ensure that they use database information in ways that are perceived as non-intrusive and positive by their customers and prospects.

Another privacy issue has to do with telemarketing. Consumers complain about poorly targeted telemarketing calls that they receive at inopportune times. Self-regulation on the part of direct and digital marketers can take care of many of these complaints, as can adherence to all applicable federal standards. The Federal Trade Commission/Federal Communications Commission "Do Not Call" laws allow consumers to register their home and cell phone numbers to opt out of many unsolicited calls selling products and services. Telemarketers must adhere to the "Do Not Call" laws or risk very high fines.

Perhaps the thorniest privacy issue in today's marketing world involves unsolicited e-mail marketing, or "spam." Responsible direct and digital marketers invite their customers and prospects to officially "opt in" to receive e-mail on designated subjects at designated intervals. (The same opt-in standard is applicable to the growing field of mobile marketing.) Because e-mail marketing is relatively inexpensive—and e-mail lists can be culled relatively easily in a number of unauthorized and less-than-ethical ways—some unscrupulous marketers utilize mass e-mail techniques to a maddening extreme. The DMA—long an advocate of self-regulation for the direct and digital marketing industry—has admitted that government regulation is necessary to control spam. That said, e-mail service providers have become much more adept in recent years at relegating unsolicited messages to the "spam" or "junk" folder.

Environmental Issues

While many direct marketers can make excellent profits with very low response rates, consumers often question how much paper is wasted in the process. To deal with these concerns, many direct marketers have made a conscious effort to use more recycled papers, as well as soy-based printing inks that are less harmful to the environment. Better direct mail targeting can also help cut down complaints on this score. In addition, as more and more transactions are completed online, less paper is needed both for product promotion and consumer communication. In addition, many direct and digital marketers are inviting their customers to receive invoices and make payments online, thus eliminating both the cost and the paper associated with monthly bills and reminders.

Governmental Concerns

In recent years, federal and state governments have considered imposing a number of restrictions on direct marketing methods, and taxes on direct marketing and online sales. Most concerned direct and digital marketers work diligently on intelligent self-regulation in concert with the Data & Marketing Association and regional associations and clubs. In addition, these associations expend considerable effort and money in educating legislators, regulators, and consumers about the benefits of direct and digital marketing and its positive impact on economic development.

Rate and Delivery Issues with the U.S. Postal Service

Even considering the favorable rates available to direct marketers who prepare their mail according to post office standards, the cost of postage has risen substantially over the past few decades. In addition, there are continuing concerns regarding timely and effective delivery in most all mail classes. Looking forward, some experts predict that postal questions eventually will become less pressing, as more and more commercial communication is conducted online. In the meantime, direct marketers seek productive solutions with postal officials, and experiment with alternate methods of delivering both messages and products.

Prospects for Creative People in Direct and Digital Marketing

With so many factors in its favor, direct and digital marketing has shown phenomenal growth in recent decades. What's more, Fortune 500 companies and their advertising agencies have come to understand the wisdom of integrating direct response and digital techniques into a great percentage of their marketing plans.

This growth gives rise to a continuing need for more and better direct and digital marketing copywriters and graphic designers—including those who specialize in creating e-mail messages, mobile promotions, and content and promotions for Web sites. Experienced direct and digital marketing creative people with successful track records often command six-figure salaries and lucrative freelance opportunities. But they reach that exalted level only through years of study and practice—usually beginning at subsistence-level salaries. Time was, direct marketers learned strictly through a mentor system. Their craft was handed down from generation to generation. Albert Lasker, for example, staffed about a dozen cubicles at the Lord and Thomas ad agency with fledgling writers whom he schooled in the concepts of "salesmanship in print" and "reasons why" copy. When these men left Lord and Thomas, many of them went on to head some of the most successful advertising agencies of the twentieth century.

Today, direct and digital marketing has become an academic subject, with at least one course of study available at scores of colleges and universities across the United States. There are centers for direct and/or digital marketing at Chicago's DePaul University and New York University. Northwestern University offers a master of science degree in integrated marketing communications with a number of specialized courses in direct and digital marketing. Several schools, including West Virginia University and Eastern Michigan University, offer online master's degrees in Integrated Marketing Communications.

The Data & Marketing Association and a number of regional direct marketing clubs host frequent how-to seminars—both face-to-face and online—led by seasoned practitioners. The Marketing EDGE Foundation, the Midwest Marketing Education Foundation, and several other regional and local foundations support graduate, undergraduate, professorial, and professional development programs at sites all over the country.

The Chapters Ahead

This book will provide the key information a direct and digital marketing creative person needs to understand: how to unlock direct and digital marketing creativity, and discipline it to develop selling propositions that maximize profit potential. This material will help copywriters and graphic designers approach their jobs well-grounded in the hard-won knowledge of their predecessors, and well-armed with strategic knowledge about the latest applications of direct and digital marketing. What's more, it will enable those who supervise and manage creative people to draw out the best possible work from their writers, artists, and production staff.

Enhance Your Understanding:
The Direct and Digital Marketing Debate

Consumers enjoy buying by mail, phone, or Internet for a number of reasons: 24-hour convenience; a wide selection of specialized products; the comfort and safety of shopping from home; and the time and energy savings of avoiding crowded malls and shopping centers. Yet critics of direct marketing raise concerns, including: consumer privacy; wasted paper from poorly target mailings; intrusive telemarketing, mobile messages and e-mails; apprehension about not seeing the product before buying, etc. Check the popular press via online search engines or library periodical indices and read some articles about the pros and cons of direct and digital marketing from the consumer point of view. Are the "pros" for direct and digital marketing more compelling than the "cons"? What could you do to maximize the "pros" and overcome the "cons" in your creative approach?

2

The Discipline of Direct and Digital Marketing Creativity

True or false: Either you were born creative, or you weren't. The answer is false! This may come as a surprise to those who think of creativity as a God-given talent rather than a hard-won accomplishment. Yet we all have the same mental resources to harness for creativity.

There are four main ingredients to creativity in direct and digital marketing:

- Knowledge of proven techniques
- Specific research on the product, target market and competition
- The patience to work through a time-consuming process of discovery
- The courage to put your ideas to the test

Successful direct and digital marketing creative strategy relies as much on proven techniques as it does on a unique approach to a given situation. Thus most any reader of this book can become a good direct and digital marketing creative strategist—not just those born with a talent for language or art.

This chapter will discuss the disciplined form of creativity that successful direct and digital marketers must develop. It will explain how historical perspective can save creative people from reinventing the wheel by considering the many "dos and don'ts" established at great cost by great marketers of the past. It will explore ways in which direct and digital marketers can prime themselves to become more creative. And it will offer several proven, step-by-step methods of idea generation and applied creativity. By these means anyone can increase his or her potential for creativity in direct and digital marketing.

Study the Techniques of the Masters

Historians often comment that those who do not learn from the mistakes of the past are destined to repeat them. As direct and digital marketing creative people, we can gain as much by studying the successes of our predecessors as we can from their failures. Indeed, their successes are much more likely to be discussed in detail in their "how-to" volumes for direct and digital marketers! Classic books like Claude C. Hopkins's *My Life in Advertising* and *Scientific Advertising*, David Ogilvy's *Confessions of an Advertising Man* and *Ogilvy on Advertising*, Richard V. Benson's *Secrets of Successful Direct Mail* and Gordon White's *John Caples: Adman* offer timeless narratives that are richly laced with information that creative people should keep at their fingertips. Other top direct

and digital marketers and creativity theorists have presented their knowledge in textbook form, enabling fledgling writers and graphic designers to learn from the experience of Bob Stone and Ron Jacobs, Roger von Oech, Mihaly Csikszentmihalyi, Jim Kobs, Katie Muldoon, Ed Nash, Jerry Reitman, Victor Hunter, and scores more. Those who aspire to new heights of direct and digital marketing creativity should first climb onto the shoulders of the great practitioners of the past and present.

At $20 to $100 per volume (or as little as $9.99 in e-book form!), these books are the greatest bargains a creative marketer ever will find. One "big idea" from each book you read could make or save your firm millions of dollars.

Learn all that books can teach before you begin investing your company's money in mail, e-mail, space ads, the Web, content marketing, telephone, mobile and broadcast. Trade publications, classes, conventions, Webinars and seminars can also be very beneficial for direct and digital marketing creative people seeking to increase their knowledge base.

Direct Marketing Formulas and Checklists

In past generations, direct marketers learned their craft by doing. Drawing upon their knowledge of human nature and the techniques of successful one-on-on salespeople, they created and tested direct mail packages and space ads. In this way, they built upon their successes and eliminated their failures. And after some years in the business, they developed formulas and checklists—both as benchmarks for themselves and to use in training new writers and art directors.

Briefly during the late 1990s however, many naïve or arrogant digital marketers rejected this tried-and-true wisdom. They asserted that the Internet represented an apocalyptic revolution and that the old rules just didn't apply. For example, 17 "New Economy" firms bid the price for a single 30-second Super Bowl ad up to a then-unprecedented $2.5 million in 2000. Of those 17 firms, seven were out of business before the end of the year 2000!

Meanwhile, classically trained direct marketers shook their heads in disbelief as the dot.com upstarts insisted that one or two Super Bowl spots could win them the brand recognition and sustained site traffic necessary to keep them in the limelight all year. These veterans calculated what they could do with $2.5 million in an integrated, highly segmented campaign of direct marketing, public relations, sales promotion, and general advertising! Indeed, Frito-Lay recently abandoned the Big Game after years of its crowd-sourced Doritos "Crash the Super Bowl" competition.

What's more, while the Super Bowl has been reclaimed in large measure by traditional, big-name brands, many of them now incorporate digital marketing methods to draw viewers to the Web for additional content, contests, and relationship building.

With direct and digital marketing part of most every promotional campaign today, creatives will be wise to add these formulas and checklists to their professional bag of tricks. Read them over and then gather some samples of direct response space ads, direct mail packages, Web sites, e-mails, and perhaps some direct response TV or radio spots. Try to apply one or more of the formulas to each selling message. Determine for yourself where they measure up and where they are lacking. Sometimes an ad or package will not fit any formula, yet still be exceptionally fresh and effective. Take a crack at analyzing why these renegade ads and packages work, and you may develop some new "dos and don'ts" of your own.

Once you have practiced applying the formulas and checklists on other people's work, try using them to develop and critique your own promotions. Eventually, the principles expressed in these lists

will become second nature to a seasoned direct and digital marketing creative person. But a refresher course from time to time will help to keep your work on target.

Famous Direct Marketing Formulas

A-I-D-A

Perhaps the best-known of the direct marketing formula is A-I-D-A. It describes the consumer adoption process:

- A=Attention
- I=Interest
- D=Desire
- A=Action

These are the stages a good ad, Web site, or selling letter will move the consumer through, leading to a positive purchase decision. It is important to remember that the process can end at any point if the marketer's pitch fails to move the consumer along. For direct mail marketers, the result of this failure is all too poignant: packages that fail to generate attention land immediately in the wastebasket. A similar process happens on the Internet when visitors fail to click through on a banner ad, e- mail, or the next level of a Web site.

The Four Ps

Henry Hoke, Sr., past editor of *Direct Marketing* magazine, is credited with another oft-quoted formula that also centers on the process of moving the consumer toward the sale. His "Four Ps" are:

- Picture
- Promise
- Prove
- Push

Hoke suggested beginning with a sizzling word picture, followed by a promise or success story. Then these claims are backed up by proof in the form of testimonials, endorsements, and feature/benefit copy. Finally, the "push" comes with the call to action.

Star-Chain-Hook

Another description of the consumer adoption process came from direct marketing expert Frank Dignan. He called it: Star-Chain-Hook. Dignan suggested "hitching your wagon to a star" with an attention-getting opening, then coming back down to earth with a chain of convincing facts assembled link by link. Finally, the hook is the call to action, moving the consumer toward a buying decision.

While the following formulas are somewhat theoretical, both the late Bob Stone and his co-author Ron Jacobs, and the late Joan Throckmorton offer more specific step-by-step lists. Stone's and Jacobs's appeared in their excellent book, *Successful Direct Marketing Methods*, while Throckmorton's is taken from her readable and entertaining volume, *Winning Direct Response Advertising*.

Bob Stone's and Ron Jacobs's Seven-Step Formula for Good Letters

1. Promise a benefit in your headline or first paragraph, your most important benefit.
2. Immediately enlarge on your most important benefit.
3. Tell the reader specifically what he or she is going to get.
4. Back up your statements with proofs and endorsements.
5. Tell the reader what will be lost by not acting.
6. Rephrase your prominent benefits in the closing offer.
7. Incite action now.

Joan Throckmorton's Five Big Rules

1. Establish credibility. Who is the seller and why is he or she qualified to make this offer?
2. Get involvement. This means use the "you" and sing the benefits.
3. Motivate your prospect. Why now, not later?
4. Structure a strong offer. Unless your product is unique, you'll need all the competitive ammunition you can muster.
5. Use common sense. Ask yourself, "Does all this make sense to the prospect?"

Tom Collins's Checklist

One of the most famous checklists for direct marketers is creative and marketing consultant Tom Collins's 28 rules for good direct mail packages. Eliminate the direct mail-specific language, and it can become an effective checklist for other media as well.

28 Rules from Tom Collins

1. Do you have a good proposition?
2. Do you have a good offer?
3. Does your outside envelope select your prospect?
4. Does your outside envelope put your best foot forward?
5. Does your outside envelope provide reading motivation?
6. Does your copy provide instant orientation?
7. Does your mailing visually reinforce the message?
8. Does it employ readable typography?
9. Is it written in readable, concrete language?
10. Is it personal?
11. Does it strike a responsive chord?
12. Is it dramatic?
13. Does it talk in the language of life, not "advertise at"?
14. Is it credible?
15. Is it structured?
16. Does it leave no stone unturned?
17. Does it present an ultimate benefit?
18. Are details presented as advantages?
19. Does it use, if possible, the power of disinterestedness?

20. Does it use, if possible, the power of negative selling?
21. Does it touch on the reader's deepest relevant daydreams?
22. Does it use subtle flattery?
23. Does it prove and dramatize the value?
24. Does it provide strong assurances of satisfaction?
25. Does it repeat key points?
26. Is it backed by authority?
27. Does it give a reason for immediate response?
28. Do you make it easy to order?

Denny Hatch's Seven Key Copy Drivers that Make People Act

In his book, *The Secrets of Emotional, Hot-Button Copywriting*, direct marketing great Denny Hatch provides a list of seven "key copy drivers" that make people act. These were identified by Swedish direct marketing genius Axel Andersson, and Seattle guru, Bob Hacker, who told Denny, "If your copy isn't dripping with one or more of these, tear it up and start over." Here is the list of seven "drivers," with examples from Denny's archives of how each can be turned into a copy appeal.

1. *Fear*—that you're missing out, that you're being kept in the dark, that there's a threat to you or your family, that you may be in financial jeopardy.
2. *Greed*—Ways to get, win or save money, achieve the American Dream, get in on the ground floor.
3. *Guilt*—Assuage your guilt by helping hungry, lonely or oppressed people, providing peace of mind for yourself and your family, saving innocent creatures.
4. *Anger*—Turn your anger into action against political opponents, oppressors of animals and people, defilers of the environment.
5. *Exclusivity*—Be among the few who measure up, be in elite company, be among the first, be accepted for membership.
6. *Salvation*—Get cash to bail you out, find a lucrative and intriguing vocation, gain skills for success, get help from an expert.
7. *Flattery*—Acquire, join or do something that bespeaks your elite status, take advantage of something you've earned.

Can Technique Take the Place of Creativity?

Many a misguided direct and digital marketer looks askance at those who invest time and money in an involved process of creative discovery. Alas, more than one creative challenge has been "solved" by copying a competitor's positioning and execution right out the window. Some direct and digital marketers confine their creative process to a matter of sorting through the swipe file or surfing the Internet looking for a likely format to emulate.

On the other hand, even in a strong creative environment, no "high art" mentality will survive in a direct and digital marketing creative shop. No matter how clever an idea for art or copy, it must advance the selling proposition or be killed. Thus, the pressure to sell with each visual and every line of copy may lead creative types back to the tried and true. In their own minds, direct and digital marketing creative people often walk a fine line between taking the easy way out and striving for a unique, fresh, and possibly untried approach.

As the late David Ogilvy said, direct and digital marketers "sell, or else." We need to persuade the

reader any way we can. Sometimes the best method is brilliant copy or a striking design. Other times, the very best creative solution is one of those tried-and-true techniques, applied smartly to the current situation. Personalized URLs, scratch-offs, yes-no stickers, bind-in cards, dimensional packages, personalized letters, relevant online pop-ups, timely offers delivered via mobile phone, and other format techniques may raise response rates far more than subtleties of copy and style. But deciding which techniques to use—and how to apply them—requires more time and effort than simply "knocking off" other people's work.

The truth, then, is that technique cannot and should not take the place of creativity. Formulas, checklists, offers, and formats should be studied carefully so that they can be applied where they fill the bill. But technique alone is not enough: copywriters and art directors need to dig deep into their own experiences . . . research the specific product, target market, and selling opportunity at hand . . . and then allow themselves time to develop the best possible solution to each new creative challenge.

What It Takes to be Creative in Direct and Digital Marketing

Over the past few decades, academicians have devoted considerable time to the study of "how to be creative," and "what makes a person creative." Their lists of creative characteristics sound like every mother's dream profile of her beloved child. Drawn from various sources, these creativity traits include:

Curious	Good imagination
Sense of humor	Energetic
Independent	Hard-working
Observant	Ambitious
Persistent	Visual thinker
Motivated	Original
Eclectic taste	Self-confident
Voracious reader	Sees the "big picture"
Accepts constructive criticism	Detail oriented
Avid researcher	Empathetic

If you have decided to make copywriting or graphic design your life's work, it's a good bet that many of these traits describe you already—at least on your best days. People who do not enjoy reading, imagining things, and thinking visually would be ill-suited to a career in which the main repetitive tasks are studying subjects and database insights, and then writing and illustrating selling messages based on them.

Those who are not hardworking and ambitious would become frustrated quickly with a career that involves little maintenance work: direct and digital marketing creatives are faced with new challenges, new products, and new clients almost daily. Those who are not self-confident and willing to accept criticism would suffer greatly in a career where their work is scrutinized, critiqued, and subjected to text mining and quantitative response analysis.

There are ways to enhance your creativity characteristics so that you can draw upon them as a direct and digital marketer. The best method is to groom yourself for greatness, just as an ambitious and indulgent parent might groom the proverbial child "born with a silver spoon in his mouth." Studies of highly creative people show that they often enjoy childhoods of great diversity. They travel, experience different cultures, see plays and movies, visit the ballet and the opera, and enjoy

intellectual freedom and stimulation. Their parents ask them questions and give them decisions to make from the time they are toddlers. Yet creative people seldom have lives free from strife: the process of overcoming adversity helps them to develop skills they can bring to bear on creative problem solving.

To remain in top form as a creative person, you must experience the world with a child's innocence and wonder. Make every day a process of discovery. Be the kind of person who reads everything from ketchup bottle labels to *People* magazine to Plato. Listen to music: everything from alternative rock to hip-hop to Bach and classic Beatles. Frequent the theater. Join a Great Books group. Sit on a park bench and make up stories about passersby. Make chance encounters into market research adventures: ask people questions about their lives and opinions and store their answers away in your memory file.

Avoid isolation like the plague. The folly of many direct and digital marketers is that as soon as they become successful, they move out of the old neighborhood and forget their roots. Market research expert Howard Gordon calls this "confusing yourself with America"—coming to the delusion that everybody thinks and acts just like you. The best way to overcome this problem is to develop your empathy quotient. Plunge into situations with people whose age, race, national origin, religion, socioeconomic status, and world view are very different from your own. Strive to understand their motivations, feelings, hopes, and dreams.

To stay in touch with America, attend church socials in small towns. Accept invitations to wedding receptions in VFW halls. Nurse a soft drink in a booth at a truck stop coffee shop and listen to the drivers as they shoot the breeze. Visit your cousin in rural Tennessee or your great aunt who lives in a Florida mobile home park. Volunteer in a nursing home. Get a part-time job at Christmas, selling seasonal items in a department store. Don't order all of your food and drink online; go to the supermarket at least once a week to see how people are shopping and what they are saying.

Watch Black Entertainment Television (BET), Univision, Comedy Central, Bravo, and MTV on cable. Use your TV remote control device to sample all the digital cable or satellite channels and see what's being advertised by direct response. Watch QVC and HSN, and then sit through an infomercial or two. Tune in to network TV and check the latest trends in situation comedies, dramas, and game shows. Listen to all the radio stations on the dial and on Sirius/XM Satellite Radio, not just your favorites. Watch and listen to talk shows.

Surf the Internet regularly—and don't just return to your favorite bookmarked sites. Check out areas marked "new," and type random subjects into your Web browser to broaden your online horizons. Join or "lurk" on social media sites. Follow all kinds of people on Twitter. Read magazines and newspapers—even the *National Enquirer*—to keep current with the interests of different target markets.

Don't confine your creative grooming to these everyday activities: find the time and the means to travel as well. Visit the world's great museums and fabled cities. Look at America through the eyes of Italy or France or Mexico or China. Even as you keep up-to-date with best sellers and hot magazines and music, discipline yourself to read history, classic novels, philosophers, and poets. Increase your word power by using *www.dictionary.com* to look up any new words you come across.

Develop an environment for creativity, too. Familiarize yourself with reference books and Web sites, and gain ready access to research databases online. Familiarize yourself with the best library in your area, and cultivate the librarian so he or she will help you borrow needed "hard copy" research materials from other libraries as well. Attend direct and digital marketing seminars and luncheons—as much to network with other creative people as to hear the speakers.

Practice various ways of attacking problems, drawing on both qualitative and quantitative skills.

Use analytical thinking to take a problem apart and examine its distinct ingredients. Try synthesis to identify related elements and put the parts back together in a usable whole. Use deductive reasoning to move from general theories to specific applications. Call upon inductive reasoning to draw general conclusions from specific examples and anecdotes.

If all of this seems like too much work, you may be aspiring to the wrong field of endeavor. To the best creative people, these personal development activities come as naturally as breathing. They can't imagine why anyone wouldn't prefer a trip to Asia over a new living room set of furniture. They feel somehow compelled to keep up with the latest music group and the hottest plays and restaurants, just because they want to be "in the know." Instead of shying away from people and situations that are different, they seek them eagerly. Instead of defending their own opinions, they prefer to play devil's advocate, hoping to draw out lots of ideas from people around them. And they enjoy reflecting on all that they have learned, drawing connections and conclusions that will serve them well in appealing to various target markets.

What It Takes to Generate and Apply New Ideas for Creative Strategy

The Italian sociologist Vilfredo Pareto said that an idea is merely a new combination of old elements. Take a kaleidoscope, for example. It contains myriad bits of color, forming into many different patterns as the kaleidoscope turns. The pattern is never the same twice, yet it combines all the same ingredients. The Bible says that "there is no new thing under the sun"—only unique ways of relating old elements. Creating an idea, then, is the result of a step-by-step process designed to identify relevant elements and arrange them in new and effective patterns.

When the late Rod MacArthur founded The Bradford Exchange in the early 1970s, he combined existing elements in an unexpected way—thereby developing a direct and digital marketing business that now spans the globe. MacArthur was offered the opportunity to sell limited-edition collector's plates from France in the United States. He recognized the fact that the product would need a certain mystique to command $15 and up for a simple, decorated porcelain plate. Through extensive research, he learned that there was already a secondary market—albeit fragmented and inefficient—for limited-edition collector's plates. He founded The Bradford Exchange as a sort of stock market for plates, providing a central source for buying and selling.

In developing this combination of elements, MacArthur produced an appealing opportunity for consumers. He could now sell plates with an extra "hook" in addition to their beauty and decor value: the possibility of price appreciation. Once a limited edition of plates was sold out, it would become available only on the secondary market. The Bradford Exchange made buying and selling these scarce plates efficient and accessible. When some plates became so popular that they rose as much as ten times in secondary market price over a few years' time, the resulting excitement helped stimulate the boom in plate collecting. While the secondary market boom in collector's plates has cooled considerably in recent years, there still are millions of people who buy other collectibles, a good percentage of whom buy from The Bradford Exchange by mail, or at *www.bradfordexchange.com*.

Rod MacArthur may not have used a written, step-by-step idea generation plan to develop his concept for The Bradford Exchange, but his story exemplifies the process of identifying and implementing new ideas that makes for effective direct and digital marketing. MacArthur worked for years in the family-owned direct marketing business anchored by Bankers Life & Casualty Co. and founded by his father, John D. MacArthur. He honed his creative skills by selling everything from insurance to banking products to travel clubs and stereo systems by mail. Widely traveled, Rod MacArthur was a former journalist and war correspondent with a French-born wife and an eclectic education. In fact,

Exhibit 2.1. Bradford Plate Ad

This collector's plate offering from The Bradford Exchange exemplifies the tradition established in the early 1970s by J. Roderick MacArthur.

the reason he was offered the chance to sell Limoges collector plates was because of his fluency in French.

When the collector's plate opportunity presented itself, MacArthur did not content himself with writing an ad or two to see if the product would fly. He immersed himself in the world of collector's plates, making friends with plate dealers and asking them endless questions about why people collect plates, what makes a plate collectible, how the secondary market works, and much more. Only after many weeks of fact-finding did his mission become clear: the creation of The Bradford Exchange as the centerpiece for a direct marketing business selling limited-edition plates.

Creating New Ideas Step-by-Step

In his book, *Flow: The Psychology of Optimal Experience*, Mihaly Csikszentmihalyi helps readers find their way toward the "flow state"—a mental and physical unity that some sports types call "getting into the zone." Csikszentmihalyi maintains that creative people live more fully than others. He notes, "The excitement of the artist at the easel or the scientist in the lab comes close to the ideal fulfillment we all hope to get from life, and so rarely do." He adds that creativity leaves "an outcome that adds to the richness and complexity of the future."

Csikszentmihalyi's "flow state" combines a "seamless sequence of responses" in an experience that is "intrinsically enjoyable," "accompanied by a loss of self-consciousness," and "self-reinforcing." Successful creative people develop patterns of work that help them to reach this state where ideas flow freely. There are as many written creativity formulas for direct and digital marketers as there are technique checklists for copy and art. Some of these step-by-step processes come from direct and digital marketing practitioners, while others are advanced by academicians studying the history of ideas. Following are capsulated versions of several helpful creativity formulas that may help you achieve "flow."

A Technique for Producing Ideas by James Webb Young

In this slim volume, which has been printed and reprinted since the 1940s, James Webb Young advances a five-step process for creative thinking.

1. *Gather raw materials*. Young suggests studying both general information about life and events, and specific facts about the product and the target market. He advocates the use of $3'' \times 5''$ cards, each containing single facts.
2. *Mental digestion*. Young likens this process to putting together a jigsaw puzzle. Using the $3'' \times 5''$ cards, he suggests arranging and rearranging them to find patterns, contradictions, and relationships among the facts. Some creative people today use sticky notes on the wall instead.
3. *Incubation*. Once the digestion period is over, Young says to drop the subject and forget it—go on to another activity such as music, the movies, exercise, making dinner, or sleeping.
4. *Eureka!* At some point, out of nowhere, an idea will appear, thanks to the work of the subconscious mind.
5. *Testing*. Submit the idea to your own criticism and that of your peers, then refine or reject it.

Eugene B. Colin's How to Create New Ideas

The late Gene Colin, who practiced direct marketing and advertising creativity for over 40 years, offered nine guideposts "to lead you from a blank sheet of paper to a rousing success."

1. *Pick a problem*. Define your problem, in writing. State what's wrong, what needs fixing. State your objective, the end result you seek.
2. *Get knowledge*. Get known facts and new knowledge. Study written references. Experiment. Explore. Research deeply and broadly. Talk with informed people. Check your findings. Put them in writing.
3. *Organize knowledge*. Put your information into understandable form; sort it, organize it, write it.
4. *Refine knowledge*. Screen knowledge for relationships and principles. Match fact against fact. Look for similarities. Differences. Analogies. Cause and effect. Combinations. Patterns.
5. *Digest*. Let the conscious mind get its second wind. Put the subconscious mind to work. Relax, take up another problem, work at a hobby, or enjoy some mild diversion until refreshed.
6. *Produce ideas* with total freedom and speed, or concentrate anew on your problem until ideas begin to emerge. As they occur, write them down. Don't stop to judge them. Produce and write and build up as many as you can.
7. *Rework ideas*. Check your new ideas for flaws. Examine each new idea objectively. Question it, challenge it, test it, rework it, improve it, follow it through.
8. *Put ideas to work*. If the approval and acceptance of others are required, sell your ideas. Plan each sale. Allow enough time. Get participation. Use samples.
9. *Repeat the process* until it becomes a natural habit.

10 Steps to Personal Creativity from Susan K. Jones

Your author has developed this creativity process over the course of a decades-long writing career.

1. *Block out the time*. Don't try to create a breakthrough layout or copy outline in a half-hour between meetings. Carve out a period of an hour or more—preferably much more—in which you can devote yourself totally to the question at hand. For those who work in distracting surroundings, this may well call for early-morning, late-night, or at-home work sessions.
2. *Get comfortable*. My favorite outfit for creative work is a sweat suit in winter, shorts and T-shirt in summer. Your corporate environment may not allow for this, but make sure that your waistband doesn't bind and your shoes don't hurt. Such distractions keep you from concentrating.
3. *Eat something healthy*. To be creative, you need to have your energy level at a peak. Have a bran muffin or bagel with fruit, or your own equivalent of a healthy snack. My colleague Judy Finerty swears by chocolate as a jump-start for the brain.
4. *Soak up lots of background—then do something else*. Quiz the client like a journalist writing a story about the product—who, what, where, when, why, how. Read every bit of background you can get your hands on, and use or at least go and see the product if at all possible. Check the competitive files.

Then give it a rest—do something else or call it a day. Let what you've learned roll around in your subconscious. Don't try to work with it right away.

5. *Experience the world*. When you are looking for a breakthrough, let the world around you serve as inspiration. Signs over storefronts, packaging in the supermarket, TV ads, You Tube videos, school classrooms, popular music, and many other seemingly unrelated sights and sounds can provide a spark that leads you to a fresh layout or piece of copy. Get away from the desk and soak things up if you're running dry.

6. *Be ready when the ideas strike*. Some of my best ideas have come to me in the shower, driving alone in the car, or walking around the neighborhood. Thus I keep a pencil and paper handy at all times—by the bedside, too. I also take notes on my iPhone, and leave myself voicemails. That idea you thought of in the middle of the night is guaranteed to be gone in the morning unless you write it down.

7. *Have a dancing hat*. The "dancing hat" is a leftover from my college days. Living in a sorority house, each of us had one article of clothing that we would wear as a signal when we needed to be left alone to study. Yours doesn't have to be a hat—just something you put on to tell yourself and others that you're working in an intense manner and shouldn't be disturbed for mundane matters. Putting it on sends signals to others—and will begin to have a Pavlovian effect on you, too.

8. *For blue-sky projects, have a glass of wine*. After reading all the background material and taking a break, pour yourself a glass of wine and start sketching or writing down ideas. Some of the ideas may not pass muster the next day, but by lowering your inhibitions you just may come up with the germ of a breakthrough idea.

9. *Let your work rest before evaluation*. Once you've done a rough layout or copy draft, let it sit at least overnight before you begin to touch it up. Looking at it fresh will help you see where it can be improved. More important, the next day you'll have the energy to pull it apart and start over if necessary— not just do a patch job.

10. *Enjoy the process*. Remember that we creative types are lucky. People pay us to learn about things and then share what we have learned with others to stimulate a sale. What we do for a living keeps our minds alive—and there is always a new challenge. So enjoy it: many people envy our freedom to create!

A quick read through these idea-generating formulas shows that the basic process follows a predictable pattern:

- Outlining the problem
- Gathering information
- Evaluating information
- Walking away from the problem to let the mind do its work
- Enjoying that moment when ideas strike
- Weighing the pros and cons of various ideas
- Implementing the best idea

The process begins with ambiguity and generality and proceeds to a concrete and specific plan of action. When set forth in these terms, creativity no longer seems a mysterious concept. Yet few of us reach our full creative potential because of stumbling blocks imposed by our upbringing, ourselves, and our society.

Roger von Oech, author of the popular books *A Whack on the Side of the Head* and *A Kick in the Seat of the Pants*—as well as *the Creative Whack Pack® iPhone app* and *card deck*—is noted for his humor. He pokes fun at the "shoulds" and "givens" in our lives, and challenges us to overcome them. He suggests that the American educational system is more concerned with putting youngsters into pigeonholes than nurturing their individual creative powers.

As von Oech says, "Children enter school as question marks and leave as periods." The result is that American adults live by guidelines that serve as roadblocks to creativity: rules such as "there's only one right answer," "be practical," "be logical," "don't be ambiguous," and "don't be foolish." Marketers who find that such ingrained rules are inhibiting their ability to create may find new freedom by reading von Oech's books.

Other factors that keep us from achieving our maximum creativity include poor health, lack of encouragement, narrow mindedness, fear of failure, and plain old-fashioned laziness. Indeed, in his book, *The Care and Feeding of Ideas*, James L. Adams asserts that "the most common reason for lack of individual creative accomplishment is simply unwillingness to allocate the resources."

Brainstorm Your Way to a Breakthrough Idea

One of the most effective resources for idea generation is brainstorming. While it's possible to "brainstorm with yourself," most creative experts agree it's not preferable. Working with others lets you benefit from different perspectives, experiences, and thought processes, and also builds excitement and enjoyment. Here is a step-by-step plan for effective brainstorming.

1. *Identify a specific question* that brainstorming will attempt to answer, based on a problem or opportunity you're facing. A good way to frame the question is to begin it with, "In what ways can we . . . "
2. *Select a neutral and non-judgmental facilitator* who will draw out all participants and keep the most verbal and forceful individuals from dominating the process. Make sure the facilitator records all ideas, or has a recorder in place to do so.
3. *Gain agreement* that participants are to consider each other equals during brainstorming—no pecking order of job title or seniority allowed.
4. *Shake things up*. Change the lighting in the room, and arrange chairs in a circle, semi-circle, or other pattern that breaks the norm. Go outside if the weather is nice. Play some mood music to start. Do a warm-up exercise—for example, see how fast the group can think of 20 or more alternate uses for a common object like a paper clip or ball point pen.
5. *State your "in what ways" question to the group* and begin brainstorming. Have people call out their ideas randomly, one by one. Suspend judgment—no criticism or praise allowed at this point. Record all ideas without stopping to evaluate them. Quantity of ideas is the goal.
6. *Encourage participants to build on the ideas of others*, and to throw out wild ideas. There will be time later to "reel in" these ideas and make them more practical.

7. *Use the resulting "laundry list" of ideas* for a later refinement process. Set criteria that may include budget, logistics, timing, uniqueness, target market, and other factors. Select the best idea or ideas to pursue based on these criteria. But don't discard the "laundry list"—there may be some gems in there that can be used later.

Becoming a "creative person" requires a major investment of time, dedication, and diligence. Yet the rewards are well worth the effort: indeed, the exhilaration of the "aha" or "Eureka" moment is all the greater because it follows a long period of careful and disciplined work. What's more, careful planning at the initial stages will help ensure the development of a strategy and execution that attracts and motivates your target market.

Creatives as Chameleons or How Creatives Get to Know the Audience

by Judy Finerty, President, Finerty & Wolfe Advertising

Successful direct response creatives have the ability to get inside the skin of the people who are the audience. Read what they read. Find out what they enjoy and then discover its pleasures for yourself. It's hard to be isolated from an audience when you make the effort to live their lives. That way you can start thinking like them and identifying with them.

Become a chameleon. Role-play the part of people from your audience. If you're affluent and they're not (or if you're not affluent and they are), how would that affect the way you think and act? If they have kids and you don't (or vice-versa) how does that change your life . . . your thinking . . . your attitudes? This ability to assume different personalities is critical to the direct response creative person. At one time, it may have been considered a mental defect and the people were locked away in asylums! Today, they're merely put in direct response creative positions.

Judy Finerty's Rules for Working Smarter

1. *Test reality*. Don't just rely on input to tell you about the product or service. Try it out for yourself. If you're selling clothing, wear it around. If you're selling food, be sure you eat it. If you're selling insurance, be sure to read a policy yourself rather than trust what someone else tells you is in it.

2. *Keep your own time logs*. Time is money. Keep track of how long it actually takes you to create a certain type of letter, direct mail package, TV commercial, or space ad. That gives you a better handle on how realistic your schedules are. Creatives will usually try to do the best job they can in the time allowed, but the client should be aware of time and performance trade-offs, if any.

3. *Develop your own "idea starter" file*. Save things you love or that attracted your attention. Tape TV commercials you love and rerun them for yourself to discover why. Keep any advertising that makes you stop or makes you say "I wish I created that." Keep formats you've fallen in love with. Hang on to short stories, magazine articles, funny pictures, records/CDs, art that moves you or

inspires you. When you need to start a new project and can't get going, browse through your file of dynamite stuff to jump-start your motor. But never steal.

4. *Go ahead and panic*. Abject fear can be a part of the creative process. If creatives were football players, we'd be putting on our game faces and slamming ourselves into lockers to get ourselves up for the big game. It's a way to help psych yourself up to do something that's hard.

5. *Start with more than you need and then cut back if you need to.* When you're roughing out ideas, put everything in you think you need to make that sale or get that lead. Add the bells and whistles if you think it's right. It's easier to cut back than to try and add an important element after your concepts are done.

6. *Let your subconscious do some of the heavy lifting*. Once you know the assignment and have studied the product or service, distance yourself from the work for a while to let the information percolate. Often, you'll find ideas "pop" into your head when your brain is on neutral for a time. Can't let it go overnight? Even a judicious trip to the "facilities" or a walk around the block can help.

Enhance Your Understanding: Create Ideas Step-by-Step

Read over the step-by-step "creativity formulas" in this chapter and choose the one that intrigues you most. Then select a real or hypothetical creativity challenge, and work through the process to develop ideas. Do your research, study and manipulate your data, go through a conscious period of incubation, and then be ready for the ideas when they come. How does this analytical process differ from the way you have worked in the past? What can you do to fortify yourself for enhanced success in idea generation and creativity?

If you need help with a subject for this process, here are several:

1. Choose an everyday object like a nail file, apple, or men's tie. Pretend that the world has never seen this object before—it's just been discovered or developed. Generate a list of ideas for potential uses of this item as well as the benefits users would gain.

2. Your rich aunt has died and left you $300,000 in her will. There is one catch: the money must be used to purchase a house, condominium, or co-op. You've never owned a home before and haven't given home ownership much thought. Generate a list of criteria you'd use in selecting a home—and a list of the potential benefits and drawbacks of home ownership.

3. You've been called back for a second interview at a top agency or company where you'd love to work. Here's the catch: 19 other individuals also have received call-backs, and there's only one job to be had. Generate a list of reasons why you should be selected for the job, and ways you could effectively demonstrate your unique qualifications.

3

Research in Direct and Digital Marketing

Howard Gordon, of the Chicago-based market research firm GRFI Ltd., points out a paradox in the way general advertisers and direct and digital marketers treat marketing research. General advertisers, he says, spend considerable time, effort and money in discovering and pretesting creative ideas. Then they sometimes dilute the effectiveness of their work by broadcasting these creative ideas via mass marketing—network television, general-interest magazines and the like. Although more and more general advertisers are customizing messages based on the medium, they are less likely than direct and digital marketers to acknowledge the subtle differences between typical readers of *Fortune* and *Forbes*, or even the very real differences between typical readers of *Rolling Stone* and *Atlantic Monthly*. With more and more segmentation possibilities available via cable television and specialized publications—let alone the "customization on the fly" that can be accomplished online—it is all the more important that general advertisers recognize the extra impact they may obtain through targeted marketing.

Indeed, one of the greatest strengths of direct and digital marketing is the ability to test different creative concepts against each other, and obtain a readable, actionable result. Yet because direct and digital marketers are such sophisticated database managers, they sometimes focus more attention on *how* to test than on *what* to test.

While our general advertising counterparts invest money on focus group interviews, creative pretesting and other costly research methods, some direct and digital marketers still hammer out their creative concepts in a vacuum. Then they place their ideas head-to-head in space ads, direct mail, on television, or online, and wait to see whether Concept A or Concept B sells best. But the nagging question remains: might there be a Concept C, D, or E, yet to be discovered, that would sell even better?

It's true that direct and digital marketers are experts at targeting messages. They are able to segment lists they mail to and call individuals out by name as "owner of a 2018 Buick LaCrosse," "parent of a 'SpongeBob SquarePants' fan" and so on. Yet they are sometimes reluctant to take advantage of even the least costly and time-consuming research methods that could ensure the messages they send these people are as effective as they could be.

Careful marketing research will help you strengthen and improve your creative strategy. This chapter will discuss the most useful methods of research for direct and digital marketers and how they impact creative strategy decisions. It will focus first on general topics such as consumer behavior, lifestyle trends and popular culture, and then on means of standard or customized research to develop a creative concept for a particular product or service.

What Research Can Do for Direct and Digital Marketers

Although the term "marketing research" may conjure up visions of complex and costly programs that only Ph.D.s can understand, its real purpose is simple and straightforward. Marketing research offers a way to find out how people think and feel about products and services, and how they go about buying them. It allows direct and digital marketers to gain direction on basic questions such as:

- Who is our market for this product or service?
- What are some possible, undiscovered additional market segments?
- What are the characteristics of our prospects?
- What should we tell the prospects in each market segment about this product or service? Which benefits do they consider the most important and unique?
- How should we tell them about the product? What words, what tone, what format and graphic style, what media should we use? Which offer (price, payment terms, add-on features, etc.) will work best?
- What media are the best to reach our target market—and what are some "wild card" media to test based on combinations of characteristics (for example, if buyers of sports-theme décor items also play golf in large numbers)?

Research cannot answer these questions conclusively, but it can point direct and digital marketers in the most promising directions for testing. It may not be able to predict creative winners, but it can save a great deal of time, effort, and cost by weeding out creative losers.

Barriers Direct and Digital Marketers Erect Against Research

Today, many of the largest and most sophisticated marketing firms have recognized the cost-effectiveness of marketing research. In addition, packaged goods companies with vast experience in general advertising and marketing research are actively integrating direct and digital marketing. Yet creative people may still find barriers to marketing research in a number of traditional direct marketing firms. First, some old-school marketers consider direct mail, space, or television testing a perfectly effective research tool. Indeed, once the test is complete, they *will* know which test cell won. But will they know *why* it won? Research could help them find out. What's more, even the most ambitious testing programs are limited as to how many concepts can be tried. Marketing research allows actual prospects to help select the top three or top five creative ideas for testing.

Another barrier is financial. A single focus group may easily cost $2,500 or much more, and a full-scale program of quantitative and qualitative research can easily run $50,000 and up. Some marketers consider the expenditure frivolous. They are used to receiving orders when they test, so they're making money even as they discover the best way to sell. But with the average direct-mail package costing at least $500 to $1,000 per thousand (and other media pricey as well), it makes good sense to refine the selling message as much as possible to maximize sales, even at the testing stage.

A third barrier is lack of understanding. Many direct and digital marketers understand testing, but they don't understand research. They consider it mumbo-jumbo, and they don't trust it. Howard Gordon recommends that creative marketers approach these decision-makers without ever using the term "marketing research." He says they take much more kindly to this request: "We want to go out and ask some people what they think about X."

Types of Direct and Digital Marketing Research

Direct and digital marketing creative people should ground their research work with a general understanding of *consumer behavior*: how people think, make decisions, and react to the world around them. Then when faced with specific selling propositions to perfect, marketers may engage in *secondary* research, which comes from standard reference sources or other organizations' findings, or *primary* research, which is customized to answer certain questions about a specific topic. They may choose to do *quantitative* research, which provides numerical information reflecting the prevalence of various characteristics, attitudes, and behavior; or *qualitative* research, which provides concepts and ideas but cannot be projected statistically. Direct and digital marketers may develop *pretests,* which help them determine exactly whom they should address and what they should say, or *post-tests*, which help ascertain why buyers bought and non-buyers did not.

Consumer Behavior: From Theory to Zip Code-Based Lifestyle Data to Individual Household and Buyer Information

Until the past decade or two, the study of consumer behavior was a theoretical exercise. Academics and market researchers would observe and interview groups of people and then publish their conclusions. Marketers could use this data to develop products and offers aimed at reflecting consumers' wants and needs. However, all they could do was sell "on the average." Today we have specific consumer behavior data available that is much more actionable. Tied to lifestyle data keyed by zip codes, this information helps marketers identify clusters of prospects that are likely to share certain demographic, behavioral, and attitudinal characteristics. What's more, the best direct and digital marketers now record, analyze, and act upon data at the individual and household level, allowing them to completely customize the timing, offer, and media used for communication and persuasion. Even though we now can be much more analytical about consumer data, it is helpful for creative people to understand the underpinnings of consumer behavior theory. This helps ensure that direct and digital marketers will keep searching for new insights on why consumers do what they do— and how to motivate them toward specific buying actions.

Classic Consumer Behavior Theories

The study of consumer behavior in the United States is largely a twentieth- and twenty-first-century phenomenon, although Alexis de Tocqueville did a skillful job of analyzing the emerging American character in *Democracy in America*, published in 1835. There he pointed out how Americans lack the sense of belonging that strict class systems traditionally provide to Europeans. Thus, Americans seek out other means of affiliation by joining groups. Some of these groups are organized and structured, such as unions, fraternities, clubs, and societies. Other groups are completely unstructured— they are simply labels applied to people who appear to exemplify certain traits. Examples from various time periods include groups that were dubbed as "empty nesters," "hippies," "slackers," "highbrows," or "jet setters."

To enhance their sense of belonging to either the structured or unstructured groups, Americans may make buying decisions that echo these groups' values. Some such decisions are blatant: purchasing a hat or jacket with a union logo, for example, or proudly swinging a keychain decorated with the logo of a BMW automobile. Others are more subtle or even unconscious: for instance, a consumer might choose to purchase the same brand of designer handbag she saw worn by a leader of a neighborhood social enclave she wishes to join.

Of course, not all consumers are sufficiently safe and secure to invest their time and money feed-

ing the desire for affiliation. From Abraham Maslow's classic Hierarchy of Needs, we learn that humans move along a continuum of concerns, ranging from food, clothes, shelter, and safety at the lower levels to affiliation, self-esteem, and finally self-actualization. Once a need is met, an individual is free to move up to the next level of concern. If a problem occurs, he or she may slide back down to a lower level. Direct and digital marketers who can pinpoint the psychological "need level" of their target markets will be in a better position to tailor products, services, and selling messages to fulfill the desires of their prospects.

At the turn of the twentieth century, Thorstein Veblen advanced the concept of "conspicuous consumption," whereby consumers make many of their purchase decisions based on what they see others doing around them—also known as "keeping up with the Joneses." Some years later, John Kenneth Galbraith decried materialism, a term that describes American consumers' interest in more and better houses, cars, clothes, and personal playthings at the expense of cultural and social values. To help explain why consumers do what they do, Ernest Dichter developed motivational research. By means of long and intensive interviews, Dichter was able to discover hidden reasons for certain buying behaviors.

In 1966, Dr. Steuart Henderson Britt of Northwestern University introduced a book entitled *Consumer Behavior and the Behavioral Sciences—Theories and Applications*. His goal was to bridge the gap between the behavioral sciences and marketing—to help marketers apply what they learned about consumers to develop products and selling messages that touch consumers where they live.

How Consumers Make Buying Decisions

Over the past five decades, many advertising agencies and research firms have built upon Dr. Britt's concept, conducting rigorous scientific testing and then applying the results to advertising and direct and digital marketing. Knowing how individuals make decisions, for instance, allows marketers to facilitate this decision-making process via their selling messages. As a professor at Northwestern University and contemporary of Dr. Britt's, Dr. John Maloney introduced this step-by-step process of decision-making based upon the classic stimulus/response model:

1. New information enters the consumer's field of vision.
2. Interest/curiosity level determine whether—and to what extent—the consumer pays attention.
3. Socialization, prior learning, and memory combine to help determine the consumer's attitude toward the information.
4. The consumer reaches a decision regarding the information.
5. The consumer either stores the decision for later reference, or acts upon the decision.

This process corresponds to classic advertising decision-making models like the Hierarchy of Effects (Attention-Interest-Desire-Action or Attention-Knowledge-Liking-Preference-Conviction-Trial/Purchase). The decision can be short-circuited at any point if the consumer does not proceed to the next level. Curiosity and prior positive associations with similar information are helpful to the process. Boredom, distractions, or negative associations can end the process.

Direct and digital marketers can enhance positive decision-making in their selling messages. According to decision researchers, they may:

- *Associate the product offer with something/someone consumers know and trust.*
  Your offer may be foreign to the person's experience, but if you relate it to a

comfortable person or idea, the consumer may well make the "mental leap" along with you. For example, an individual suffering from rheumatoid arthritis may be apprehensive about changing treatment options. But when a known and trusted spokesperson, golfer Phil Mickelson, vouches for Enbrel, asking a doctor about it becomes less threatening. Presenting Julianne Hough and other celebrities as real-life users of Proactiv offers credibility to potential teen and young adult users of the acne product.

- *Make positive statements*. Decisions are hampered by mental negativism. Remember the old question about whether the cup is half-full or half-empty? Be optimistic in copy. Say that "90 percent of those who used this product lost weight," not "our failure rate is only 10 percent."

- *Set up a flattering comparison.* A marketer of figurines planned to sell a new product for $19.95. Then a focus group of experienced dealers told the firm that the price was too low for the market—the product had a perceived value of $29.95. The firm positioned the figurines as "a $29.95 value, available to preferred customers at only $24.95," and tested that concept head-to-head with the $19.95 price point. The $24.95 price point won—probably because it had been compared with a higher yet believable number and thus was perceived as a bargain.

- *Overcome disbelief at the time of product sale or delivery.* Consumers must trust the seller in order to make a purchase by mail, phone, or online. A solid guarantee, testimonials, and discussion of the firm's long and exemplary track record for customer satisfaction are some of the things you may test as ways to cultivate consumers' trust and help move them toward a buying decision and satisfaction with their purchase. Testimonials and user ratings can be helpful here as well.

- *Avoid raising concerns too early in a two-step process.* John Stanphill, an expert in selling big-ticket educational and business products using a two-step process, notes that pushing guarantees can hurt response in the lead generation process. As he says, "When someone is getting ready to respond for the first time, they're not thinking that your product or service is not going to work. When I was in the distance learning business, we tried a huge guarantee flyer in our fulfillment literature and it hurt response. What we ended up doing was sending the guarantee with the sales contract. We kept it very low-key."

Social Classes and Lifestyles in America

Until the emergence of zip code-based data and other modeling methods, marketers often had to rely on generalizations about groups they targeted—and books such as *The Nine American Lifestyles* by Arnold Mitchell were helpful. As a result of Mitchell's work, Americans were classified in three main lifestyle groups with eight subgroups: Need-Driven (with two subgroups called survivors and sustainers), Outer-Directed (with three subgroups called belongers, emulators, and achievers), and Inner-Directed (with three subgroups called I-am-me, experiential, societally conscious). The ninth lifestyle subgroup was called "integrated"—those few who are psychologically mature, tolerant, understanding, and flexible.

Mitchell furthered his research, called "VALS™," to develop a framework of eight VALS types:

1. Innovators
2. Thinkers
3. Achievers
4. Experiencers
5. Believers
6. Strivers
7. Makers
8. Survivors

According to the Strategic Business Insights Web site, "VALS assigns individuals a VALS type on the basis of their responses to questions in the VALS Survey. VALS-typing populations of interest, such as customers or constituents, is the first step in a VALS approach to achieving strategic marketing and communication goals."

In another revealing book, *Class: A Guide Through the American Status System*, Paul Fussell made fun of the American social class structure. In so doing, the curmudgeonly author pointed out a number of telling characteristics that marketers should remember when writing copy and designing ads. Fussell divides Americans into nine social classes:

1. Top-out-of-sight
2. Upper
3. Upper-middle
4. Middle
5. High-proletarian
6. Mid-proletarian
7. Low-proletarian
8. Destitute
9. Bottom-out-of-sight

He discussed class differences based upon patterns of speech, manner of dress, home decor, occupation, social life, and intellectual life.

Patterns of speech are especially telling for copywriters, who often find themselves pitching to upper-middle-class executives one day and blue-collar workers the next. For instance, Fussell's research indicates the following class differences in announcing a family tragedy:

> Upper class: "Grandfather died"
> Middle class: "Grandfather passed away"
> Lower class: "Grandfather was taken to Jesus"

A warning: some readers find Fussell's work offensive because he spares nothing in his description of class quirks and inanities. However, he is just as scathing in his discussion of every class—except for the exalted X-class (not to be confused with Generation X), people who have risen above all class stereotypes and are unashamedly and uniquely themselves. Your author finds frequent re-readings of *Class* an indispensable aid to switching class mindsets. For instance, intensive study of Fussell's writings on the upper-middle group is helpful in writing upscale giftware catalog copy. On the other hand, for an assignment selling accidental death and dismemberment insurance by mail, a quick review of proletarian characteristics and speech patterns is vital.

Relating Consumer Behavior to Specific Target Groups with PRIZM NE

With database products like PRIZM NE from Nielsen Claritas, direct and digital marketers can learn more about the lifestyle and product choices of small groups of consumers. PRIZM NE begins with census data, used as a starting point for neighborhood clusters based on geography, demographics, and behavioral data. These geographic units cover census block groups of 250 to 550 households, evaluated according to six categories of demographic and lifestyle variables: 1) social rank; 2) household composition; 3) mobility; 4) ethnicity; 5) urbanization; and 6) housing. This results in a PRIZM NE description for every U.S neighborhood in terms of 66 distinct lifestyle types with colorful descriptors like "Money and Brains," "Winner's Circle," or "Bedrock America."

For creative people, PRIZM data provide a host of insights into our target markets. We can help select likely initial target groups based on short descriptions provided by these products' promotional literature. Once we've zeroed in on a small group of likely segments, we can read a description of several pages that provides a wonderful picture of each group's characteristics that can help with relatable copy and graphic design.

Data from PRIZM NE allows marketers to identify top candidates for focus group research as well. For example, the media company Lee Enterprises selected a segment called "Settled In" for a test aimed at attracting new subscribers for its newspapers in several cities. The firm identified households in the "Settled In" segment, then called to make sure that they fit the segment's profile for age, income, education, etc. Qualified individuals then were invited to a focus group to discuss their media consumption habits. The results were very helpful in structuring copy to fit the perceptions and predispositions of the target market. What's more, it was much easier to choose models for the direct mail piece after seeing a group of individuals that "fit the profile" at the focus group session.

One-to-One Direct and Digital Marketing

Today some of the more sophisticated direct marketers—and most Web marketers—are moving past cluster groups of PRIZM NE to develop data on a household-by-household or individual-by-individual basis. This is especially true for firms that sell big-ticket items and/or that have large potential lifetime values for their customers—supermarket chains (the USDA says that the average four-person affluent family spends nearly $300 per week, or about $15,000 per year on groceries) car and truck manufacturers (close to $500,000 total lifetime value per new-car customer), and so on. Web marketers can glean a great deal of insight into their customers and prospects by analyzing individual data gathered through Web visitors' online actions and comments, and customizing responses and offers to customers "on the fly."

As we move toward even more one-to-one communications, direct and digital marketers need to balance consumers' privacy concerns with their ability to record and act upon more specifics about individual customers and prospects. See Chapter 4 for more on privacy and ethics in marketing.

Basics About the Direct Response Buyer

In the past, direct and digital marketers concentrated on learning why people choose to buy via direct-response media. But today, much time and effort is channeled into finding out why certain people choose *not* to buy through these means—and how they can be convinced to enter the ranks of direct response buyers. If the field of direct and digital marketing in general—and individual firms in specific—are to continue to grow during the 21st century, it is essential that they find ways

of serving direct-responsive buyers more effectively—and cultivating non-buyers as well. Three reasons why people buy by mail, phone, or online are cited most often:

- *Convenience*. Busy dual-career and single-parent families have little time to brave crowded shopping malls, especially during typical business hours. They have no patience with the ill-trained, transient sales clerks found in many of today's department stores. They prefer to shop from home, and enjoy direct and digital marketers' 24-hour-a-day customer service, toll-free telephone numbers, home delivery, liberal guarantees, and free-trial privileges.
- *Target marketing*. Few can resist the lure of slick offers targeted directly to them: the fly-fisherman, the career woman in need of a wardrobe, the amateur interior decorator, the concerned money manager, and so on. As the world expands and retail stores become more and more impersonal, consumers delight in the cozy, me-to-you friendliness of custom-tailored direct marketing and online offers.
- *Uniqueness and selection*. When most every chain store carries the same narrow range of merchandise, consumers enjoy shopping through direct-response channels that offer products not available on local store shelves. The items they select by mail or online may be unique, or simply available in more depth: for instance, Martex towels in all 22 colors and the four quality levels Martex manufactures rather than the 10 colors and two quality levels offered by a department store.

In recent years, another reason for consumers to buy via direct and digital marketing methods has come to light.

- *Safety concerns*. With stories about mall gang violence and parking lot muggings reported in suburban and urban areas alike—not to mention a more cautious American public ever since the tragedies of 9/11/2001—many shoppers find it less nerve-wracking to stay home and call, mail, or place their orders online for home delivery—even for groceries. And although malls and shopping areas have beefed up security and taken steps to eliminate security problems, more and more consumers are citing personal safety and security as reasons for using direct and digital marketing channels for buying.

The most often-quoted reason why people choose *not* to buy via direct response is *lack of credibility*. Since direct marketing began as a mail-order version of the patent medicine "pitch men," many direct mail, space, and television offers still rely on "such a deal" techniques. Exaggerated claims and starbursts do sell products to many Americans, but these hyped-up methods are one of the top complaints of those who do not currently buy via direct-response channels. These non-buyers find such low-class selling methods less than credible. In addition, credibility suffers at the hands of some direct and digital marketers whose customer service records are less than pristine.

Secondary Research

The preparation for a particular creative assignment often includes some secondary research. Here are some typical sources for secondary research material.

- *Federal, State, and Local Governments*—Census data, labor statistics, health statistics, etc. Much of the general government information is readily available on the Internet.
- *Competitive Information*—Gathered via observation, decoying, trade groups, visiting competitors' point of sale and Web sites, and so on.
- *Associations and Groups*—Surveys, statistical data, staff library resources.
- *Database Marketing Firms*—Information compiled from telephone directories, census figures, auto and boat registrations, real estate records, purchase histories, Nielsen data, surveys, etc.
- *Libraries*—Public, private, university sources. The Internet brings library resources from around the world to your desktop.
- *Online and Offline Trade Publications*—Case histories, articles, and surveys.

Primary Research

Although direct and digital marketers may do some of their primary research directly, many times they call upon specialized market research firms for this work. Joseph Castelli, then of Ogilvy & Mather Direct in New York, pointed out several criteria for the selection of a market research firm in his article on research methods for *The Direct Marketing Handbook*, edited by Ed Nash. Castelli suggested that marketers should select a firm that:

- Has a broad range of experience and a proven track record of helping other companies.
- Is problem-oriented rather than technique-oriented. Good researchers will be sure they understand the problem before they offer a solution. They have no vested interest in using a particular research technique.
- Has a staff that can communicate well. The most brilliant research study will be of little value unless the results and implications can be clearly communicated.
- Is concerned with quality control. Choose a firm that pretests the questionnaire as a standard practice and provides a series of controls throughout the research process.
- Is marketing-oriented. Their conclusions and recommendations should be specific and practical.

Castelli offered this advice to direct and digital marketers on how to get the best work from their research firms:

- Confide in them. Tell them what your problems are. Give them all the background they need to fully understand the situation.
- Trust them. Rely on them to determine whether research can be helpful, and if so, how the research should be done.
- Don't be penny wise and pound foolish. If they recommend research that you regard to be too expensive, consider the value of the information. It may well be worth the cost.

What Market Research Firms Can Do for Direct and Digital Marketers Research firms can conduct both quantitative and qualitative tests for direct and digital marketers. Here are several examples of the type of work they may be engaged to do.

Traditional Methods for Interviews and Surveys

Whether conducted face-to-face, by telephone, mail, or online, traditional interviews and surveys may be useful in determining information about a particular group such as:

- Demographics—Age, gender, income, residence, point in the family life cycle.
- Psychographics—Lifestyle and attitudes.
- Buying behavior—Decision process and action.
- Preferences—In products, ways of buying, frequency of buying, services, etc.

Online and mail surveys are the least costly to conduct, and the least labor intensive. However, unless the recipient has a vested interest in the sponsoring firm or the product category, response percentages are likely to be low. Some direct marketing firms still use mailed surveys of their customers, club members, or other affiliated individuals to add valuable information to their databases. Online surveys on Web sites and phone surveys offer a middle ground in cost between mail and person-to-per- son surveys. In the article at the end of this chapter, e-mail expert Jerry Kaup offers an overview of the pros, cons, uses for, and methods of doing online marketing research.

On the phone, market researchers face the same challenges as telemarketers: the Do-Not-Call list, individuals who are wary of any non-personal phone call, screening via voicemail or answering machine; non-published numbers, etc.

The most expensive method of individual interview or survey research is face-to-face. It allows the interviewer to probe for deeper answers and to seek answers to "why" questions—not just straight behavioral data.

Physiological/Emotional Tests

Although only the most sophisticated direct and digital marketers use physiological and emotional tests today, general advertisers find them especially meaningful because they are free from the self-censorship imposed by consumers when they answer verbally. Brain-wave tests, pupil dilation, voice pitch, and other measures show whether a consumer reacts to a given selling message. A strong reaction may mean repulsion or attraction—and therefore is not conclusive without further testing. No reaction to a particular selling message means it has no impact, however, and thus can be discarded.

Focus Groups. A focus group includes between six and 12 consumers interacting under the leadership of a trained moderator who uses a prepared discussion outline. For maximum effectiveness, direct and digital marketing focus groups generally should include only proven direct response buyers. Other qualifying factors will depend on the subject of the focus group. For example, a focus group sponsored by a book club might require that each attendee had bought at least six fiction books during the previous year, and be a current or former member of at least one neighborhood book club.

Ideally, the focus group's sponsor observes the group from behind a two-way mirror or via closed-circuit television. In addition, the group should be video recorded or at least audio recorded

for future reference. After completion, in most cases the moderator will prepare a written interpretation of each focus group's findings.

The best focus groups are those in which participants are allowed to function as consumers—making choices and evaluations just as they would in the marketplace. Focus group participants should not be allowed to act as amateur marketing consultants. For example, they should not be shown a creative concept and asked, "What do you think of this copy and layout?" Rather, they might be shown an ad and asked, "What kind of person would buy the product presented here?"

Focus groups may be used to help direct and digital marketers find the right words to use in communicating with a target market of consumers. They may help marketers discover how certain types of consumers think, and how they become motivated to buy particular products. Some direct and digital marketers use a series of focus groups in a step-by-step process. First they show a group a number of rough creative concepts, eliminating those that draw indifferent or negative responses. Then they proceed to copy and layout on the most promising concepts, and show these to focus groups at various points in the creative process, seeking more and more refinement.

Online marketers may benefit greatly from "usability testing" of their Web sites, either done in a focus group setting with multiple moderators, or one-one-one. While participants' surfing patterns are captured online for later analysis, moderators can ask them to discuss what they are doing, what they like, what they find difficult to use, and so on. Market research experts caution direct and interactive marketers not to expect direction from a single focus group. Two, four, or even more sessions may be necessary to cover a particular topic adequately. Cost per session may range from several thousand dollars on up, which may or may not include the cost of the written report.

Focus Groups Using Perception Analyzer Technology. Erard Moore Associates (EMA) of Riverside, Connecticut, is among the market research firms that have offered direct and digital marketers the same type of "perception analyzer" technology used by American presidential candidates and television networks to determine reactions to concepts, words, and images on the screen.

Erard Moore calls this product "DRTV Scope" and explains how marketers can use it to receive consumer reaction to TV spots, videos, or information frame by frame, and word by word:

1. Each participant receives an 11-number (0–10) dial.
2. While the video materials are played, participants turn the dial clockwise to indicate a positive reaction or counterclockwise to indicate a negative reaction.
3. The EMA computer cumulates the scored reactions for each participant instantaneously and creates a moving horizontal line graph (with "peaks" and "valleys" for high and low scoring reactions). The graph can also be segmented by male and female reactions, by age groups reactions, etc.
4. The client observes this graph (on the client monitor) overlaid on the commercial, infomercial, or video being tested. Participants do not see the aggregate score graph on the monitor they are viewing.
5. After the rating process, participants are exposed to the combined score graph and video and are probed as to why they favored/did not favor certain copy or visual elements.

Another firm offering a similar market research tool is DialSmith of Beaverton, Oregon. They call their product The Perception Analyzer (PA) and present it as a method that can "elicit instant, honest and unbiased feedback from a group through the use of wireless hand-held dials." DialSmith notes that this method gives everyone in a group an equal and anonymous voice and thus helps eliminate

"group think" where some participants influence the stated opinions of others. What's more, results are recorded for immediate viewing as well as deeper "post-group analytics."

Benefit Tests

Perhaps the most immediately useful and cost-effective marketing research tool for creative people is the benefit test. To develop a benefit test, a copywriter prepares a list of possible benefit statements pertaining to a product or service. These statements may be drawn from comments at focus groups, consumer interviews, or brainstorming sessions. Each benefit should be stated individually, in sentence form, on a card. In private interviews, qualified prospects should be shown the cards, one after the other, and asked to rate the importance of each in the product purchase decision on a scale of 1 to 10. Then the consumer should look at each card again, this time rating the same benefits as to their uniqueness. In addition, consumers should be asked if they can identify other important benefits that were not mentioned as part of the test. To evaluate a benefit test, determine which benefits are considered both important and unique by prospects. These are the most promising benefits to use in developing creative concepts.

Buyer/Non-buyer Surveys

Post-testing often takes the form of a buyer/non-buyer survey. The objective is to learn the differences between prospects who responded to an offer, and those who did not. Such a survey should focus on demographic information, general attitudes, and specific reactions to the selling message received. A well-done buyer/non-buyer survey may point the way toward new creative approaches that reinforce buyers' positive attitudes and find new ways to increase appeal and believability to those who failed to respond in the past.

Social Media and Product Ratings

Social media monitoring can provide marketers with helpful insights from customers who are speaking openly online to companies as well as their own followers and friends. This type of monitoring allows marketers to compile frequent concerns, questions, and stumbling blocks that customers report. Not only can these marketers reach out to solve social media users' problems directly, but they also can use social media insights to improve products and processes. Product ratings on the marketer's own web site – and those of third party sellers – can be incredibly helpful in determining not only which products are pleasing customers the most, but also which products customers report having fit problems, quality problems, and other concerns.

The Future of Research in Direct and Digital Marketing Creative Strategy

Over the past several decades, much progress has been made in establishing direct and digital marketing as an academic subject. A number of professors at universities and colleges have selected direct and digital marketing as a research specialty, and direct and digital marketing courses, concentrations, and majors are now available at many schools—both at the undergraduate and graduate levels.

The Marketing EDGE foundation supports the development of such programs through numerous grants and activities, notably its annual Interactive Marketing Research Conference in conjunction with the Data & Marketing Association fall convention. At this conference, professors from around the world present their academic research findings on a host of topics, including creative strategy.

Marketing EDGE and the Midwest Marketing Education Foundation (MMEF) also have provided support for Case Writers' Workshops (along with funder Jacobs & Clevenger) in conjunction with the

annual Research Conferences, where professors are linked with successful companies and agencies to develop cases that illustrate direct and digital marketing concepts and challenges.

An agenda has been set for direct and digital marketing research—with strong emphasis on the development of more effective means of pretesting creative concepts. As more students earn degrees or concentrations in direct and digital marketing and set their sights on the academic advancement of the field, there is growing potential for creative strategy research breakthroughs in the years to come.

Using Online Surveys for Effective, Easy, Economical Marketing Research

by Jerry Kaup, President, the e-mail ad agency

Developing products and services *well aligned with customers' needs* is essential to in- crease the value delivered. And now, browser-based E-surveys provide a low-cost, fast, and easy way to gain actionable insight into customer needs and preferences. E-surveys, or surveys viewed on the Internet with any Web browser, offer many advantages over traditional survey methods, including:

- Lower overall cost, minimum cost-per-response
- Access to real-time results
- Elimination of human bias (interviewer)
- Improved data; responses to open-ended questions are more extensive and legible
- Able to direct survey respondents to a specific Web page once they've completed the survey
- Limit each participant to a single response
- Allow book-marking to complete the survey in more than one visit
- Immediately display aggregate survey results to participants, with individual response kept private
- Track responses to individual e-mail address, thus allowing for profiling of individual preferences
- Can include graphics, audio, and video content

HOW IT WORKS

E-surveys are simply Web pages that present questions and easy response elements (check boxes, buttons, text boxes, and so on). An e-mail invitation is sent to a list of customers or prospects, and contains a link to the survey. Survey responses are captured in digital form for further tabulation.

While E-surveys offer many advantages, be aware of a possible significant limitation to this approach: online bias. This is the difference in feedback you receive from an on- line survey versus a mail survey. If you have e-mail addresses for a large percentage of your prospects, however, this should not be a factor.

What's more, even for those with good Internet access, a small percentage may not be able to view all elements of your survey. While this factor is so small that it will not bias results, it can result in customer service calls from those few having difficulty with old browsers.

EIGHT SURVEY TIPS

To maximize actionable feedback, consider these ideas:

1. **Start with the end in mind.** Ask, "What decisions will we make that will benefit from

information provided from the survey?" The goal of the survey is to gather the accurate information that helps you make those decisions. Keep the focus on your main topic, asking no more than 20 to 25 questions.

2. **Offer Incentives.** Highlight any incentives for responding in the introduction. Use incentives to increase response when possible. Special con- tent on a Web site can be an excellent incentive. Another motivator can be the privilege of viewing a tabulation of all responses to the survey. This can be a strong incentive when the data provides valuable information. Discounts, coupons and special offers can also work well.

3. **Survey Format.** *Introduction—*The survey introduction for e-mail should include your logo and any other immediately identifiable branding, and a message explaining why you are asking these questions, and how their feedback will be used. A mention of the number of questions and time estimate to complete the survey will help response.

    *Page Layout—*The first question immediately follows the introduction. Each question is numbered, and white space between questions is pro- vided to avoid a crowded or busy feeling. The page background color should provide contrast so that white text boxes, check boxes, and other important response elements stand out. Start with easy-to-answer check box questions. Place more extensive "open-ended" questions later in the survey to be answered after the recipient gets involved.

4. **Question Format.** Here are some guidelines on formulating questions to produce the accurate information you seek:

    • Ask questions that will provide descriptive, diagnostic, and predictive information. Descriptive questions are commonly used to identify the segment of the member for cross-tabulation purposes, and may include other demographic information, past buying, or usage behavior (recency, frequency, dollar value). Diagnostic questions will ask the member for judgments and rankings about past experiences. Predictive questions will ask about future usage plans and re- actions to "what if" scenarios.

    • Make sure questions are easily understood. Don't use terms or jargon that only some prospects may understand. Be careful of internal, company-only vernacular or acronyms that you understand well but may be a mystery to outsiders. Test questions with others before your survey goes live.

    • Open-ended questions are crucial for better understanding the satis- faction of customers. For instance, if a question allows a high or low ranking, allow an open-ended text box to give the member a chance to explain why the rank was high or low. However, too many open- ended questions can wear down participants, leading to unanswered questions and incomplete surveys. Since it's a delicate balance, test your surveys before going live.

    • For ranking questions, provide additional blank text boxes so members can add, and rank, any items they feel are important, but have not been included in your list of items.

    • Avoid "double-barreled" questions like "The seminar was helpful and convenient" or "The presenter was knowledgeable and articulate." By including two criteria in a single question, it is not clear exactly what the response evaluates.

5. **Gather and/or confirm demographic information as you ask questions.** Not only is this a good way to align benefits with core prospect segments, but you

also may discover more about segments than you knew prior to the survey.

6.   **Pretest the survey on a small sample: 10 percent of the list.** When you tabulate (and for some questions cross-tabulate) results, you may see ways to revise questions to make them more meaningful.

7.   **Increase response by sending multiple waves of the e-mail invitation.** Exclude those who have already responded.

8.   **The timing of e-mail surveys can make a big difference in response.** Try to avoid sending them on Monday mornings or Friday afternoons. Generally, sending them to arrive in the morning is the best approach, since it gives busy individuals all day to respond.

With the ease and low cost of online surveys, think in terms of creating an ongoing dialogue with prospects and customers to better understand their needs and preferences on an ongoing basis. Using online surveys can make it easier than ever to insure that your offers are aligned with their needs.

Enhance Your Understanding: The Benefit Test

Try conducting your own basic benefit test. For the most learning, choose a product or service you know little about and a viable target market that is very different from yourself in terms of demographics and psychographics. Research the product/service and make a list of potential benefits for it—then follow the step-by-step benefit test format described in this chapter. Conclude each interview with an open-ended question such as, "What else would you see as a benefit of product/service XYZ? Analyze your results. What did you discover about the product/service and the target market—just by conducting this simple test—that you would not have learned otherwise?

4

Databases, Privacy, Ethics, and Customer Relationship Management

Databases have become so essential to direct and digital marketers that the terms "direct marketing" and "database marketing" are used interchangeably. Yet as marketers become ever more sophisticated about what they can collect and how they can cross-reference that information with other sources of data, concerns about privacy, ethics, and the effectiveness of customer relationship management inevitably arise.

Indeed, as Emily Yellin reported in her book, *Your Call Is (Not That) Important to Us*, the Customer Rage Study (sponsored by Customer Care Measurement and Coaching, and Arizona State University), 68 percent of customers had experienced "customer rage" in the previous year. Yellin noted that according to this study, 90 percent of "enraged customers" shared their stories with other consumers, and 77 percent complained to the company that caused the problem. As a result of that customer complaint, 57 percent decided never to do business with the company again, while 28 percent "yelled or raised their voice" at a company employee, 8 percent "cursed," and 8 percent "threatened legal action." Later studies showed that 15 percent of complaining customers "wanted revenge" against the offending company, while only 1 percent reported ever getting it. The chief conclusion of the report is that "U.S. companies are driving their customers crazy."

All direct and digital marketing involves the use or creation of a database, or store of information about customers and prospects. Some direct marketing media, such as direct mail, e-mail, mobile marketing, and outbound telephone marketing, require a database of customers and/or prospects who will receive mail, e-mail, texts, or phone calls. Other media, such as magazines, newspapers, radio, television, and the Web, rely upon prospects to identify themselves when they see or hear about offers that appeal to them. Once these prospects have "raised their hands" by inquiring or making a purchase, their names, addresses, and other vital information are added to the database. From that point on, the database can be enhanced and enriched as customer actions and preferences are layered on from both internal and external sources.

But considering the results of the Customer Rage Study, it is crystal clear that all of this must be done with customer satisfaction and customer privacy concerns firmly in mind. Customers appreciate what they perceive as respectful suggestions on the part of marketers. They like the fact that companies recognize them as individuals and can pull up or provide helpful information for them or about them at every touch point (online, phone, face-to-face, etc.). They do not appreciate the "creepy sense" that marketers are recording and reacting to their every move, online and offline. Customers will answer questions about themselves when they perceive that the marketer will use that information

to serve them better. They do not enjoy answering question after question when the process seems needlessly intrusive or tedious.

This chapter will explain how databases are constructed, enhanced, and used. It will also discuss how responsible marketers are dealing with consumer and business concerns about privacy and ethics, and how today's Customer Relationship Management systems can benefit both buyers and sellers when properly constructed and used.

Harnessing the Power of the Database

Top direct and digital marketing consultant Ashleigh Groce Sawdon has defined database marketing as:

> An automated system to be used to identify people—both customers and prospects—by name, and to use quantifiable information about these people to define the best possible purchasers and prospects for a given offer at a given point in time.

Delete the word "automated" from this definition and such a system could apply to some of the oldest marketing concepts in the world: what went on at the corner grocer, the old-fashioned hardware store, or even the general store of America's pioneer days. Herein lies a fascinating paradox for direct and digital marketers: the more sophisticated our futuristic database technology becomes, the more it allows us to treat customers just as individually as the corner merchant did generations ago. But by the same token, we have to make sure we gather and use this knowledge respectfully and helpfully—not as an intrusion or invasion of privacy.

The Corner Merchant's Selling Method

Once upon a time, the local grocer knew the name of every member of his customers' families. He could even tell you their birthdays: after all, he helped Mother pick out the makings for each birthday cake! The butcher could tell you which families ate pork chops every Wednesday—and he'd put the choice chops aside for them. The neighborhood druggist sympathized with folks who had asthma attacks, and he could tell you just by the way the wind was blowing when Mr. Smith would stop by for his hay fever medicine.

Let's say you are a 10-year-old from a previous generation who has been sent to the grocer's for a quart of milk. If Mr. Jones, the proprietor, had just received the spring's first shipment of strawberries, he'd be likely to give you a sample and send a few berries home with you along with a note to your Mom saying, "Berries are in." And say Mr. Jones knew it was your parents' twentieth wedding anniversary tomorrow. Since your family had shopped with him for years, he'd probably provide an extra-fancy gift box of cookies with his best wishes for the happy couple. Back then, Jones the grocer made it his business to know your likes and dislikes—what you could afford to buy, the types of things you splurged on, and places where you economized. He found ways to say "thank you" and "I value your business," and "try this—I think you'll like it." But eventually, Jones's family grocery store faced a formidable competitor: a shiny new supermarket with greater selection and lower prices. Many families stayed with their friend Mr. Jones until the bitter end, but eventually they watched him go out of business, a victim of the supermarket's volume buying power. There are still a number of retailers who pride themselves on the personal touch. But today's largest firms—the Walmarts of the world—are more likely to offer unmanned self-service aisles than to model the individual attention style of yesteryear. In an attempt to add a personal touch to their shopping environments, stores of

this type have added "greeters" at the door and encouraged their customer service personnel to be warm and welcoming. Yet as friendly as they may be, the "greeters" are equipped to do little more than give customers a cart and point them toward the correct aisle for the product category they seek.

How Database Marketing Helps Marketers Sell One-to-One

More than ever in today's world, consumers wish to assert their individual identities. There's not much satisfaction—other than saving money—in being another one of the nameless, faceless customers at Walmart. It's even more disheartening to pay large mark-ups in major department stores and still find yourself being waited on by transient clerks who don't know much about their merchandise—or you.

That's where direct and digital marketing come in. It provides that personal, "I know you" feeling we used to get at the corner store. And it fits in with today's busy lifestyles, since few people have time to chat with a storekeeper anyway. Direct and digital marketing allows firms to talk one-on-one with customers, keying in to known factors about them: age, family size and stage, interests, hobbies, travel preferences, purchasing behaviors, products owned, services used, and much more. Yet these communications can go on thousands or even millions at a time—making this form of personalized selling very cost effective.

How to Develop and Use a Database

The most important concept to remember in establishing and building a database is to keep the customer as the focus. Don't become so fascinated by statistics that you forget to look at things from the motivational side. Strive to understand why consumers do what they do. To return to the corner store analogy, a database is essentially a sophisticated version of the old-fashioned retailer's "data retrieval system." The corner grocer probably kept all of his data in his head. And he had few enough customers that he could keep it all straight. But today's successful personal sales executive is likely to have a computerized database of his or her own on a smart phone. Those very few remaining technophobes have—at the very least—a Rolodex with cards about each customer.

The insurance salesperson knows size of family, ages, disabilities and health problems, whether any family members smoke or indulge in dangerous hobbies, who travels extensively, and even whether his customers exercise regularly. The real estate star knows when each customer last changed houses, how much they spent for that house, what kind of financing they arranged, and when they're likely to be in the market again. Real estate agents also keep track of family size and changes in status—for instance, when the last child goes off to college—because these factors have a great deal to do with when a customer might be in the market to buy or sell. The designer clothing salesperson knows each customer's sizes, her favorite labels, and her preference for suits, separates, dresses, knits, evening wear, and so on. She makes it her business to know whether this customer goes South for the winter or stays in the North—this has to do with the weights of clothing the customer will wish to own, and whether she'll be in the market for resort wear.

The idea is this: as direct and digital marketers develop their databases, they should think about what they'd like to have on an imaginary Rolodex card or in file folders about each of their customers. The database is basically the same thing—the only difference is that since it's captured in a computerized form, it's much easier to call upon in volume. What's more, with the regression analysis, predictive modeling, and other highly specialized database applications affordable for high-volume marketers, it's possible to "psych out" customers with much more sophistication than

the grocer ever dreamed of. As Richard Hren, of Hren and Associates explains, predictive applications "discover what customers want and predict what they will do . . . and apply this knowledge to create more profitable customer relationships."

Even if you're working with a very basic database, you can take advantage of profitable segmentation opportunities. Instead of communicating with one customer at a time, you can go after *all* of your tennis buffs, *all* of your new empty-nesters, or *all* the ladies who head South for the winter right after Christmas. Even so, you will be wise to use database technology to customize one-to-one messages as much as possible—keeping specifics and preferences on file that set individual customers apart, and using them to enhance your relationship.

Such information may be captured in several ways. For example, it may come as a result of inferences made based on products or services purchases, and the timing of such purchases. It may be recorded on the basis of customer questionnaires. It could come from lifestyle data based on nine-digit customer zip codes or compiled by firms like Acxiom or Equifax Marketing Services.

Essentially, database marketing allows direct and digital marketers to move beyond quantitative, demographic measures such as age, sex, and geographic area. Now they can draw knowledge about subtler differences of customers' attitudes and lifestyles. Ultimately, both demographic and psychographic information helps marketers target their audiences and refine their selling and relationship-building messages better than ever before.

Record What You Need to Know and What the Customer Wants You to Know

When setting up a database, it is tempting for marketers to think simply in terms of what they want and need to know about their customers and prospects. But it is just as important to find out what your customers want you to know about them so that you can serve them better. Here are some examples of each type of information.

Capture the Information You Need to Serve the Customer. The following are some of the basic elements you will want to record on your database. To serve your customers best, you may need to add other elements based on availability of information and your experience.

- Prefix, name, and address
- Titles (business) and family relationships (consumer)
- Phone (mobile, home and work), e-mail
- Original source of customer or prospect (what mailing, ad, etc.)
- Original purchase
- Purchase history, continually updated (what, how much, and when)
- Yearly or seasonal purchase volume
- Credit risk history
- Customer service history (i.e., how often is merchandise returned; how often have we been unable to meet this customer's needs)
- For consumers: Lifestyle information (by ZIP+four or individual household data)
- For business databases: Company sales volume, number of employees, home office location, and other indicators of the customer's overall potential and needs

Capture the Information the Customer Wants You to Have. Customers will be generous in sharing their preferences with you if there is something attractive in it for them such as time savings,

special opportunities, or pampering. They will also share data with you if you promise to offer them needed reminders. You can also learn much from "market basket analysis"—who buys what at what times of year or days of the week, in what combinations. Here are just a few examples of things your customer would probably like for you to know—some from the direct and digital marketing field and some that combine direct mail with retail. Use these as idea-starters for your own field and customer base.

Customer Preferences:

- *Airline*—Seating choices, Frequent Flyer number, food choices for overseas trips
- *Hotel*—Bed size, newspaper preference, high or low floor, view preferred, smoking/non-smoking where applicable
- *Clothing catalog*—Favorite labels, sizes, wardrobe color scheme

Customer Reminders:

- *Online florist and catalog food sellers*—Significant others' birthdays, Mother's Day, and so forth
- *Quick oil change outlet*—Send reminders of when oil change is due based on your personal driving patterns, not the average
- *Veterinarian*—Mail reminders about annual check-ups, shots, heartworm medicine time, bird wing clipping; all pets covered to avoid multiple trips to the vet

Learning About Customers Online

When prospects and customers visit your Web site, you have a golden opportunity to glean information about them for your database. Your site can identify each unique visitor through a cookie—a small amount of text data given to a Web browser by a Web server. This cookie data is stored on the user's hard drive and is returned to the specific Web server each time the browser requests a page from that server. While some customers will "disable cookies" on their browsers, a large percentage will "allow cookies," because they enjoy the benefits of site customization you provide based on their activities and buying patterns on your site.

When you are tracking your site visitors, you'll be able to gather data about where they enter your site, what pages and products they view, how long they stay on each page and in total, what they put in the shopping cart, and what (if anything) they end up purchasing. You'll have the opportunity to record this information and use it to add dimension to that customer's profile on your database, integrating the customer's online behavioral and buying patterns with his or her offline activities and demographics. What's more, using the Web analysis tools offered through Google Analytics or other third parties, you can create a dynamic Dashboard that will present rich information about your site's visitors in chart and numerical form.

Use the Full Power of Your Database to Segment Your Market
and Serve Your Customers

With an effective and user-friendly database at their disposal, direct and digital marketers can play "what if" games to their heart's content, devising possible tests of products, offers, incentives, and other opportunities that may increase the productivity of customer files—and/or enhance the relationship with each customer and prospect. These qualitative methods may seem "quick and dirty" compared to regression analysis, neural networking, predictive modeling, and other, higher math

techniques used by sophisticated database operations. But for many firms, this type of intuitive brainstorming can be quite helpful in developing worthy test concepts. Here are some ideas on how this can be done:

- *Develop logical product offerings to obtain more "share of customer."* You may increase your "share of customer" (also known as "share of wallet") either by getting a customer to purchase additional types of products/services from you, or by enticing them to purchase more of the same. In the first case, let's say your database reveals that you have a substantial number of customers who have purchased both luggage/travel accessories and tennis supplies from your firm. How about offering them something new: a premium-priced trip to the U.S. Open tournament hosted by your well-known company president? In the second case, what if your database shows significant numbers of individuals who buy food products from you fairly regularly, but only as gifts for others. Could you come up with a "treat yourself" concept that would give these folks an incentive to purchase a continuity plan with special goodies arriving at their homes each month? Web sites offer an opportunity to make additional product offerings like this on an instant basis—either alongside items site visitors click to view, or in the shopping cart area as add-ons.

- *Offer different gifts and incentives by segment*. Many firms make the mistake of looking at customers in one dimension only. They fall in love with the 80/20 rule (80 percent of your sales often come from as few as 20 percent of your best customers). But they look at that golden 20 percent as a group, offering them all the same incentives and gifts. With a good database, it's possible to segment your best customers with much more precision, and then tailor offers to them that fit their wants and needs. For example, some of your "golden 20 percent" may have gotten into that category with one big purchase: your top-of-the-line music system, a diamond ring, a computer and accessories, etc. Others may have reached the exalted level through a series of much smaller purchases that cut across many categories in your product line. It doesn't make much sense to offer an individual who spent $2,000 on one item the same next-purchase incentive as someone who spent $2,000 on a total of 20 different purchases. Nor does it make sense to offer the same incentive to a $2,000-a-year women's clothing buyer that you offer to a computer software buyer at the same level. Think from the customer's point of view: what would best motivate each type of buyer to buy again?

- *Make sure your incentives offer an appropriate challenge*. Frequent traveler clubs provide an excellent example for this point. Many such clubs try to offer the same incentive to everyone: for example, fly six segments between x-time and x-time and get so many bonus miles; stay ten nights at XYZ hotels by December 31 and get two weekend nights free. Incentives are much more likely to be productive if they are keyed to individual customers' records. For instance, it's no challenge for someone who travels 100 nights a year to rack up six segments and ten nights. It would be better to offer that individual a challenge based on increasing his/her usage of your airline or hotel (say, up from 50,000 miles flown to 100,000 miles flown in a year; up from 25 nights a year to 40 nights a year) and provide a

suitably powerful incentive. On the other hand, if your records indicate that an individual only flew two segments with you in an entire calendar year, it may not be realistic to think that they have the travel schedule and lifestyle to purchase six quick segments on *any* airline. Try offering that individual a more achievable goal with appropriate incentive, and then offer greater incentives after the first goal has been met. This concept also holds true for product purchasers: try initially upgrading the $100 customer to $200 a year, not $2,000.

- *Identify new product, market, and business opportunities*. The more you know about the demographics and psychographics of your customers, the more likely you are to be able to identify new opportunities that will be especially intriguing to them, and potentially profitable for you. In the catalog and online world, examples of this concept abound. For example, Lands' End has expanded from its original sportswear catalog to offer books focused on home products, corporate attire, school uniforms, plus sizes, and other categories. With its unlimited online "real estate," the Lands' End Web site (*www.landsend.com*) allows visitors to click immediately on these and many more product subsets. Williams-Sonoma offers a catalog and Web site of kitchen products (*www.williamssonoma.com*) as well as print and online versions of home furniture and lifestyle marketer Pottery Barn, and Pottery Barn spin-offs West Elm, Pottery Barn Teen, Pottery Barn Kids, and others. Visit *www.williams-sonomainc.com* to click on any of these Williams-Sonoma properties.

- *Use retail, direct mail, and online databases in segmentation*. If your firm sells through direct marketing, retail outlets, and online, the potential for each can be optimized by sharing database information. Knowing that a customer never buys women's clothing online but that she is a heavy retail clothing buyer offers intriguing possibilities. On the other hand, what if a catalog shopper purchases considerable kitchen equipment via catalog and online but has no record of kitchen purchases at retail? The parent company would be well served to invite such an individual to local in-store cooking demonstrations, but without the shared database, such opportunities often are lost.

- *Understand your customer so copy and design are personal and "you oriented."* For creative people, knowing all they can about the customers they serve is essential. And when markets are sharply segmented, the copywriter and graphic designer need to know the basis for segmentation so that they can reflect it just as sharply in their words and pictures. Sometimes writers and designers are kept at arm's length from database information, and sometimes they shy away from such data fearing that it is "only for number crunchers." But these apprehensions need to be overcome. With today's desktop database systems and on-line Web analysis data, anyone who has enough technological prowess to use Microsoft Word or InDesign is fully capable of manipulating data and playing database "what-if" games of their own. Writers and designers who take the time to learn their firm's database capabilities and find out all they can about the demographics and psychographics of each target group will be well on their way to developing a compelling creative product.

Privacy and Ethics

As marketers become capable of increasingly detailed data collection and database enhancement, consumers and privacy advocates focus more concern on what information companies collect, and how they use and share it. Indeed, ever since Louis Brandeis and Samuel Warren wrote *The Right to Privacy* in 1890, the subject has concerned government, business, and individuals alike. According to media attorney Charulata B. Pagar of Virtual Law Partners LLP, early legal discussion of privacy was a response to the technology of Brandeis's and Warren's era: photography, transatlantic cables and other "modern devices for rewording or reproducing scenes and sounds." Brandeis and Warren argued that the complexity of life necessitated some retreat from the world, and man . . . "so that solitude and privacy have become more essential to the individual; but modern enterprise and invention have, through invasions upon his privacy, subjected him to mental pain and distress, far greater than could be inflicted by mere bodily injury."

If the relatively impersonal media named by Brandeis and Warren were cause for concern, consider today's Web sites that are capable of tracking individuals' every mouse click and relating that data to individual-specific demographic, lifestyle, and behavioral information. Consumers are aware of this "intimate tracking ability" on the part of Web marketers, and it has them concerned. Indeed, a poll from the Consumer Reports National Research Center reported that "72 percent are concerned that their online behaviors were being tracked and profiled by companies." The poll also revealed that this uneasiness has led 35 percent of Americans to use alternate e-mail addresses to avoid providing real information. What's more, about a quarter of consumers have used software to hide their identity online, and about the same number have provided fake information to access a Web site.

It is little wonder that consumer privacy is considered one of the most vital issues facing today's direct and digital marketers—and that they struggle with the ethics of balancing what they are capable of doing with what is right and proper. From the collective wisdom of some of today's top experts on marketing privacy and ethics, here is some advice for creative marketers:

- **Use the resources of the Data & Marketing Association and other trade groups**. For example, the DMA's Web site (*http://www.the-dma.org*) includes a robust, regularly updated section on corporate responsibility and ethics. The DMA also publishes a booklet of "Guidelines for Ethical Business Practices" and a "Privacy Policy Generator" for marketers.
- **Do not relegate privacy concerns solely to your firm's chief privacy officer**. Copywriters and graphic designers will be wise to educate themselves and help influence decisions balancing consumer privacy protection with effective database marketing.
- **Put customers' and prospects' concerns first**. Sheila Colclasure, Chief Privacy Officer at Axciom Corporation, suggests that marketers adhere to Best Practices including:

   Compliance with all federal, state, and international privacy laws
   Education for all internal and external stakeholders
   Public Relations to effectively manage messages to all your
      company's publics
   Disaster Recovery—responding swiftly and effectively when disaster
      threatens your data
   Leadership—promoting best privacy practices in your industry

> **Commitment**—making sure the entire company is committed to the privacy effort
>
> **Respect** for the consumer
>
> **Value**—being able to articulate the value you bring to consumers based on the information you collect about them

- **Be forthright and specific in opt-in and opt-out methodology**. Ask consumers how they would like to hear from you, how often, and for what types of information. Allow them to specifically opt-out of direct mail and e-mail list rental, and to specifically opt-in for newsletters, informational e-mails, text messages, and the like.
- **Continue the ethical collection and use of information about consumers**. When done properly and respectfully, it provides a win-win for marketers and customers alike.

Customer Relationship Management

Customer Relationship Management, or CRM, has long been a major buzz term in the direct and interactive world. According to John White, Managing Director, Platform Solutions and Management at Nuveen Investments, much of the focus on CRM is due to the proliferation of software "solutions" that allow for the integration of database information across various customer contact points such as mail, phone, online, retail outlets, and personal sales. Richard Hren says that the essence of CRM is "Leveraging data to understand better the wants, needs, and behaviors of customers to enable the development of highly differentiated customer experiences." For creatives, the heart of CRM lies not in technology but in a very straightforward concept. As Melinda Nykamp, author of *The Customer Differential: The Complete Guide to Implementing Customer Relationship Management,* explains, CRM focuses on the proposition that if we maximize the value of our business to a customer, that customer will reciprocate. Nykamp suggests that CRM efforts focus on three main goals: 1) increasing revenues; 2) decreasing costs; and 3) increasing competitive differentiation to build loyalty.

Nykamp observes that CRM challenges marketers because it requires the active cooperation of sales, service, and marketing personnel—departments that often have resisted integration in the past. CRM also changes the focus for traditional direct marketers who concern themselves more with programs than with individual customer relationships. Rather than look at the overall results of an ad, mailing or e-mail campaign, CRM emphasizes finding ways to interact with and understand individuals—thus allowing for the development of customized offers that deliver increased value. What's more, companies implementing CRM must balance their ability to use robust software and provide personalized offers and communications with concerns about customer privacy.

The Corner Merchant's Method Comes Full Circle: Tesco Serves Individual Customer Needs with Its Clubcard

The more things change, the more they stay the same—or perhaps better stated in this case, the more they change back to the way they used to be. In today's world of grocery marketing, many of the corner merchant's methods are being revisited in an effort to appropriately serve big-ticket customers. The Bureau of Labor Statistics reports that the average American family spends about ten percent of income—about $7,000 a year—on food. The Office of National Statistics in the United Kingdom says that British consumers allocated 15 percent of their budgets for food and non-alco-

holic beverages. Very modestly estimating $100 a week for groceries and home supplies purchased at the supermarket, even an average middle-class family has a grocery "wallet" worth $5,000 or more per year. Yet, when a customer enters many grocery stores, there is little to differentiate the one-time $50 buyer from the individual who already spends thousands of dollars a year with this grocer—or could do so, if properly motivated.

To combat this problem, many grocery chains (as well as drug stores like CVS Pharmacy and other retail chains) have implemented "values" or "valued customer" database programs. Shoppers are encouraged to sign up as a "valued customer" in a simple application process. They are immediately issued a plastic, bar-coded card that identifies them by individual or family. Sometimes there are multiple cards: one in credit card shape and another that slips onto the customer's key ring for easy access. Upon each visit, the checkout clerk asks the individual for this card, and it's swiped across the bar-code reader along with all purchases. For those who don't wish to carry the card – or forget to bring it – most of these programs allow customers to punch in their phone numbers for identification with the program. Such programs typically have a mobile app as well, that allows consumers to collect their points and be alerted about special deals and much more. This allows the grocer to build a database that indicates how much each customer buys, what they buy, and when and where they buy it.

One of the pioneers in this arena was the British supermarket chain Tesco, which has offered its Clubcard since 1995. To encourage sign-ups, Tesco promotes its Clubcard program as a way to save money and gain access to special opportunities and rewards. Their Web site (*www.tesco.com*) noted:

> Clubcard is our way of saying thank you for shopping with us.
> *You collect Clubcard points every time you shop with us.*
> You now get 2 points for every £1 you spend in-store or online on your gro-
> ceries, DVDs, CDs and Books from tesco.com, and at Tesco direct. You also
> collect 1 point for every £1 you spend on Petrol, Mobile phone top up and
> many other places.

It's clear that the Clubcard program offers an opportunity to treat each of its customers with some of the same individual care as that shown by the old-fashioned corner grocer. Marketing communications to Clubcard members are highly segmented based on "market basket analysis" that determines each customer's "unique DNA profile," according to Professor Martin Block of Northwestern University. Segments are determined by what individual members buy, when and where they buy it, and in what combination. By studying this information it is easy to discern the presence of children and pets, wine aficionados, and single shoppers versus family shoppers, as well as brand preferences.

According to Professor Block, a long-time consultant for Tesco, "Our image of customers is built from seven pieces: lifestage, profitability, primary channel (supermarket, express, online, petrol), basket typology (vegetarian, organic, etc.), promotional promiscuity (those who cherry-pick price deals and load up on specials), shopping habits, and brand advocacy (participation in Baby Club, Wine Club, and Tesco.com)."

To avoid criticism on privacy grounds, U.S.-based valued customer programs that are similar to Tesco's Clubcard, have built certain limits into the program. Typically, they do not sell or give customers' names and addresses to any outside packaged goods companies. They do not rent the participant list, and they do not target people individually. Rather, such firms may query the database for "all heavy buyers of Coca-Cola," using certain parameters, or "all pet food buyers spending more than X-dollars last year." Card holders receive offers in groups, not one-by-one.

Another function of such U.S.-based programs is to reward customers based on their volume of purchases with the store. For example, at Thanksgiving, the best customers could be mailed a coupon

for a free turkey. The next-best group could receive a $10-off turkey coupon, and another group

Exhibit 4.1. Tesco Clubcard

Tesco's Clubcard program has enabled the company to leap ahead of its traditional British grocery store rival, Sainsbury's, and maintain a strong position as England's number-one grocery store chain with a market share in the 30 percent range.

Reprinted from the Tesco Web site at *www.tesco.com*.

could get a $5-off coupon. At Easter or Christmas, a similar promotion could be offered for hams or other traditional main-course meats.

These valued customer programs rely on bar codes, both on the card and on products purchased, to capture relevant information. In the near future, however, programs of this type may be further enhanced by pinpoint-sized computer chips and tiny antennae that may be cost-effectively packaged with products. According to the Associated Press, in the decades to come, "the miniscule transmitters are expected to replace the familiar bar codes." Called "radio frequency identification" (RFID), this technology provides convenience for marketers and customers alike, although it does raise concerns about privacy.

These little chips also can alert marketers when products are spoiled or compromised in the store. But if they are not disabled before the customer leaves with them, they open the potential for spying. As this technology develops, direct and digital marketers will be wise to monitor its potential uses as well as consumer perceptions.

CRM and Data Management

By Robert Galka, Executive in Residence, DePaul University (Excerpted from *The IMC Handbook: Readings and Cases in Integrated Marketing Communications.)*

Creating a single accurate view of a customer is a key to CRM success. It is probably the most difficult CRM-related task a company must undertake, but if not done optimally, it can inhibit the best CRM strategy. It is extremely time consuming, very complex and very detailed work. It takes a certain discipline to create an optimal, data-integrated environment. The steps necessary to perform this methodology are:

i. *Touch-point identification*—This is the process of identifying every location within the organization as well as within the value chain that a customer can interact with the respective organization or its value chain partners. B2C examples would be point of sale, phone, web, customer service, survey, promotion response, and distribution. B2B examples may include procurement, sales, and technical support. These sample lists are of course not all inclusive of the various interaction touch-points.

ii. *Define how data is collected*—i.e., human, technology, self-reported or generated versus two-way exchange.

iii. *Establish data collection rules*—This is the process of setting priorities for data variable collection from each touch-point.

iv. *Define the data collection process*—Specific process steps, timing, and security.

v. *Place data in similar formats (optional)*—Some software that will work with the collected data requires it to be in the same or similar formats.

vi. *Split data into two areas: linkage and non-linkage*—Linkage data is any set of variables that can be used to identify the customer. Non-linkage data is everything else. Name and address or customer loyalty card numbers are examples of linkage variables. Products purchased would be non-linkage data. Non-linkage data can contain an extremely large number of variables. A unique number can be assigned to both so that both parts of the customer data, linkage and non-linkage, can be connected together later. Splitting data is not always necessary, but in many instances it improves the efficiency of the processing of linkage data—through those steps necessary to enhance customer matching across multiple interactions and transactions.

vii. *Standardize and correct linkage data*—Commercial software is used to correct errors in any addressable variable (e.g., street name, zip code, e-mail address)

viii. *Postal processing*—Ensures that the most current customer address will be used as well as improve mailing efficiency. There are multiple processes in this step and the USPS website (*www.usps.com*) is a good source for information on what is involved with this process.

ix. *Linkage identification*—This step is sometimes referred to as de-duplication or Merge/Purge. It identifies each appearance of a customer's multiple set of interactions or transactions and links them together. This is a critical step as it helps build a centric view of the customer, a critical success factor for CRM.

x. *Data enhancement*—Secondary sources of information are added to the customer information to enhance the view of the customer (e.g., demographic variables, secondary sources).

xi. *Data suppression*—Use data captured about customers to suppress from a variety of activities such as: reduced or eliminated marketing efforts to non-profitable customers; adherence to customer request for non-interaction; and legal and ethical conformance (children, prisons, deceased, military, and fraud detection).

xii. *Consolidate data*—Link data together.

xiii. *Prepare data for respective database update process.*

These steps have been listed as a serial process. They can be executed in real time and in part or in whole, depending upon the requirements and resources, both technical and financial. The data integration process is a key success factor as it creates a single—and hopefully accurate—view of the customer at a point in time.

Enhance Your Understanding: Adding Value to the Tesco Club Card

Read over the description of the Tesco Clubcard program in this chapter, visit the company's Web site at *www.tesco.com*, and then consider the material covered here about building a database, privacy, ethics, and CRM. Already, the Clubcard gathers a host of data that Tesco wants to know in order to serve its customers better and provide them with buying incentives. Yet beyond the fact that customers have a Clubcard in hand, Tesco's in-store personnel may know very little about the individuals they serve: their preferences, needs, wants, etc. Could the Clubcard concept be expanded to better use the rich mine of information Tesco has about where, when and what customers buy? Keeping ethical concerns in mind, how could the Clubcard program be enhanced to include additional customer preferences, offer customer reminders, or even create a sense of community among customers who have something in common—as evidenced by their buying patterns—such as parents of small children or pet owners?

5

How Creative Strategy Fits into the Direct and Digital Marketing Plan

As much as direct and digital marketing creative people would like to consider their work the central focus of any marketing campaign, the fact is that creative strategy and execution represent only part of the overall marketing plan. What's more, the conventional wisdom is that in direct and digital marketing, the most vital element is the precise choice of target market and the media used to reach them—usually called the "list." After that, most experts attribute 30 to 40 percent of success to the "offer" being made—what the customer or prospect will get and what they have to do to get it. This means only the remaining 20 to 30 percent is due to the creative approach—about half attributed to art and half to copy.

This is not to say that creative involvement in direct marketing programs has a finite beginning and end. On the contrary, the best way to develop successful creative campaigns is to become involved in each marketing venture as early as possible, and see it through evaluation.

This chapter will provide a general outline for a comprehensive direct and digital marketing plan. It will show how creative strategy fits in as part of the overall plan. In addition, it will focus on the important role of the direct and digital marketing creative person at all stages of the marketing plan.

The Direct and Digital Marketing Plan

Direct and digital marketing plans are complex selling methods that require careful orchestration of market evaluation, research, product development, marketing strategy, and execution. The functions of a direct and digital marketing plan are to assess the situation, lay groundwork, set a step-by-step course for timely action, and provide a control document to measure and evaluate results. Such a plan helps everyone involved to retain their marketing orientation, and to orchestrate their actions to bring about a desired outcome.

For best results, the direct and digital marketing plan should be written as an extension of a strategic plan encompassing the overall business's internal *S*trengths and *W*eaknesses and its external *O*pportunities and *T*hreats (SWOT analysis). For more on strategic business planning, see a good business management textbook. The basic format illustrated in Exhibit 5.1 may serve as a guide in the preparation of a direct marketing plan.

The Creative Person's Role in Marketing Planning and Execution

In the marketing plan in Exhibit 5.1, creative objectives and strategies are listed specifically under Marketing Strategies. However, copywriters and graphic designers will not maximize their effectiveness in developing words and pictures that sell if they jump directly to this part of the plan. First they must help develop, understand, and implement other parts of the marketing plan.

Direct and Digital Marketing Review

As part of their overall research efforts, creative people should make sure that they have access to all materials used in writing the review section of the marketing plan. Creatives should study competitors' products and marketing techniques, get on competitors' mailing lists, study competitors' Web sites and sign up for personalized treatment there, and decoy competitors' products to receive at home. Competitive ad samples look one way in a stack with other samples, and another way altogether when juxtaposed with one's own items received in the family mailbox.

There also is a world of difference between watching a competitor's direct response TV ad on a video in the office, and happening upon it while "channel surfing" at home. The same is true about seeing an e-mail pop up in your own "in" box, or a mobile message appear on your own smart phone. Once creative people have considered competitive promotions and products in light of the challenge at hand, they should share their insights with general marketing types. Indeed, the creative perspective may be invaluable to the marketer who is struggling with issues regarding the offer—pricing, premiums, guarantees, etc. In addition, creative people may turn up unique product advantages—or ways to turn possible disadvantages into selling pluses.

Marketing Objectives

Creative people need to understand the scope of the challenge they are involved with. If the marketing plan calls for an ultimate sales volume of $50 million and the generation of a million new customer names, the perspective is quite different than if the strategy outlines an initial test of three or four small-space ads and banner ads to determine the product's basic viability. Sadly, some creative people fail to gain this kind of perspective. When this occurs, they may find themselves suggesting a full-scale, jumbo, spectacular mailing package costing $1,000 per thousand in quantities of a million or more to an entrepreneur with an initial testing budget of less than $50,000 and hopes of confining most of his efforts to affordable media like e-mail and Google Ad Words.

Marketing Strategies

The copywriter or graphic designer who shows active interest at this stage of the game is much less likely to be "force-fed" a formula plan. Do you believe that a postcard mailer combined with an e-mail campaign is a better alternative than a traditional envelope mailing for this proposition? Do you think this marketing plan should include online promotions, broadcast advertising, social media, or mobile marketing, even though use of these media in this scenario might be considered unorthodox? It is essential that you state your views and back them up with precedents, projections, and creative concepts at this level, before plans are approved and budgets are set.

Operations Guidelines

On the surface, it might seem that the creative person has little to do with the nuts and bolts of order processing and fulfillment. But unfortunately, many a "front-end" program is allowed to lose its vital marketing orientation when it reaches the "back end." For best results, creative people should dig in

Exhibit 5.1. The Direct and Digital Marketing Plan

I. *Direct and Digital Marketing Review*—Provides the assessment and groundwork that are necessary be- fore new plans can be initiated.
   - A. Description of Your Product or Service
      1. Features—Product attributes
      2. Benefits—Product advantages
      3. Possible Alternates/Variables
   - B. Description of the Market for Your Product or Service
      1. Size and Scope
      2. Market Trends and Stage of the Product Life Cycle (i.e., introduction, growth, maturity, decline)
      3. Evidence of Demand
      4. Distribution Patterns
         a) Direct and Digital Marketing Channels
         b) Other Distribution Channels (retail, personal sales, etc.)
   - C. Description of Competitive Facts
      1. Share of Market—Yours and Competitors'
      2. Competitors' Product/Service Descriptions—Quality, Price, Features/Benefits
         a) Your Product's Advantages
         b) Your Product's Disadvantages
         c) Competitors' Advantages
         d) Competitors' Disadvantages
         e) Your Product's Point(s) of Differentiation from Competitors' Products
      3. Competitors' Marketing Efforts
         a) Media
         b) Creative
         c) Offer(s) (what the customer will get, and what they have to do to get it)
   - D. Positioning—Synthesize knowledge of product, market, and competition as well as knowledge gleaned from predictive analysis of your database to develop a target market segment, or segments that fits your product's strengths and weaknesses and maximizes chances for success considering competitors' known strategies. (Market segmentation + product differentiation = positioning)

II. *Marketing Objectives*—Make these as specific and measurable as possible. The objectives may be expressed in one or more of these ways:
   - A. Total Sales Volume
   - B. Percentage Share of Market
   - C. Number of and Projected Lifetime Value of New Customers
   - D. Amount of Increase in "Share of Customer" for Existing Customers

III. *Marketing Strategies*
   - A. Media Objectives by Medium—E-mail, Direct Mail, Space, Web Site, Social Media, etc.
      1. Overall Projected Results (Leads, Sales)
      2. Projected Response Levels by Vehicle (List, Magazine Insertion, E-mail Campaign, Mobile Market-ing, etc.)
   - B. Media Strategies
      1. Direct Mail and/or E-mail Testing Plan—For example, begin with eight lists of 5,000 rented names each to be followed by validations and roll-out promotions.
      2. Testing Plan for Each Medium—Similar projections for space ads, online advertising, broadcast, mobile, etc.
   - C. Creative Objectives—Typical objectives could be:
      1. Sales or Leads at Specific Volume Levels
      2. Heightened Awareness of Company or Product
      3. Relationship Building to Gain a Larger Share of Customer

    D. Preliminary Creative Strategy Input
        1. Features and Benefits in Order of Importance to the Target Market
        2. Changes of Emphasis for Various Market Segments
        3. Creative Plan
            a) Assignments—Creation of e-mails, direct mail package, ad(s), Web site updates and landing pages, etc.
            b) Preliminary Guidelines for Graphics and Copy
            c) Needed Collateral Materials for Back End—E-mail acknowledgments, package inserts, etc.

IV. Operations Guidelines
    A. Program-Specific Instructions for Departments
        1. Order-Processing
        2. Data-Processing
        3. Fulfillment
        4. Customer Service
        5. Online Marketing Requirements
    B. Master Timetable—Beginning with mail date or day materials are due to the publisher or to be posted online or e-mailed, and working back

V. *Budget Summary*—A chart listing projected expenditures for media, list rentals, production, postage, etc.—every cost that is not considered a part of the firm's overhead.

VI. *Special Activities*—Research, public relations, sales promotion, special events, social media, general advertising, or other related activities that will impact this direct/digital marketing plan.

VII. *Evaluation*—Each marketing plan should include a mechanism for evaluating results and using what has been learned as input for the next plan's Direct and Digital Marketing Review.

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and find out every detail about how each order or lead will be handled when it reaches the firm. For example:

- Will appropriate landing pages and/or QR codes be created to coordinate with space ads, direct mail packages, and e-mail solicitation, including possible use of Personalized URLs (PURLs)?
- Will the Web site be updated in a timely manner to correspond with the offers and promotional methods being used in other media?
- What kind of order acknowledgments will be sent by e-mail or snail mail? Who will write them?
- Who is in charge of creating the legally required notices that will be sent to customers in case their product shipments are delayed?
- How will the product be packaged?
- What kind of collateral materials will accompany the shipment?
- Does the customer service department have a good, marketing-oriented set of standard e-mails and letters to use in responding to customer complaints and requests?

If you do not have sufficient clout to find out the answers to these questions from inside your firm, do a little investigation on your own. Order from your own firm, and have several friends or relatives do the same. Respond to Web offers, e-mails, space ads, direct mail and other media deployed by your firm. Find out how you are treated as a customer, and document the results. Handled with tact

and care, such information can provide the ammunition you need to improve the marketing orientation of the firm's operations.

Such care is needed because many firms routinely send out e-mails and letters to hard-won customers that read as if robots had written them. And many a customer *service* department comes across instead as a group of customer *discipline* specialists, because their communications are production oriented—aimed at internal goals rather than customer satisfaction.

The need for such vigilance in customer care is obvious, since according to marketing and sales expert Murray Raphel, "The average business in the United States spends five times as much money for a new customer than it does on the customers it already has." Help your firm to maximize the long-term value of each new, hard-won customer, and your creative contributions to the marketing plan will add to the bottom line as well.

Budget Summary

The creative person's concern here is similar to that expressed under objectives: an understanding of available dollars helps creatives keep their plans and ideas in proportion with budget reality.

Special Activities

Based on their research and analysis of competitors and knowledge of the marketplace, creative people may well be able to suggest public relations ventures, sales promotion ideas, online partnerships, viral marketing campaigns, or events that would integrate the communications message and amplify the impact of direct and digital marketing programs. Preparing their proposals at the marketing plan stage ensures that the necessary time and budget can be allocated if these ideas are approved.

Evaluation

The creative person who spends the necessary time to study campaign evaluations in depth can become an invaluable resource to the firm. Analysis of individual rental list and media results, results from segments of the internal database, Web site statistics, creative testing, formats and offers are important—but even more vital is the ability to develop logical hypotheses for future testing based on market research and the synthesis of various prior results.

Developing a Creative Strategy or Creative Brief

Before the first word is written or a single line placed on the computer screen, the copywriter and graphic designer should accept and understand the Creative Strategy Statement (also known as a Creative Brief) for the job they've undertaken. This format (shown in Exhibit 5.2) is from Ron Jacobs, President of the Chicago-based, multichannel direct/digital marketing agency, Jacobs & Clevenger and co-author of *Successful Direct Marketing Methods*. It provides good, basic direction for the creation of a multichannel campaign that might include some combination of direct mail, space ads, television, a Web presence, mobile marketing, public relations, and/or sales promotion.

A comprehensive creative strategy statement like Ron Jacobs's is useful to ensure that both company and agency—or creative people and marketing types—are in agreement before copy and art are developed. An informal creative strategy statement can be used at a minimum, by setting down a sentence or two each to describe:

Exhibit 5.2. Creative Strategy Statement

CREATIVE WORK PLAN

Client:

Project title:

Date:

Job no.:

Prepared by:

Key fact
Single most important fact relevant to preparing this advertising.

Consumer problem this advertising must solve
Related to KEY FACT. State in consumer terms. Not what the brand or product needs . . . what the con-sumer needs.

Advertising objective
How this advertising proposes to solve the problem stated above.

Creative strategy
Prospect profile: Portrait of the best prospects, list key demographics, psychographics, product usage facts.
Competition: Not a list of brands: what we must replace in order to attract consumers to our offer.
Promise: The single most important consumer benefit. The basis upon which this advertising will be built.
Reason why: Most important single reason we can give the consumer to believe the promise above.

Legal or policy considerations/mandatory factors

Source: Ron Jacobs, President, Jacobs & Clevenger.

- The target market (described in terms of demographics and psychographics)
- The number-one benefit you'll be demonstrating to that market, along with proof of that benefit
- The objective of your advertising (inform, persuade, remind, generate leads, sell directly)

   Discipline yourself to agree with your creative partners, clients, and/or account people on at least these three concepts, and you'll stand an excellent chance of delivering creative work that all agree is "on strategy" the first time around.

Enhance Your Understanding: Decoy Assignment

The Direct and Digital Marketing Review section of this chapter emphasizes the importance of "decoying"—getting on competitors' databases to see what offers they make, what formats they use, how often they mail, e-mail and phone, and what tests they undertake. Here's a simple assignment that will help you study positioning and fulfillment in space advertising and direct mail/telephone/e-mail/mobile promotion.

Select several magazine space ads in one category of products (tennis supplies, women's clothing, kitchen equipment, etc.), each offering a catalog or information package to respondents. Use the Reader's Service Card (bingo card) if available to request information. If no bingo card is available, call the toll-free number, or e-mail, or use a Web response form. Provide your e-mail address and opt in to receive information from the firm. If you are asked for your mobile (cell phone) number, and if you are willing, provide that as well.

Record the date you make your request. Then watch your mail and keep alert for phone follow-up, e-mails, and mobile alerts. Make a chart—compare and contrast how the various competitors communicate with you as a prospect. Buy an item from each firm and keep track of how you are treated during the buying process . . . how long it takes for your purchase to arrive . . . how it's packaged . . . what kind of follow-up mailings, phone calls, e-mails and texts you receive, etc.

When you do this to track all known competitors in a real-world situation, this process will provide you with vital, current information on what your competitors do well and where there's room for you to fill empty niches or make improvements.

6

A Creative Person's View of Direct and Digital Marketing Media

Direct and digital marketing media may include any channel of communication that invites a direct response. Even skywriting can be considered direct marketing if it includes a call to action and a telephone number or web address. Marketers have enthusiastically integrated the Internet, e-mail, and, more recently, mobile marketing and social networking sites into their media options. That said, smart marketers still make frequent use of the tried and true: various forms of direct mail, print advertising, telephone, broadcast, or digital media.

Every good direct and digital marketing plan calls for an outline of media objectives and strategy. Creative people can be of great help in determining appropriate media for a given marketing plan, based upon the creative advantages, disadvantages, and budgetary impact of various media alternatives. This chapter discusses the basic pros, cons, and relative costs of entry for the most frequently used direct and digital marketing media.

Direct Mail

Creative Advantages

- Almost unlimited format opportunities: size, looks, colors, paper, use of gimmicks, extent of copy, three-dimensional packages, pop-ups, etc.
- Extremely well targeted if market segmentation is done correctly.
- Allows for personalization and relatively private communications. As direct marketing expert Denny Hatch notes, "What makes direct mail different is that it goes to an individual person and has a letter. It's the only place in advertising where one person can make an emotional connection with a reader in his or her home."
- You may utilize all technological advances as they hit the market—you needn't wait for the medium to catch up, as you often do in dealing with space advertising vehicles and many Web sites.
- Ability to take advantage of database management and computer applications to reach highly defined markets with highly targeted messages—even individually targeted messages using variable data printing.
- Helps you learn in a controlled environment. You can develop test cells you

want, not be at the mercy of a publication or broadcast medium, or limited by their ability to do A/B splits, geographic and lifestyle splits, etc.

- Highly responsive; only properly executed telephone marketing has higher response rates among direct marketing media.
- Allows you to use inexpensive formats like postcards, double postcards, or self-mailers to draw timely attention to an offer or opportunity on a Web site or landing page.

Creative Disadvantages

- Expense may bar entry. Space ads can be placed much more cheaply to test viability of a concept. Direct mail packages routinely cost $600 per thousand to $1,000 per thousand or more, even in large quantities.
- May be difficult to discover and reach a wide enough audience to meet volume goals, given limited universes and "list burn-out," a phenomenon in which good outside lists are barraged with so many offers that their value declines rapidly— especially if not replenished constantly with fresh names.
- Post office restrictions must be followed to the letter. Risks include paying extra postage and producing packages that cannot be mailed.
- The post office is less reliable on timing of delivery than broadcast and most print media. In addition, horror stories persist about non-delivery of significant amounts of standard mail.
- Direct mail is very complex and requires coordination of lists, creative production, and mailing. Other media are much easier to prepare for.
- Most direct mail does not come "invited into the home" the way ads do as part of a magazine, newspaper, Web site, or TV show selected and often paid for by the prospect.

Magazines

Creative Advantages

- Ability to reach mass markets with magazines like *Better Homes and Gardens* and *National Geographic*, or very carefully segmented markets with magazines like *Golf Digest, Popular Mechanics*, *Prevention*, *Maxim*, *Working Mother*, etc.
- Rising costs of direct mail and dearth of good lists in many market segments make magazine advertising cost effective where it wasn't years ago.
- Mass magazines offer larger circulations than many lists, providing more exposure.
- Magazines come invited into the home, unlike much direct mail. This facilitates trust among readers, and a predisposition to feel positive about advertised products.
- No barrier to entry: 1/6- or 1/12-page black-and-white ads in mail-order sections of mass publications can be had for as little as a few thousand dollars; even less in highly targeted magazines with small circulation.
- Excellent color reproduction capability.
- More format options are available than in the past: pre-prints, bind-ins, tip-ons,

promotional items enclosed with the publication in see-through mailers, personalization, scents, samples, etc.
- Generally much easier to produce and less difficulty to coordinate than with direct mail.
- A/B splits and regional editions are sometimes available. Testing can be done fairly inexpensively.

Creative Disadvantages

- Limited format possibilities due to page sizes and advertising configurations.
- Long lead time. Closing dates can be months ahead of cover dates.
- Lack of control over position. Some publications bunch ads together, creating ad "ghettos" without surrounding editorial. Response may vary a great deal between far-forward and far-back ad positions.
- Relatively slow response and a long shelf life make magazines hard to evaluate and react to for further testing.
- Relatively impersonal medium. Although personalization and customization are possible in some magazines, relatively few offer this option, or if available it may be limited to high-volume advertisers only.

Newspapers

Creative Advantages

- Immediate, authoritative, and newsy.
- A good medium for quick testing. Newspapers have late closing dates and yield quick response, so results are available fast.
- Fairly broad local coverage of a mature, literate audience.
- National newspapers like *The Wall Street Journal* and *U.S.A. Today* offer broad reach; excellent regional testing possibilities at affordable cost.
- Comes invited into the home by subscribers—and read in many households almost immediately upon receipt.
- Editorial-style ads let you trade on the publication's franchise as a respected source of news.
- Inexpensive to test. Many publications will even provide layout and typesetting so a concept can be tested in small papers for a few thousand dollars, then expanded as warranted.
- A/B split testing available in some local papers as well as zoned editions, splits by ZIP+four designation, etc., in some markets.
- Some segmentation can be achieved by advertising in specialized sections such as home and garden, lifestyle, sports, autos, entertainment, etc.

Creative Disadvantages

- Sharply declining readership among younger consumers make this medium problematic for many attractive target markets
- Poor color reproduction in many cases; poor photo fidelity.
- Impersonal medium.
- Position and format limitations abound.

- A mass medium with little selectivity except by city and suburban zones in many cities.
- Can be a complex media procedure to create a national campaign using local newspapers.
- Local events and conditions can affect ad response, jeopardizing projectability of results.

Free-Standing Newspaper Inserts and Weekend Magazines

Creative Advantages

- Many of the same advantages as direct mail: format flexibility, good color reproduction, control of production.
- A plus over direct mail: exact timing, since your ad or insert arrives in a specific day's paper rather than whenever the standard mail happens to be delivered.
- Huge and concentrated reach. For example, *Parade* magazine has a circulation of over 22 million and a readership of 54 million each Sunday, with most all of the reading done in a 48-hour time period.
- Co-op inserts like those of Valassis and News America (Smart Source) allow for cost-effective testing in a small number of markets, and roll-out potential in the tens of millions.
- Advertising in newspaper-circulated magazines such as *Parade* provides good testing possibilities and mass roll-out quantities.

Creative Disadvantages

- *Parade* Magazine readership and ad revenues are declining as the population of newspaper readers declines and ages.
- In some markets there is a great deal of clutter among free-standing inserts (FSIs). In addition, studies show that certain market segments almost never read FSIs.
- This is a mass medium with relatively little opportunity to target prospects. It may be effective only for relatively low-end, mass-appeal products and services. Individual FSIs can be nearly as costly as direct mail, yet response is considerably less than direct mail.
- Format opportunities for FSIs are constrained by what newspapers will accept and can insert.

Billing Inserts/Package Inserts/Co-Ops/Card Decks

Creative Advantages

- Extends reach for direct marketing programs that have proved effective in mail and/or space.
- Affordable: may cost only a tenth to a fourth as much as direct mail (because the costs are shared with other advertisers), with results proportionately lower.

- Ability to control your own color quality and production within the confines of size and format restrictions.

Creative Disadvantages

- Format and size constraints, especially in card decks and co-ops.
- Usually not considered a stand-alone medium—most often used to extend the reach of successful, proven programs.
- Must be controlled to ensure your offer is being promoted in a compatible medium. Co-ops range from mass-market coupon envelopes to the exclusive ranks of executive card decks.

Telephone

Creative Advantages

- Immediate, personal, selective, and very flexible. Allows for spur-of-the-moment up-selling and cross-selling to customers.
- Allows you to ask specific questions to gain market research information while selling or reinforcing sales.
- Highest response medium when done appropriately; also most costly per prospect contact.
- May be used as a primary selling medium or a follow-up for continuity sales.
- Works best with established customers, for following up qualified leads, for business-to-business pitches, for proactive customer service, or when you have specific questions to ask.

Creative Disadvantages

- More consumers consider outbound telemarketing an invasion of privacy than any other main direct marketing medium; indeed, about 80 percent of Americans had signed up for the federal Do Not Call list in the first years it was available.
- Creatives must adhere to the specific and strict telemarketing regulations of the Federal Trade Commission regarding disclosures, prizes, misrepresentations, etc. The Data & Marketing Association provides information that outlines these rules in detail.
- Does not allow for visuals.
- Even a well-written script will not come across well unless the representative delivering it has been well trained, speaks clearly, and speaks with enthusiasm.
- Expensive on a per-call basis, although a small test may be designed at a reasonable rate to test viability.
- Many consumers are virtually unreachable by phone because of government Do Not Call lists, long work hours, unlisted numbers, and screening calls on caller I.D. systems.

E-Mail

Creative Advantages

- Immediate: messages arrive in the recipient's mailbox seconds or minutes after they are sent, and usually are dealt with relatively promptly on receipt.
- Outstanding testing flexibility. Testing of lists, offers, sender names, subject lines, and creative approaches can be done very readily with very quick results.
- Attractive, digital, and colorful HTML e-mails have largely replaced less appealing text formats.
- Much lower cost than most any other medium, with the best return on investment of any medium ever invented (more than $25 for each dollar invested, per the Data &Marketing Association).
- Excellent for verification of orders, shipment alerts, and other customer service functions that normally are welcomed by buyers.
- High penetration among literate, affluent customers both at home and at work.
- Exceptional ability to customize e-mail delivery schedules and messages based on customer or prospect input and interests.

Creative Disadvantages

- The broad-brush connotation of "spam" has tarnished the image of e-mail as a promotional medium.
- Potential for deletion of promotional e-mails, even among opted-in customers, is very high.
- E-mail messages and delivery plans must be developed with great care since responsible e-mailers offer customers and prospects the opportunity to opt-out in response to any message. An annoying or poorly targeted message, or too-frequent communications, may have dire consequences for your e-mail list.
- Even an HTML e-mail is quite limited in appropriate format and length.
- Not as cost-effective as the phone for customer service purposes.

Mobile Marketing

Creative Advantages

- Immediate and timely—great for limited-time offers and opportunities that customers and prospects can take advantage of immediately, while out and about in the marketplace.
- A very personal and "always on" medium—many people are "joined at the fingertip" to their mobile devices.
- Pinpoint targeting of customer/prospect and exact location are possible.
- Very trackable with great database-building opportunities.
- Great for impulse purchases as consumers can pay with a few clicks on their mobile devices.
- Potential to create easily updatable apps that build brands, build relationships with customers, and/or become profit centers.

Creative Disadvantages

- Perceived by many as intrusive, unwelcome, a possible privacy invasion and, in the case of immediate geographically-targeted offers, even somewhat creepy.
- The challenge is to make an offer that is integrated with your larger campaign, and is more than simply a price appeal.
- Under scrutiny by the Federal Communications Commission with potential limitations coming on use and release of mobile customer data.
- Limited target market in the United States due to the need for consumer opt-in for respectful mobile marketing.
- Fragmentation due to a wide range of carriers and devices in use.

Social Networking Sites (including Blogs)

Creative Advantages

- The ultimate mass media of the twenty-first century with top sites boasting hundreds of millions of participants (Facebook tops two million users!)
- Incredible opportunities for pinpoint targeting based on what consumers reveal about themselves and what they talk about on social sites.
- Ability to reach younger consumers and others who spend little time with traditional media.
- "Natural relevance" for ads and offers—for example, ads that appear at the bottom of YouTube videos that offer more information about the brand or product featured in the video.
- Ability to establish a very human, accessible brand personality.
- Ability to build brand loyalty through fan pages, people who "like" your product or site, and bloggers who report positive experiences with your products or services.
- Site visitor analytics, consumer reviews, and comments provide inexpensive yet valuable market research information.
- Highly inexpensive from the point of view of media cost.

Creative Disadvantages

- Consumer control is paramount in social media: consumers and bloggers may say negative things about your product or service in the social space.
- It is very time-consuming to keep social media sites updated and monitored on a continuous basis.
- Results of ads on social media sites can be measured in terms of click-throughs, requests for information, purchases and time on site, but the ROI of social media sites and fan pages can be difficult to measure.
- High noise level and much competition for attention to your message.

Television

Creative Advantages

- Best medium for demonstration.
- Endless possibilities for formats and forms: drama, slice of life, pitch man, testimonial, celebrity spokesperson, or some combination—in studio or on location.
- More and more targeting is possible with digital cable and satellite options, as well as niche cable networks with shows catering to specific demographic groups.
- Versatile medium—may be used for sales, lead generation, integration with or support of other media.
- Digital editing allows for easier and much less costly customization or editing of TV spots.
- Quick responses: you can get an initial read on a commercial in minutes as customers call the toll-free number or log on to a landing page on the Internet.
- By their very length, many direct marketing commercials eliminate clutter. At 90 to 120 seconds, they may consume much of the time allotted to a commercial break period.
- Infomercials—entire 30-minute shows with an advertising message—offer the luxury of time to explain, demonstrate, and sell a product or service in an atmosphere that seems more like a show than a commercial.

Creative Disadvantages

- Very expensive: often takes $100,000 or more for production and media to perform even a simple test. High costs make this the realm of large and sophisticated direct-marketing firms—or start-ups with deep pockets.
- Finite amount of television time available on desirable networks and cable channels. Time is especially scarce in the year's second and fourth quarters, when general advertisers beef up their broadcast buys.
- The woes of general advertisers on television hold true for direct marketers: more consumers are "zapping" commercials of all kinds, eliminating them from digital video recordings and using remote control devices to sample other shows while commercials are on the air.
- Cable cord cutting means that many younger consumers do not watch television at all; rather they subscribe to Netflix, Hulu and the like to avoid ads
- A fleeting medium: unless you can move the consumer to action in 120 seconds or less (or 30 minutes in the case of an infomercial), you have lost your opportunity since nothing is written down.

Radio

Creative Advantages

- Stations with specific formats allow for considerable targeting to businesspeople, country music fans, classical music buffs, sports fanatics, and so on.
- Inexpensive to test on a local basis; most rates are open for bargaining.
- Radio networks and satellite radio allow for considerable nationwide reach.

- Timely and newsy.
- A good medium for fantasy and humor.
- Ability to go on the air almost immediately—copy can be written one minute and read by an announcer the next. Even studio-produced spots take little time to prepare.
- Creative direct marketers have found that they may use the strength of radio personalities to help sell their products: Sean Hannity touts LifeLock as protection against identity theft; money expert Dave Ramsey gains leads for mortgage brokers and term life insurance sales agents.

Creative Disadvantages

- Much the same as television: a fleeting medium with nothing written down; listeners may switch stations during commercial breaks.
- Except for satellite radio, a few networks and syndicated programs, it is a difficult and complex job to obtain national reach via radio.
- No visuals; no response device.
- Radio is often used by listeners as background noise; thus getting their attention with an ad may be difficult.
- Reports of listening audience may be exaggerated since many use radio as background noise at home or at work.
- The number of people who do most of their listening in cars cuts down potential response, since they may not have access to phone or paper and pencil. Near-universal penetration of cell phones helps cut down this problem, especially for drive-time pitches to businesspeople.

Internet and Other Digital Media

Creative Advantages

- A "hot" medium, especially with younger and more affluent audiences.
- Many site visitors are willing to provide database information in exchange for samples, insider information, and specially tailored responses from you. This information also allows you to customize your presentation to each visitor upon his or her return or even "on the fly"—making one-to-one marketing a reality.
- Your presentation can (and should) be changed often to attract prospects and customers back again and again.
- Ideal for the integration of sales promotion techniques like contests or online voting.
- Non-linear medium allows browsers to delve deeper into parts of your presentation that interest them most.
- You can tell what interests visitors and what stops them short by analyzing the data from their visits.
- Advancing technology and allows for excellent color, motion, sound, and videos.
- Excellent for building public relations and providing wanted services to customers at very low cost to the provider—such as FedEx online package tracking.

- Relatively low financial barriers to entry for a basic Web presence, although effective e-commerce requires a considerable investment. A small firm with a good Web designer can afford to appear much larger and more sophisticated than it can in other media.
- Nearly unlimited potential reach and frequency if you can attract visitors to your site and intrigue them to return.

Creative Disadvantages

- Because best practices for Web site design and copy are so different from those in print media, it requires acquisition of a whole new set of skills on the part of seasoned creatives.
- Site visitors expect constant updates. Done right, this is a high-maintenance medium.
- Leading sites like Amazon and eBay provide streamlined and highly customized experiences for their clients, and customers quickly come to expect similar state-of-the-art applications and customer service features from every site.
- While colors online are vibrant and varied, the ability to produce a picture of a product with fidelity and clarity is limited.
- The downside of a non-linear medium is that customers who "click onto" a hyperlink or banner ad on your site may never come back to see your selling message unfold.
- Actual purchasing online can be frustrating and time-consuming even on the most user-friendly sites.
- Concerns persist about security of credit card information and other personal information online.
- At least parts of your site will most likely be open to access by all: competitors, "enemies," etc., and your mistakes can be heralded throughout cyberspace by disgruntled customers—an opportunity not easily available to them in any other medium.

How to Choose the Media Mix

For best results, start testing a new marketing concept in the medium where you have had the most previous success. If your firm or client is new, track the media buys of competitors for clues as to where the most fertile customer base might be. In most cases, direct mail, space advertising, e-mail and the Web will be your best bets for initial testing. Indeed, testing offers, pricing, products, and creative elements via e-mail or on a Web site can be inexpensive and quick. In some cases, firms may choose to begin with telephone marketing since they can obtain direct feedback from customers—not only on whether they will buy, but also on why or why not. If tests prove successful,

then consider expanding to additional media such as television, radio, social media, mobile marketing, co-ops, and package inserts.

In evaluating any media selection, be sure that results are tracked not only on initial responsiveness, but also on continued performance levels. In most cases, your ultimate goal is to obtain customers with maximum value over time—not just individuals who have a high front-end response rate.

Enhance Your Understanding: Preliminary Media Plans

Your direct and digital marketing agency has been assigned to develop preliminary media plans for two new products. *Product #1* is a collectible doll inspired by the heroine of the latest animated Disney feature. It will sell for $49.95, and there are several more character dolls from the same film that can be used as follow-up products. The client is a collectibles direct/ digital marketer with an extensive database, and the goal is to use this product to acquire new customers. *Product #2* is a software package that can be downloaded online, and that focuses on financial planning for baby boomers facing retirement. It will sell for $99.95. The client is a magazine publisher with little past experience in software sales. Their goal is to find customers for the new software package beyond their current subscriber lists.

Develop a media plan for each product including first-round test media and then one or more phases of additional testing if the initial media choices prove successful. Consider the following in creating each media plan: target markets, price points, need for demonstration, need for good color fidelity, relative cost and financial risk, track record of similar past products, and other criteria you deem important.

Who Should Do the Creative Work and What Do They Need to Know?

If you visit direct and digital marketing agencies and companies with the best track records for bottom-line performance, you will sense a special energy in the air. That energy springs from a staff that works in a healthy, creative environment built on respect for employees as partners in producing sales and profits.

In this chapter, both managers and creative practitioners will learn ways to develop such an environment in their own firms and agencies. Once the atmosphere for creative thinking is established, direct and digital marketers must develop a system for gathering and sharing background information for creative assignments. This chapter provides a guide for managers on what the creative team needs to know, and some hints to creatives on how to draw out this essential material from clients.

The discussion of the human element in marketing concludes with some pros and cons for managers deciding whether to have creative work produced by a large outside agency, in-house staff, individual freelancers, or a small "virtual agency." There are also some pointers for creative people considering whether to work for an agency or company, or to hang out a freelancer's shingle.

How Managers Can Nurture the Creative Person in Direct and Digital Marketing

During the 1960s and 1970s, the prevailing image of the advertising creative person was wild, undisciplined, and free spirited. Creative offices were decorated in bold colors, with accessories ranging from slinky toys to sofas in the shape of huge red lips. People envisioned copywriters and graphic designers roller skating down the halls and standing on their heads—ostensibly in search of that breakthrough idea.

Some of this was true, even leading up to the dot.com boom of the late 1990s—but in the direct marketing field, very little of this creativity window dressing ever occurred. The main reason direct marketing creative people have always appeared and acted more businesslike than their general advertising counterparts is rooted in the quantitative measurement of direct marketing success. Few direct and digital marketers consider an ad, Web site or direct mail package "creative" if it does not generate leads or sales at acceptable levels.

General advertising creative people often fill their résumés with the lists of creative awards they have won. But in direct and digital marketing circles, even the creative awards competitions ask

very specific questions about a campaign's performance against quantitative objectives. Even so, it is important not to envision the direct and digital marketing creative person as a nuts-and-bolts numbers cruncher. Traditionally, some of the most successful heads of direct and digital marketing agencies and companies have also been excellent writers or artists: the late David Ogilvy, the late Bob Stone, Joe Sugarman, and the late Rod MacArthur, just to name a few.

In this chapter, those who want to work effectively with copywriters and graphic designers will learn some of the typical characteristics of these creative types. Such traits and tendencies may make "creatives" exasperating to deal with at times. But the manager who understands the artistic mindset and handles creative people accordingly can look forward to top performance from them—and in many cases a resulting boost to the bottom line. Here, then, are some essentials about direct and digital marketing creative people.

The Creative Person Loves to Write or to Create Art

The first quirk of the creative person is that he or she does not necessarily love business. In fact, he or she may be one of business's harshest critics. But working in advertising or direct and digital marketing allows the creative person to write or create art for a living, with some job security and a fairly predictable income.

Get to know copywriters and graphic designers, and you will learn that most of them have some less commercial ambition for their talent. Many of them do these things part-time already: creating novels, poems or short stories, fine art canvases, plays or movies that may or may not ever be produced.

Others keep this higher ambition on the back burner for years. Believing that someday they will make movies or write novels or poetry—or paint landscapes instead of layouts—keeps these people relatively content in the work-a-day world of direct and digital marketing. The point behind this discussion is a simple matter of motivation. You won't motivate most creative people by rhapsodizing about business and how their latest ad is going to improve the bottom line. You will reap much greater rewards by focusing on the creative product and how to make it the best it can be—while still fulfilling marketing objectives.

Many managers become impatient with discussions involving subtle nuances of photographic lighting, choice of one adjective over another, or the difference between PMS color 178 and 179. But if you show a creative person that you care about her craft, and that you're willing to take the extra time to make the ad a source of pride for her and for you—you will win her everlasting loyalty.

Creative People are Sensitive; They Always Take Their Work Personally

Good copywriters and graphic designers nurture their projects like children. In fact, the late Joan Throckmorton actually referred to her hypothetical direct mail package as "Baby" and "the kid" in her fine book, *Winning Direct Response Advertising*.

With this level of care invested, the creative person is extraordinarily sensitive to criticism—just as parents are when relatives or teachers start picking on their beloved offspring. Yet toning down the creative person's emotional involvement might well lead to a less effective product. Thus the smart direct and digital marketing manager keeps the creative person's point of view firmly in mind when critiquing copy and layout. Doing so is not only a good investment in human relations, it's also a guaranteed way to save money, time, and aggravation.

Most every creative person can tell a horror story or two about insensitive clients and account executives whose ideas of constructive criticism include marginal notes such as "yuck," "ugh," or "this

stinks—fix it by Friday *or else*!" Obviously, such statements are counterproductive because they give no specific direction for improvement. But more destructive is the fact that pejorative terms are interpreted as personal attacks on the creative person. The resulting anger and insecurity lead inevitably to lower productivity. In his book *The Inner Game of Tennis*, Tim Gallwey explained that "the safer you make a situation, the higher you can raise the challenge." When managers help their staff feel supported and worthy, they can raise the creativity stakes higher and higher. When worry or lack of trust are part of the prevailing atmosphere, creativity plummets.

Creative People Need Time to Think—
They Can't Always Do What Looks Like Work to You

According to legend, Wolfgang Amadeus Mozart wrote some of his most brilliant musical pieces as fast as he could place the notes on paper. Samuel Taylor Coleridge's famous poem *Kubla Khan* is said to have come to him word for word in a dream. Nashville's country music museums and Cleveland's Rock and Roll Hall of Fame display the originals of some of the world's most popular music scribbled longhand on envelopes, napkins, or other paper scraps. Yet for every piece of creative work that seizes its author or artist all at once, there are hundreds that develop only by means of painstaking effort, word by word and image by image.

Businesspeople who are used to assigning specific time limits for jobs may be appalled to find that it is impossible to stopwatch creative work. A faster writer is not necessarily a better writer. A graphic designer who always delivers on time may be following predictable patterns to meet deadlines rather than striving for a creative breakthrough. Schedules are a fact of life in direct and digital marketing, and successful creative people learn to keep them firmly in mind. Mike McCarthy, for many years the creative director at Chicago's MARCOA direct marketing agency, used to say to clients and account executives, "We'll give you the best job we can in the time we're allowed." He knew that a little more time usually meant a much better product because the creative people had the opportunity to play out a number of ideas searching for the best. It is essential to build enough days into the schedule to allow the creative process to work. Research, time to digest background material, freedom to make false starts and to reach for the best possible approach will yield a much better product. What's more, your creative people will appreciate your respect for the intricacies of their craft.

Creative People Thrive on Recognition and Opportunities for Growth

It costs the manager very little in time or effort to reward good ideas with recognition. Team spirit is healthy and constructive, but if one person's germ of an idea becomes the centerpiece of a winning campaign, make sure that person is recognized and publicly congratulated. Creative people greatly appreciate memos of commendation, especially those that the boss and the rest of the staff see as well. Encouraging copywriters and graphic designers to enter creative awards competitions is another positive step. Even though direct and digital marketing results are ultimately measured on the bottom line, the recognition of peers provides a powerful tonic to most creative people.

Make sure copywriters and graphic designers are not cloistered away from clients and the marketing world at large. Encourage them to attend client meetings, both to soak up background information and to receive face-to-face recognition for their work. Trips to direct and digital marketing workshops, seminars, and conventions help provide the outside stimulation that keeps creative people sharp and open to new concepts. Memberships in special interest and networking groups enable copywriters and graphic designers to compare notes with their peers, learn new techniques, and develop valuable networks of contacts.

How Creatives Can Contribute to a Business Environment Where Ideas Flourish

Marketing managers and account executives can do a great deal to help foster a positive atmosphere for creativity. But copywriters and graphic designers must do their part as well, harnessing their creative powers to conquer specific marketing problems. Here are several tips for creative people on how to work better with businesspeople.

In Direct and Digital Marketing, Creativity Is a Means to an End

If your business associates are smart, they will value you for your creative flair—your ability to develop unique ways of highlighting product features and benefits and motivating prospects to buy. But as a copywriter or graphic designer you must remember that *all* of your talents must be aimed at meeting marketing goals, not satisfying your personal creative muse.

Many direct and digital marketing creative people complain about having to produce the same old stuff over and over. They lobby for the opportunity to do four-color work when test results have proved conclusively that two-color pieces are most cost effective for the offer at hand. They yearn for the chance to start from scratch and create a package, Web page or ad that ignores hard-won direct and digital marketing principles. Yet most breakthrough ideas in direct and digital marketing are built upon principles, dos and don'ts developed through decades of careful testing. Remember that before Pablo Picasso broke new ground with his unique artistic vision, he spent years studying the Old Masters. Direct marketing creative types should do the same.

Read the works of creative giants like John Caples, Herschell Gordon Lewis, and Dick Hodgson. Study direct mail, broadcast, Web and space ad samples diligently and learn all you can about their results and analytics.

Do your homework on each product or service, investing the time you need to fully understand its attributes and drawbacks. Become as much of a *marketer* as you are a creative person, so that you can understand the numbers side of the business. And above all, remember that in direct and digital marketing, the ultimate creativity of a campaign is in direct proportion to its sales and bottom line performance. As author and direct marketing veteran Bob Stone once noted (in the days before Web marketing), "If you ever grow weary of caressing order blanks and checks, it's time for you to leave the direct-response business." In today's world those orders are much more likely to come in online via credit card rather than by mail via check, but the point still holds true: make it your business to monitor results on a daily basis, no matter what media you are using.

Understand and Accept the Marketing Concept of "Sunk Costs"

Businesspeople often warn of "throwing good money after bad." They advise others to cut their losses and abandon a floundering product line or sell a stock that's falling in price rather than follow it to the bitter end. Their business training makes it easier for marketers to abandon impractical advertising campaigns than it is for the creative types who developed them. Businesspeople are interested in the *commercial* value of any given idea. If its commercial value plummets, the idea is no longer any good to them. Money that has been invested in such an idea is considered "sunk costs" to be written off and forgotten as soon as possible.

As a creative person, ideas are your stock in trade. Even though an idea no longer fits strategy, you may have difficulty abandoning it. But don't fight for it just because you have time, blood, sweat, and tears tied up in it. Remember that it's just the *idea* that's being abandoned, not the talent that developed it. Keep your eye on the marketing plan and the bottom line. Be sure to save that

abandoned idea in your personal files, though—it might be perfect for another project or client down the line.

Park Your Creative Ego at the Door, and Watch the Gamesmanship Stop

Many times when a creative person and a businessperson try to work together, their value systems, personality styles, and conflicts take over the conversation. The project they're trying to complete languishes while the two egos fight head to head.

Creative types often fan such a fire by becoming defensive about their work, accusing the manager or account executive of insensitivity or lack of discernment. Yet they can easily turn the conversation into a productive dialogue with a simple change of attitude.

Instead of setting up an adversarial, head-to-head encounter, try standing or sitting side by side with the person you're working with. Figuratively, you're placing yourself on the same team with that person, looking out toward the project and its possible solutions from the same vantage point. You're a partnership ganging up on the project, not on each other. In this way, you'll place the emphasis where it should be: on the job itself, not the power struggle within the relationship.

Strive to Work Well with Your Creative Counterparts

Even direct and digital marketers who claim that copy is king must admit that there is considerable difference in reader perception between an ill-designed direct mail piece, Web site or ad and a masterful job by a graphic designer. Better to proclaim that the *product* is king, and that both copywriters and graphic designers should work to enhance it, forsaking "art for art's sake."

Unfortunately, in many cases copywriters and graphic designers may seem to be natural adversaries, like cats and dogs. The copywriter fights for another paragraph of copy space and complains that the graphic designer really didn't try to arrange the location shots that would have been perfect for a particular brochure or Web page. The graphic designer complains about long copy—in his mind, anything over 30 words—and insists on breaking up a block of type that needs to be read in sequence because it looks better his way. But if the copywriter and graphic designer respect each other's work and understand how much each can do to make the other look good, their cooperative efforts can be a joy to behold—and their working relationship can become one of work's greatest pleasures.

In practice, you will find many situations where the copywriter receives completed layouts to write from, and never even sees the graphic designer face to face. Or the writer may prepare rough layouts and send them off into a void for production. But having the writer and artist work together from start to finish is the ideal that creative people should strive for.

Now that e-commerce, mobile marketing, and social media command an impressive share of many direct and digital marketing budgets, the traditional team of writer and designer may well be expanded to include a Web expert, a social media maven, and other specialists. For true integration of strategy and message, it's essential that all of these players are consulted and included from the beginning of the creative process.

What the Creative Team Needs to Know

Marketing professors teach that there are three main types of client-agency relationships: client dominant, agency dominant, and partnership. In the *client-dominant model,* the agency or freelancer is given a strict set of instructions and a specific, encapsulated assignment. In the *agency-dominant model,* the client turns over the marketing reins to the advertising specialists and participates very

little in the creative process. While both of these relationships have worked fairly well for some firms and their agencies, they are generally far inferior to the partnership model. Based upon mutual respect, a *client/agency partnership* encourages open communication and sharing of ideas at all stages of the creative process.

As a manager striving for partnership, you must do your homework before meeting with the copywriter and graphic designer. You will either have to provide the type of information described below, or point your creative people in the direction in which to obtain it. Keep in mind that the more digging you expect them to do, the more the assignment is likely to cost in time and money.

If the creative team has worked with you before, they may already know about the company, product, and market. But even so, you will need to talk specifically about objectives, copy points, and the plans that have been made for this particular promotion.

Here, then, is a checklist of information creative people should have to begin a direct and inter-active marketing project. Both managers and creatives can use this list to ensure they have compiled and shared all necessary material. It might also be helpful to set up a creative input sheet that includes the basic information in boilerplate form (or instructions on how to find this information on your corporate Web site), as well as fill-in blanks for information that changes from project to project.

What Is the Company Behind Your Product?

- Has your firm been involved in direct and digital marketing before?
- How long has it been in business?
- What is its reputation?
- What kind of people and businesses form its present customer base?

What Is the Competitive Environment for This Product?

- Who are your competitors—both direct (same product category) and indirect (fulfills same or similar need)?
- How does your product fit into the competitive frame—i.e., market leader, middle market share, small market share, new entry?
- How do the competitors' products differ from yours?
- What features of your product, if any, excel theirs?
- Do you have a lower price or better overall benefit package?
- How have the competitors been promoting their products as compared to your efforts?

What Is the Product?

- Provide a product sample for the copywriter and designer, and encourage them to use it.
- If you are selling a service, allow the creative team to participate in the service as a consumer and/or as a provider of the service.
- Provide all collateral materials that come with your product or service.
- Put the writer in touch with the buyer or developer of the product, if someone other than yourself.
- Let the writer and designer visit the production site if possible.

- Answer the creative people's questions about how the product works and what it can do for the customer.
- Provide library research, Web site references, articles, books, or anything else that will help the creative people understand the product and its benefits.
- Point the creative people toward all social media sites that you sponsor, and those that others may have have developed to talk about your product or service.

Who Is the Customer?

- Describe the likely buyer of your product, by segment.
- Include known demographics such as age, sex, income level, family size, region in which he or she lives, education level.
- Include known psychographics such as lifestyle factors, buying patterns, media consumption patterns, etc.
- For new products, share plans for list or media testing to provide ideas about likely buyers.
- Include testimonials from users of this or similar products.

How Will We Sell This Product?

- Share the media plan—direct mail, space, broadcast, telemarketing, online, mobile, social media, viral marketing, etc.
- Explain reasons for using these media and solicit ideas from creatives for more media concepts.
- Explain budgetary restrictions.

How Have We Sold the Product in the Past?

- One of the best sources of research for creatives is studying past efforts for a product.
- Don't mention only the winners. As much can be learned from what did not work as from what did.
- If the product is new, provide samples of past efforts on your other products. This can be supplemented by competitors' advertising samples.

What Are the Objectives for This Product?

- Lead generation, sales campaign, renewal, relationship building, fund-raising?
- Specific numbers—percentage response, orders per thousand, and so forth.
- Are you looking for loose leads (people who are interested but not committed) or tight leads (people who are already somewhat prequalified)?
- For retail campaigns, are you looking to generate traffic, sales by direct mail, Web, and phone/mobile, or some combination?

What Are the Copy Points for This Product?

- Work with the copywriter to develop this set of points.
- Make a list of what you want the advertising to get across starting with the chief product benefit and working down.
- Discuss product perception in the marketplace—how the target market and others feel about the product.
- Include important specifications such as price, size, shipping information, guarantee, etc.

What Other Creative Work Has Been Done So Far for the Product?

- If rough or comprehensive layouts are done, share them with the copywriter and provide the layouts themselves or photocopies.
- If you have rough copy, share it with the graphic designer.
- Get copywriter and graphic designer together as a team if at all possible.

What Are Your Preferences as to Creative Tone and Look?

- If this direct and digital marketing effort is to be part of a multichannel marketing campaign, share the "big idea" and "look" of that overall campaign.
- Share information about the overall impression you wish to make: friendly, upscale, snobby, down-to-earth, sporty, etc.
- Provide samples of direct and digital marketing you admire, and explain what you like about it.

What Is the Immediate Assignment?

- Outlines and thumbnail sketches or simple story boards?
- Rough layouts with headings and a concept piece attached?
- Full-copy treatment plus comprehensive layouts?
- Deadline information and overall critical date schedule.

Few clients are organized and experienced enough to provide all—or even part—of this information on their own. Creative people must learn to dig for it by asking these questions themselves, sometimes over a period of days or weeks to avoid overwhelming the client.

In the meantime, they can prepare for assignments to come by doing general research on the client's product category, visiting retail outlets where such products are sold, or even taking on a sales shift or two at such a retail store. They can study the client's Web site in depth—corporate Web sites often provide a wealth of background information on the company, its history, founders and present leadership, product lines, and so on. They can visit the factory where the product is made, accompany field salespeople, and sit in on focus groups—or watch the video/read the results of such events. They can check out the social media associated with this product and category and read what people are saying on Facebook, Twitter, and other such sites. Marketers who encourage this detailed research on the part of their creative staff will reap extraordinary benefits in the resulting copy and layouts.

Who Should Do the Creative Work: A Full-Service Agency, In-House Staff, Freelancers, or a "Virtual Agency"?

The array of direct and digital marketing creative service options can be confusing to the novice. Should you hire a large full-service agency or a specialist agency, or develop an in-house creative staff? Is freelance help the best option for you due to budgetary concerns, need for highly specialized help, or seasonal ups and downs in your creative needs? Should you forge an alliance with one or more of today's smaller "virtual agencies"? Or should you invest the time to learn the ropes of direct and digital marketing creative work yourself, and go it alone? Here are some of the basic pros and cons of each option.

Benefits of Working With a Large Full-Service Agency

- *A full staff of personnel to meet your needs*. You can assume the role of manager and supervisor of your campaigns, meanwhile delegating a great deal of the creative and production work without giving up the decision-making function.
- *Direct and digital marketing experience*. Even if you are somewhat seasoned in direct and digital marketing, you probably don't have the broad background that the staff of an agency can offer you, including knowledge about what works and what doesn't, and experience in getting mailings, ads, Web site updates, and other promotions done on time and effectively.
- *Unbiased feedback*. The agency is an outsider, with the ability to give you a fresh view of your objectives, your product, your promotions, and your results. You don't have to work in a vacuum or rely strictly on the opinions of your own staff.
- *A constant idea supply*. Assuming you have found a good agency, you won't be stuck in a rut in terms of your product, promotions or media options. The stimulation of seeing what works and what "bombs" for other clients will keep your agency alive to new creative and media possibilities for you.

Benefits of Working With a Specialist Agency

You may choose to work with an agency that specializes in areas such as creative, search engine optimization and sponsored search, social media, or media placement. Here are some reasons why this may make sense for you.

- *Deep knowledge in a specialized area*. Your general agency may be able to provide you with specialized services, but chances are, they won't have the top experts in fields like search engine optimization and sponsored search on their staffs.
- *Pay for the services you want and need*. Specialist agencies serve a specific niche for clients—you won't be paying part of the overhead for services that your firm does not access.
- *Cutting-edge ideas*. Specialist agencies stay on the cutting edge—sometimes even the "bleeding edge"—of what can be done in their area of expertise. Their innovations may encourage you to test new ideas well before your competitors.

Why Some Direct and Digital Marketers Don't Like Agencies

Here are some of the negative aspects of working with a full-service agency.

- *Expense.* The bigger the agency, the bigger its overhead. Whether you use them or not, you'll be helping to support the agency's media department, production staff, and other facilities right along with the creative department whose help you really need. So think hard about going with a full-service agency unless you need all or most of its services.
- *Ongoing costs.* Most full-service marketing agencies want to work on a retainer basis only; very few will do more than a single introductory job on a project basis. This makes sense from the agencies' viewpoint, since the time and energy they must invest to win a new client and learn the business is considerable. But you must ask yourself if your business is year-round and constant enough to justify the payment of a monthly retainer. Perhaps you'd be better off calling in a consultant when you need help, with no strings attached.
- *The education process.* If your product, proposition, or way of doing business is quite complex, you may be better off training people to do your direct and interactive marketing work for you—at least the marketing planning and creative work—on an in-house basis. With an agency you run the risk of getting the agency copywriter "where you want him" in terms of product knowledge, and suddenly have him transferred to another client or account group.
- *Your size/their size.* Perhaps you've read about some of the agency giants of the direct and digital marketing field and would like to have one of them work for you. If you're a division of a *Fortune 500* company with a sizable budget, you may have no problem getting this. But if you're beginning with more enthusiasm than money, you may have a problem finding even a small agency that's willing to gamble the time it will take to get your fledgling program off the ground.

The In-House Creative Staff: Pros and Cons

A number of direct and digital marketers, large and small, prefer to develop an in-house staff to handle all or most of their promotional needs. There are three main pluses of such an arrangement.

- *The in-house agency can develop experts and keep them.* If the product is complex or the method of selling unique, it may be easier for a firm to develop its own creative talent than to teach its business over and over again to outsiders.
- *Work can be turned around quickly.* Since the in-house writers and designers seldom have clients other than the parent firm and its divisions, they can meet the firm's creative priorities on a daily basis. Often an outside agency can get away with longer lead times simply because the advertiser is not fully aware of the mechanics of getting a job done. With the in-house staff, these mechanics are much more open to scrutiny, and built-in contingency time is therefore harder to obtain.
- *The advertiser has more control.* For an in-house creative staff, company philosophies are easier to get across and keep in mind. There is more day-to-day

supervision of the creative work, and more give and take between creative people and the firm's other personnel.

There are, however, some harsh critics of the in-house creative shop. Here are a few of the negative comments.

- *Work from an in-house agency tends to lose freshness*. Agency people benefit from the stimulation of working on a variety of accounts, and seeing new and different marketing strategies succeed. The in-house writers and artists may turn out less innovative work than outsiders would.
- *The firm with an in-house staff takes on a good deal of overhead*. Rather than treating creative help as an expense, the in-house agency owner must pay advertising support costs as a part of the regular corporate payroll. This continuing cost of doing business must be warranted by the results.
- *Bureaucracy or inner-directed thinking*. In-house creative people are often less sales oriented than their outside agency counterparts. They consider themselves a service department in the same mode as computer services or accounting. Thus these creatives tend to become more inner-directed, concerned with office politics and corporate problems rather than finding the best ways to intrigue customers.

Working with Freelancers

If you do not hire a direct and digital marketing agency or develop your own in-house staff, you will have to find your own copywriter, graphic designer, Web designer, and/or social media expert. If you already have a database marketing consultant, market researcher, or other consultant whom you trust, you can ask them to refer you to creative people. You might also discuss your requirements with colleagues who do direct and digital marketing, to see if they know a freelancer who may suit your needs. Checking the classified ads in online or offline trade publications is a third option. And if you are a member of a local or regional marketing organization, its roster should provide you with a list of the creative services in your area.

Once you've located a likely candidate, call him or her and introduce yourself. Explain the kinds of products you're going to be marketing and any ideas you have about media or themes for your campaign. If the information is confidential, say so right away. Direct and digital marketing freelancers who expect to stay in business know that confidentiality is nearly as important in their profession as it is for the clergy and for doctors.

Listen carefully for the reactions of the prospective freelancer to your product and your ideas. Does the person sound enthusiastic about your proposition? Does he or she know what you're talking about, or does your field seem foreign to that person's experience? If a freelancer has heard of your firm, and starts mentioning your previous efforts and those of your competitors in a knowledgeable way, you may have found yourself a gem. But you might also ask for verification of experience in your own or a related area. Some direct and digital marketers have sufficiently broad backgrounds and interests to sell almost any type of product if they get complete input, while others choose to specialize in consumer or industrial goods, retail clients, or even something as specific as fashion or financial services.

Don't talk only about the product. Make sure the creative person knows whether you are considering a mail program or space advertising, television, business-to-business, a new or revamped Web site, telephone campaign, social media, or mobile marketing. It's a rare creative who is equally pro-

ficient in all of these areas, and an honest one will tell you where his or her specialties lie. A well-connected writer or graphic designer may be able to help you find a colleague who can do television scripting, a social media campaign or Web site design for you, while handling your direct mail packages, space ads, and catalog work personally.

If the phone contact goes well, invite the creative to send you a URL with some work samples posted online, or to visit you and show his or her portfolio. Keep in mind, however, that some creative people have been turned off by unscrupulous "prospective clients" who send for non-returnable samples and use them to get free ideas—never intending to hire them or any other writer or graphic designer. You may yield better results by asking for a résumé of experience and perhaps one or two photocopied samples. That said, many creative people today have robust portfolios of work available to view on their Web sites, either open to the public or behind a password they may choose to give you if they believe you are serious.

The promptness of the response and presentation of materials you receive will be good indicators of the way in which this person will handle your account. Are the samples or examples keyed in to your expressed interests in terms of product and media? Or do they look liked a canned package that would be provided to any prospective client? When introducing the work, does the creative person talk about target markets, strategy, and results, or seem more concerned with pretty pictures and nice turns of phrase? Is the copy meaty and specific, or vague and general? Is the layout clear and easy to follow? Do your best to separate the graphics presentation from the copy, however, since the writer often has no say about the work of the graphic designer, and vice versa, especially when they are freelancers.

Once you have evaluated the samples, a face-to-face meeting is the next step. A meeting by phone or online can sometimes be sufficient if your first-choice creative source is too far away for cost-effective "face time." However, to establish the best working relationship, at least one face-to-face meeting is preferable. Make sure you have an advance understanding of whether the meeting will be held on a speculative basis or whether you will be charged for this consultation time and/or for travel expenses.

A good way to get started is to give the creative person a straightforward, simple assignment like a one-column space ad, a direct mail flyer, a simple e-mail promotion, or a storyboard. But to indoctrinate the person, you will have to provide plenty of the background information discussed earlier. Before giving the creative person an initial assignment, keep in mind that you are asking him or her to do research on your firm and its products that will continue to pay off if you give that person more work to do in the future. A flat fee is probably safer than an hourly rate at this point, because creative people work at greatly varying speeds. But do inquire about the person's usual rates and payment terms.

To establish trust from the beginning, you should provide your new freelancer with a purchase order (P.O.) number. Also state your policy about payment (net within 30 days, payment on receipt, payment when your material appears in print, or whatever). Clients who are candid about their payment arrangements and keep their word are rewarded with loyal and swift service by grateful free-lancers.

An Additional Option: The Smaller "Virtual Agency"

In recent years, technological advances and an era of "downsizing" and "rightsizing" have created a climate that is very hospitable to what Judy Finerty, President of Finerty & Wolfe in Chicago, calls the "virtual direct and digital marketing agency." As she explains, "This type of small, full-service agency strikes a balance between the large full-service agency and freelance talent.

Sometimes it's four or five people who've worked together at other agencies. They've banded together to be a mini-agency because they like working together and believe they do good work together. Other times, it's an affiliation among several different people—a few creatives, a marketing person, a media person, and a database person, for instance. They all maintain their separate offices (often out of their homes) but come together as a 'virtual agency' for specific clients or assignments."

Clients are drawn to "virtual agencies" for several reasons. First, they usually cost less than large direct and digital marketing agencies because they have much less overhead. Second, they are more likely to be open to project work instead of seeking a retainer arrangement with every client. Third, because the "partners" are not formally aligned in an ongoing agency structure, they can configure a set of services that fit a client's specific needs and budget: creative and media placement but no database services, for example. Fourth, "virtual agencies" often include highly talented and experienced specialists whose individual work would be billed at much higher rates in an agency environment.

On the other hand, "virtual agencies" generally provide less hands-on service than larger, formalized agencies do. In addition, since virtual agencies lack the strict hierarchy and structure of larger firms, clients may have concerns about who is accountable for quality control, meeting time schedules, and dealing with problems.

If You Decide to Create your Own Direct and Digital Marketing Promotions

Most firms and individuals who hope to grow smoothly and quickly in the direct and digital marketing field feel more confident with expert creative help right from the beginning. But teaching yourself the ropes is not an impossible task, assuming you have a measure of talent for writing and design and an ability to soak up knowledge and put it to work. This book and others by creative leaders should be your first sources of information. You'll learn hard-won facts about what works in direct marketing and what doesn't.

Attending seminars, online and offline classes, and direct and digital marketing certificate programs, trading experiences with direct and digital marketing professionals, and reading trade publications and white papers as well as books may help you—if you are also smart and lucky—to build a lucrative and successful business on the basis of your own creative skills.

Decisions for Creatives: Agency, In-House, or Freelance?

For direct and digital marketing creative people, the grass always seems to be greener on the other side of the business. Agency creatives believe that a position on the client side would be less pressured. They imagine working 9 to 5 and concentrating on just one product line instead of the ever-changing array of assignments that is part of agency life.

In-house creative people imagine work in an agency as more glamorous. They dream of building their portfolios with a wide variety of projects in consumer markets, business-to-business, catalog, broadcast, and digital media. They wonder if agency people make more money than they do, and fantasize about living in Chicago, New York, Hong Kong, or London instead of direct and interactive marketing "company towns" like Freeport, Maine or Emmaus, Pennsylvania.

Both agency and in-house people have been known to consider the freelance route, envying the independent writer or artist his ability to make his own hours, demand high fees, and travel at will. On the other hand, freelancers may well covet the employed person's regular paycheck, health insurance, 401K plan, expense account, and team identity. They sometimes find being on their own unset-

tling and lonely. This is one reason for the growth of "virtual agencies," which enable freelancers to work—at least some of the time—with other specialists in a team environment.

If you are a creative person considering these various employment options, ponder these pros and cons carefully. If you are wise, your decision will combine factors of personal temperament, your age and the stage of your career, areas of expertise, supervisory ability and aspirations, personal and family considerations, and much more.

In general, *agency creatives* need to thrive on pressure. They must be able to juggle several clients' needs at one time, and to express their ideas well in meetings. As their careers progress, agency creatives often move into supervisory roles, charting the strategic course for clients and watching over other creative peoples' work. Necessarily, they do less and less writing or graphic design on their own as they move up this supervisory ladder. For someone whose stock-in-trade has been rolling up her sleeves and developing words and pictures from scratch, achieving a supervisory position (even with its greater salary and perquisites) may feel like a hollow victory. Many an agency or in-house Creative V.P. has quit the corporate world to hang out a shingle and get back to the hands-on work of writing or designing as a freelancer—or as a partner in a small consultancy.

On the other hand, *in-house creatives* must be able to sustain curiosity about and interest in the same product or service category for months or even years at a time. They must be willing and able to become experts in their company's product line, actually considering themselves as much insurance people or office products people as they are direct marketers. They must strive for fresh ways of looking at the same old thing, and inspire this attitude in those they work with. In general, their jobs may be less stressful than those of agency creatives, but some in-house agencies are more pressured than New York's or Chicago's hottest direct and digital marketing shops.

Freelance creatives must combine their talents for writing or art with salesmanship. They must be accomplished enough to convince companies and agencies to use their services, and to pay them hefty rates for the privilege. Even more than those who are employed, they must be deadline oriented and disciplined. Since many of them work at home, they must be able to separate their work lives from their personal lives. They must have the business sense to strive for one or more monthly retainers to avoid complete uncertainty about income. They must accept responsibility for their own well-being and future, which includes putting money aside for slow periods and for taxes, obtaining appropriate health and disability insurance, and saving independently for retirement. They must also have the energy to work extremely long hours when business is good, and the nerve to stay strong when the inevitable dips in workload occur. In these low periods, they must resist the temptation to panic, and instead use the time to update their knowledge and skills, prospect for new clients, and experience the world to build a "creativity base" for the next crunch period. On the plus side, the best freelancers enjoy a great deal of flexibility in timing their work and selecting their clients.

As creative people consider these options, they should keep in mind that in a career spanning 40 years or more, many writers and artists sample each of these alternatives: large agency, in-house, and freelance—with or without a "virtual agency" team. Each opportunity provides some of the ingredients for a well-rounded career in the creative arena of direct and digital marketing.

An Account-Side View of Working with Creatives

by Susan Johnson, Reagan Marketing + Design, Grand Rapids, Michigan

I quickly discovered as an account executive that I was instinctively "mistrusted" by the creatives. What ultimately gained their respect was my willingness to "get into their heads" to understand what they were trying to accomplish via their concepts and ideas. This also (not surprisingly) made me a stronger AE—more viable to clients, who'd perceive that "she really seems to believe in what she's trying to sell me."

Anyway, I became known among the creatives as an "AE who can sell creative almost as well as we can ourselves." And one of my prized possessions is a big piece of layout paper with a huge "9.5" written on it . . . given to me when I was involved in a tricky sell over the phone at the agency. The creative staff was eavesdropping, and I did ultimately sell the idea.

As for dealing with insensitive clients, I remember receiving a piece of copy back from a client on a job we thought was going to be a winner—not just the "same-old, same-old" furniture brochure. Emblazoned across the top of the front page were the words, "Overall, too casual in tone."

Well, you can imagine the copywriter's indignation. We'd deliberately written the piece in a friendly, conversational tone, so we all assumed the entire piece would need rewriting. I took it upon myself to call the client to discuss his comment. As he hedged around, unable to give me anything concrete, I suggested we take it sentence by sentence. He agreed (luckily it was a six-pager, not 50!), and I ultimately discovered that what made him make that comment was the one phrase, "Just plug 'em in." Moral is: Sometimes clients can't readily communicate what it is that bothers them, and it could be worth a deeper probe.

Regarding scheduling sufficient time for creativity, I feel compelled to point out that there's a quid pro quo attached. I always try to give the creative team ample amounts of time to create, but *they* need to appreciate that meeting client deadlines is essential to agency credibility. Here's an example of what I mean.

When working with a particular creative team on a project for a brand-new client, I was livid to find that *nothing* was done on the day before a scheduled presentation. Fearing the worst, I showed up the following morning to the sight of two bedraggled, scruffy (and, yes, smelly) creatives who'd stayed up all night to prepare. Upon reviewing the layouts, and discovering lots of "holes" based on the input we were given, I decided that I wasn't presenting the work. However, since I don't cancel meetings at the last minute (and, frankly, I wanted to teach these guys a lesson), I said one of them had to come with me and make the presentation. To make a long story (of squirming in front of the client) short, I *never* had that problem with these two again. (Yes, he *did* shower and change before the meeting.)

Finally, I agree that creatives should never abandon an idea just because it doesn't fit one specific need. When I was with J. D. Thomas Company in Grand Rapids, we instituted an "Idea Bank" for "lost" ideas. Sometimes we "withdrew" an idea that didn't work for one client (but was a terrific idea) for another for whom it worked. Also, during down time, we encouraged development of "outside the lines" ideas for existing clients. When the situation warranted, we presented the ideas to the clients with no

strings attached. If the client bought the idea, it was "withdrawn" from the bank and paid for. My favorite example of this was a TV commercial for Metro Health's Family Doctor Referral Service. The spot went on to win awards, and with our help, they sold a generic version of it to referral services around the country and more than made up their cost!

Enhance Your Understanding: Agency/Client Relations

As discussed in this chapter, there are three main types of relationships that exist between direct and digital marketing agencies and their clients. In the *client-dominant* model, the agency has little or no input on strategy, planning, or execution. The agency creates and produces creative work and media plans according to strict guidelines set and enforced by the client. In the *agency-dominant* model, the client is expected to place his/her marketing efforts completely in the hands of the agency for strategy, planning, execution, and evaluation. In the *partnership model*, agency and client work together at all stages in a climate of mutual respect and sharing. Which model(s) have you experienced? Which model(s) do you consider most effective? Can you see a rationale for the other model(s) in certain circumstances?

8

The Offer in Direct and Digital Marketing

As Robert Bly explained in his fine book *Business-to-Business Direct Marketing*, an offer for the consumer is "what you are going to get, and what you have to do to get it." Second only to the list or media in importance for direct and digital marketing success, a clear and specific offer must be agreed upon before the creative team writes a word or a line on the layout pad or computer.

An offer consists of a set of tangible and intangible "deliverables" (what you are going to get) and a set of requirements (what you have to do to get it). Examples of deliverables might be an actual product, a premium, a warranty or guarantee, and/or a carrying case or other accessory. Or, "what you are going to get" might be more information, a free booklet or white paper, an estimate, or other intermediate step before a purchase. Examples of requirements might include the price, payment terms, and/or information you are asked to share about yourself—things like your address, e-mail address, mobile phone number, or occupation.

If you as a creative person work with an established, well-organized firm or agency, you may be lucky enough to receive a succinct statement of the offer at the outset of your project. Better yet, the copywriter and graphic designer may be invited to help hammer out the details of product, price, place, and promotion. If such an offer statement is not forthcoming, it may be up to the writer and artist to work with the company or client to establish one, using the structure outlined in this chapter.

The marketing mix—product/price/place/promotion—must be addressed fully to ensure that your prospective customer receives a clear picture of the proposition at hand in your direct mail package, ad, e-mail, or other communication. What's more, even a slight adjustment in one or more of these factors may affect response quite dramatically. For instance, some careful testing to determine the maximum acceptable price for an item may greatly increase profitability at roll-out time. The introduction of a premium, strengthening of a guarantee, offer of a free trial period, or addition of a split-payment option may all have significant impact on response as well.

Designing a package of product/price/place/promotion cannot be done in a vacuum. Before the terms of the offer are set, it is essential for direct and digital marketers to analyze the target market carefully. It is also important to focus on the long-term goals of the promotion at hand—obtaining a list of good customers for future promotions, for example, or maximizing the "share of wallet" we get from each customer, or obtaining qualified leads for a sales force to follow up—not just making an initial sale.

As Bob Stone said in one of the early editions of *Successful Direct Marketing Methods*, the most important objective in designing any offer is to *overcome inertia* on the part of the prospect. Every detail of the offer and its presentation must be considered from the point of view of the prospect.

What will spur him on to phone in an order or place one online? What will deter her from completing the Web response form or making a decision?

The financial services industry offers many examples of marketers keying in very specifically to the target market's wants and needs. The proliferation of credit card competition and the profit potential of loyal, long-term credit card customers are just two reasons why banks and other financial firms compete harder than ever for customer loyalty. To fine-tune their offers, through scientific testing they find out from the customers themselves what would make a good credit offer: no annual fee, a more favorable interest rate, or a longer grace period before interest is charged.

These three examples represent a simple manipulation of standard parts of the offer, but financial service marketers have become much more creative in recent years. They have learned that consumers resist filling out long applications, so they offer pre-approved credit, requiring only a few pieces of information to apply. To differentiate one Visa or MasterCard from hundreds of others, marketers have developed affinity programs whereby individuals can carry credit cards that indicate their affiliation with an institution or charitable group—and each purchase nets a small donation to

Exhibit 8.1. Discover CardBuilder

This Web page allowed new Discover Card holders to customize their card based on elements such as credit history, payment preferences, rewards and terms, and a choice of 28 vanity card designs.

Reprinted from the Discover Card Web site at *www.discovercard.com*.

that group. Other affinity cards gain their users a personal benefit, such as a mile or two credited on an airline's frequent flyer account for each dollar spent. American Express offers a host of investment and travel-related services as part of its various annual membership programs. Discover Card offers cash back to the cardholder on every charge as well as the choice of segmented cards that fit the customer's lifestyle, and interests. The CardBuilder function at *www.discovercard.com* allowed the consumer to customize his or her credit card based on credit history, payment preferences, rewards and terms, and a choice of 28 vanity card designs.

Whatever your product or service may be, the example of the financial service marketers provides an excellent guide. In structuring an offer, consider first the usual possibilities for manipulation: modifying the product, testing the price, establishing a stronger guarantee, etc. But also spend the time and effort necessary to talk with customers—informally or in focus groups—to get ideas for creative enhancements that would strongly entice them to buy. Validate your findings through scientific testing, because people's actions are always better indicators than their stated intentions or attitudes.

This chapter presents the specifics on how to build an offer based upon the four "Ps" of the marketing mix: product, price, place, and promotion. The following pages contain idea-starters on how to structure each aspect for maximum customer interest value, short-term sales gains, and long-term customer loyalty. There is also information on how to develop direct and digital marketing offers for the generation of qualified sales leads.

The Product

The product or service you sell via direct and digital marketing must be differentiated in some way from items consumers can pick up at any store near home. You must make prospects perceive that your product is unique . . . more exclusive . . . easier to buy . . . or more economical. Remember also that in any sales proposition, it is important to focus on results, not just the product itself; on benefits, not simply product features. Products most likely to succeed in direct and digital marketing are those that can be demonstrated or dramatized by means of illustrations, descriptions, and well-written selling copy. To overcome inertia, and to combat the prospect's natural resistance to buying "here and now," you must convince him or her that you have the best product or service of this type, and that buying it directly from you is the best available option. Here are some techniques to help you develop and present your product in the most effective way.

Market Segmentation

You may segment a market and provide an appropriate product by catering to a region or state, to psychographics and personality elements, to past or predicted buying patterns, or to statistical measures like gender, income, or age. Study packaged goods marketers for excellent examples of effective market segmentation. There are beers aimed at party-minded young men, urban African-Americans, and the calorie-conscious dieter. There are cereals targeted at health-minded adults, nutrition-concerned parents, and at children seeking out the latest breakfast fad.

Among direct and digital marketers, those who sell clothing offer excellent examples of segmentation. The same basic garments are modified and marketed with subtle differences in color, construction, and presentation by old-line sporting goods firms like Orvis and L. L. Bean, and by sportswear firms exhibiting a more timely fashion flair, like J. Crew.

Direct and digital marketers of music and books also do a superb job with segmentation. Check out Pandora (http://www.pandora.com) for the opportunity to customize your own channels based

on favorite artists or genres—each complete with low-key but highly targeted advertising. Book Movement (*www.bookmovement.com*) caters specifically the members of more than 35,000 book clubs. Doubleday Book Club (*www.doubledaybookclub.com*) serves niches including African-American, Biographies and Memoirs, Children's, Christian, Cooking and Entertaining, Fiction, Mysteries, Real-life Drama and Romantic Reads.

To gain new customers for market segments like these, a judicious choice of mailing and e-mail lists, banner ads and online affiliations, space ads and social media can help you reach the prospects who feel most at home with each clearly defined product concept.

Product Differentiation

Marketing textbooks often tell the stories of Lucky Strike and Wonder Bread to illustrate product differentiation. Contrary to the fictional account in the first season of the TV program "Mad Men"— showing Don Draper presenting this campaign in 1960—it was 1916 when Claude Hopkins's classic Lucky Strike cigarette ad and packaging first presented the two-word slogan, "It's toasted." This evocative phrase won converts from among smokers who liked the idea of smoking toasted tobacco. The fact is that all cigarette tobacco is toasted in its processing, but it took a smart marketer like Claude Hopkins to visit the Lucky Strike factory in Durham, NC and discover this intriguing point. The same concept holds true for Wonder Bread's classic slogan, "It builds strong bodies 12 ways." The 12 nutritional points applied equally to all enriched breads, but since Wonder Bread carved them out as a factor of differentiation, consumers perceived that this brand was unique. If your product does not carry inherent differences from the competition that you can point out to win favor, consider how you could differentiate it enough to make ordering from you an attractive alternative. Perhaps you could negotiate with manufacturers for exclusive items, or items emblazoned with your company name or a designer's name. Or, say that a number of firms offer a popular handbag designed with special pouches for wallet, make-up, smart phone, keys, etc.—but it is available only in vinyl. If you can offer the same design in fine-quality leather, customers may perceive this as a positive differentiation worthy of special attention.

Brand Name

At holiday time, dozens of firms sell popcorn and pretzels in gift tins—but only Neiman-Marcus can sell these snack items in a tin emblazoned with the famous N-M logo. Scores of companies sell cotton turtlenecks, but only Lands' End can trade upon its hard-won reputation for the utmost value for the money, emphasized by double-page catalog spreads that have explained the turtleneck's attributes and improvements over the years.

Promoting a strong brand name is a tried-and-true way to overcome inertia on the part of a prospect—especially if the branded item is available only by direct response, and only through you. Direct and digital marketers with strong brand names may find that they are able to sell other- wise parity products successfully—perhaps even at a premium price—by emphasizing that this is a Bloomingdale's nightshirt or a Godiva chocolate gift box, not just a generic product.

Demonstration

Some products require little or no demonstration to sell, but the interest value of most products can be enhanced by carefully crafted copy and appropriate illustrations. Your competition selling home music systems or down comforters in a retail store has a salesperson available to point out the item's features and benefits. In direct and digital marketing, it is up to the writer and artist to grab the prospect's attention and maintain interest by explaining the product's attributes and what it could do

Exhibit 8.2. Doubleday Book Club

The Doubleday Book Club represent an excellent example of market segmentation, with club niches for African-American readers, lovers of mysteries, those who like biographies and memoirs, and many more targeted groups.

Reprinted from the Doubleday Book Club Web site at *www.doubledaybookclub.com*.

Exhibit 8.3. Neiman-Marcus Popcorn Tin

Popcorn in a plain tin can hardly command a premium price, but popcorn presented in a gift tin with the Neiman-Marcus logo provides a powerful brand name edge. While this holiday-decorated tin of popcorn was discounted sharply in the months after Christmas, it was priced at $35.00 for just 15 ounces of product in the pre-holiday gift-buying season.

Reprinted from the Neiman-Marcus Web site at *www.neimanmarcus.com*.

to enhance its owner's life. Brochures and Web sites provide the perfect opportunity to introduce cross-sections, large illustrations with call-outs describing product benefits, testimonials discussing the product's attributes in use, etc. Short videos on Web sites can also demonstrate the product in use, show how it works, how to install it, and so on. In direct mail, send along a sample of the product to enhance demonstration: a sample CD-ROM or Personalized URL to exhibit the quality of a series of teaching software, for instance, or perhaps a sample magazine issue or fabric sample, just to mention a few possibilities.

Product Presentation

Order the same type of product from an assortment of direct and digital marketing companies, and you will be fascinated by the range of ways in which products are presented at the time of shipment. Some marketers merely shove the product into the proverbial plain brown wrapper and ship it off as is. At the other end of the spectrum is Tiffany, which presents most every item in a shiny robin's egg blue gift box with fine white grosgrain ribbon at no additional charge.

Naturally, the care and money which you invest in packaging your product will depend upon its price tag. But no matter what price level of product you are selling, it pays to keep the recipient's probable reaction in mind. When your package arrives via mail, FedEx, or UPS., there is no salesperson on hand to thank the customer or reinforce the wisdom of this buying decision. At the very least, your product presentation should handle this function with a "thank you" communiqué of some sort, and a tasteful and protective product wrapper.

Product Assortment

You may be able to increase your average order size and do your customer a favor at the same time if you offer helpful advice about the proper assortment that should be purchased for a given family situation, occasion, or gift. Study marketers of food for some excellent examples of how this is done. Many food marketers offer "fruit-of-the-month" plans, or similar selections that feature monthly gifts of nuts, coffees, desserts, or even English muffins. Firms selling steaks and other fine meats put together "executive assortments" and "surf and turf dinners," while some food catalogs provide holiday gifts in typical price ranges such as $25, $50, $100, and up.

You can do this with other product lines and even with intangible products and services. Life insurance marketers, for instance, often offer the customer a chance to choose coverage in the $20,000, $50,000, $100,000 range or more, and within these ranges, to select a program for the individual, or for the entire family. Consider a wardrobe assortment—a week's worth of men's dress shirts at a special price, for instance—or groupings of toys selected especially for two-year-olds, four-year-olds, etc. Whatever your product or service, brainstorm ways to combine it into a package deal that prospects will find appealing and/or convenient. A well-designed Web site offers wonderful opportunities to quiz your site visitor and then immediately present the ideal assortment to fit his or her stated needs. In addition, Web sites can be set up to offer such simple-but-effective options as "customers who bought this item also bought these other items" or "you may also be interested in this product" (i.e., a sport coat that looks well with the slacks being considered).

Preselected Kits

Just as customers enjoy an expert's advice on how many shirts to buy or how to select the right amount of insurance, prospects also find it helpful to be offered a preassembled package that accomplishes a goal of theirs. Examples might include an all-in-one home entertainment center, or a pre-chosen baby nursery decor including bedding, accessories, and wallpaper. This is especially true in today's climate of serve-yourself retailing, when very little expert help may be forthcoming for the customer in a store.

Copy for such a presentation should explain why this particular kit or outfit was selected, and point out the features and benefits that set it apart from alternative products or packages. Illustrations and call-outs can help explain how the elements of the kit work together, and help the prospect visualize the package as it would appear and function in the home.

Customer Involvement in Product Parameters

Consider letting the customer choose the unit of sale or help in the design of the product. Magazine publishers increase customer involvement by allowing prospects to select the exact number of issues of a publication they would like to receive, at a certain per-copy price. This lets the prospect choose his or her own comfort level as to length of subscription term and dollars spent. As for product design, personalization is one form of this phenomenon. Also, some clothiers show outfits made up in various materials and colors and then offer many other color and fabric options. This is especially

Exhibit 8.4. One Step Ahead

A. Create a Colorful Nursery with Farm Yard Bedding

Adorable Boynton Barn Yard Animals make fun bedtime companions in this bright ensemble from the winner of the famed Children's Choice Award. ONE STEP AHEAD offers ALL accessory pieces as well as the basics to make decorating your child's nursery a breeze. 100% cotton for comfort! Complete the look with wallpaper border that matches bumper panel design. 9" wide, pre-pasted vinyl, 15 ft. per roll.
#426 Crib Comforter $56.95
#427 Crib Bumper Panel $49.95
#429 Crib Pillow $23.95
#430 Crib Dust Ruffle $33.95
#428 Crib Sheet $16.95
#252 5 pc. Set SPECIAL Save $14 $167.75
Accessories:
#433 Wall Hanging $31.95
#432 Diaper Stacker $25.95
#431 84" Pr. curtains $48.95
#434 Lightweight Quilt $28.95
#630 Wallpaper Border $22.95

The "One Step Ahead" catalog offered new parents several fully merchandised sets of crib bedding, such as this "Barn Yard Animals" ensemble. A number of accessories are included as well as standard pieces. Such a wide range of coordinated items is seldom available at a retail store, which gives the catalog a competitive advantage.

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appealing today, when very few stores offer custom tailoring or even alterations. Direct and interactive marketers of furniture and home accessories may offer options for fabric, wood finish, brass or chrome accents, etc. Auto makers provide the same type of service online, letting buyers choose color, upholstery, options and the like, and then delivering the finished car in a matter of days or weeks to the dealer for pick-up.

Timing of Product Delivery

Try to find a way in which you can serve the customer with timely delivery and increase your own volume, revenue, and sales bookings at the same time. Perhaps you could arrange to send a corporate executive woman a small selection of tasteful jewelry monthly, or a month's supply of a special pet food to a dog owner or cat fancier. Or maybe you could offer to fulfill all of a customer's gift-giving needs throughout the year—sending preselected products on the appropriate

dates. Online marketer Amway Global has perfected this technique with a program called Ditto Delivery, which sends everything from shampoo to nutritional supplements direct to the customer's front door on a customized and easily altered schedule.

Good, Better, Best

In the days when Chicago-based catalog firms like Alden's, Spiegel, Montgomery Ward, and Sears dominated the direct marketing scene, many merchandising departments were structured around the trade-up concept, or "good, better, best." Direct and digital marketing are ideal media for this type of comparison shopping, since similar products can be shown together on a brochure, catalog page, or Web page, and their features and benefits can be displayed head-to-head.

The classic catalog trade-up begins with a picture and selling description of the basic model. Then the more expensive items are discussed one by one, balancing their additional features and benefits with their higher prices. In this way, the customer gets the positive feeling of being involved in an informed decision-making process. Online, this concept can get much more sophisticated. For example, at the CDW site, customers can list the type of product they are interested in and then view examples presented head-to-head and sorted by shipping availability, group, brand, or price.

The Club and Box Concept

People enjoy affiliating with clubs and box plans that bring them benefits such as savings, special opportunities, information on favorite topics, or strength to fight for a cause. Book and music clubs provide the savings concept with many variations of an offer like this: "Choose six books now for just $1 and buy six more over the next year at below-publisher's rates." There has been a groundswell of monthly box programs in recent years, offering customers assortments of clothing, cosmetics, food and drink, and pet products that arrive on a regular schedule. Prominent examples include Birchbox and Barkbox. Blue Apron and its competitors offer box programs complete with everything the recipient needs to cook an elegant dinner for two.

Club-like groups such as the American Association of Retired Persons (AARP) may begin as a springboard for the sale of products or services, but when millions of like-minded individuals band together, such organizations may become powerful lobbyists or even activists for the rights of elderly people, environmental causes, etc. When structured with the consumer's interests in mind, such clubs may provide substantial services to their members—while still offering an ideal opportunity for selling merchandise, trips, insurance, and other services. Auto clubs sponsored by firms such as AAA and Allstate are prominent examples; study their literature for ideas on club member benefits. In its simplest form, the club concept may only represent an appealing way of justifying frequent communications or payments. Car wash clubs offer their members discounts on weekly washes, for instance, and bank Christmas clubs are simply savings accounts in which individuals deposit a certain amount each week of the year.

Accessories to Enhance a Product or Increase a Sale

Adding related accessories to your product offer may make it more unique and appealing. At the same time, the purchase of such accessories may increase your average order size dramatically. What's more, you may be able to achieve a higher mark-up on appealing accessories because of their nature as an add-on to a particular product.

For example, say that one of your bread-and-butter products is a boy's hooded snowsuit in navy blue with bright green trim. If you can develop a stocking cap and mitten set in the same navy blue and green, many customers may pick up the set as an impulse item, increasing your sales. At the same time, offering the hat and mittens makes the snowsuit more appealing because now it is an out-

Exhibit 8.5. CDW Head-to-Head Comparison

CDW (http://www.cdw.com) allows site visitors to compare products head-to-head and ranked by price, avail- ability, and other factors, with just a few keystrokes on its Web site.

Reprinted from the CDW Web site at *www.cdw.com*.

fit, not just a generic snowsuit. In such a case, you might push the outfit concept even further by selling the snowsuit plus cap/mitten set together at a savings of a few dollars over the individual prices. Sometimes your accessory sale may be perceived as a helpful service by the customer. For instance, if you sell a product that requires batteries, try selling the proper batteries as a separate item. This increases customer convenience, which may help overcome inertia and make the sale. What's more, if you offer the batteries at a good mark-up, their sale may become a small but helpful source of extra revenue.

The Price

Some direct and digital marketers determine their prices solely according to a set of internal parameters. Others look strictly at what the market will bear, as indicated by their competitors' price structure. The best way to set price is by considering both internal and external factors, and then taking advantage of the direct and digital marketer's considerable ability to test.

Catalog marketers who purchase their products from outside sources often must live with a two-time mark-up—what retailers call a 50 percent mark-up. This means that a product that wholesales for $20 will be sold for about $40 in a direct-mail catalog. Direct and digital marketers who develop and produce their own products rather than going through a wholesaler may achieve a three- or even a four-time mark-up on their cost of goods.

When considering whether to offer a particular product, first decide how much price flexibility your firm has. Then find out what price level customers consider appropriate for this product. Some inexpensive testing in space ads or on your Web site may show you that your target market is happy to pay $34.95 per pair for corduroy slacks, but that they balk at a $39.95 price for the same merchandise. That said, keep in mind that in today's world of "Web transparency," you may have customers asking for the lower price if they discover it through research or on social media.

Even though consumers have their own built-in comfort levels where price is concerned, they may be won over by appeals of exclusivity or outstanding quality. The Squire's Choice, an upscale nut and coffee company, ran an ad in *The New Yorker* with the headline, "Sample the Largest Nuts in the World For Just $9.95." The ad listed the nuts' regular price at $16.95 per pound, but offered this special sample offer at "just" $9.95. If a group of consumers had been asked the question, "How much is too much to pay for a pound of nuts," many of them might have given an answer considerably lower than $9.95. But when the $9.95 price was juxtaposed against the true, regular price of $16.95—and the nuts were characterized with the superlative, "largest in the world"—consumers almost began to see these nuts as a bargain.

The choice of a price point for any given product also must be made with the promotion's objectives in mind. In the case of the "largest nuts" ad, the firm was interested in generating a list of gourmet nut buyers. Therefore, The Squire's Choice was willing to sell nuts at a discounted price on a one-time basis to get their product into the hands of consumers they hoped would become regular buyers. Other promotions may be intended to make the biggest possible profit, in which case the highest volume might not meet the stated objective.

A glance at retailers' prices shows that many stores—especially those catering to bargain shoppers—offer prices that end in odd numbers such as $29.99 instead of $30.00. The concept is that at the consumer's first glance, $29.99 appears to be a price in the $20.00 range instead of the $30.00 price it essentially is. Direct and digital marketers must weigh the possible psychological benefits of odd-number pricing against the consumer's perception that this is a bargain-basement pricing sys- tem. To combat this perception, consider a price like $29.50 instead of a typical promotional number like $29.99. Once you determine the best base price for a given product and promotion, further testing may help prove the value of some of the following price strategies or payment terms.

Exhibit 8.6. Squire's Choice

The Squire's Choice attracted new customers for its catalog by means of a 1/6-page ad offering a pound of the "largest nuts in the world" for $9.95—a $7.00 savings over the regular price of $16.95 per pound.

Reprinted with permission of The Squire's Choice.

Price Strategies

Quantity Price. Sometimes you do not even have to offer a comparison along with a "two-for" or "three-for" price: the mere mention of a quantity price may imply a savings to the customer. Catalog marketers sometimes offer items only in quantities of two, three, or more when the one-item price is too low to offer cost-effectively.

More typically, a quantity price involves a savings comparison, such as "$12 each; two for $20." Or you might offer even greater savings with a "per-case" price on products like copier paper or wine. Another way to offer a volume price is to allow the quantity to accumulate over time, thus encouraging customer loyalty. In this case, you might provide a ten percent rebate once the customer's total purchases reach a certain level. Or, once they have purchased ten printer ink cartridges, for example, they might receive one of the same cartridges for free.

Discounts for Order Size. Instead of—or in addition to—offering a "two-for" or "three-for" price, some direct and digital marketers encourage an increase in the customer's order size by offering a discount if the total order reaches a certain level. One way to structure such an offer is to place the target order level for the discount just above the firm's average order size, thereby trading off the discount to achieve a higher average order. For example, if your firm's average order size is $70, you might try offering a five or ten percent discount for any order over $75. If your database allows for more customization, you might structure discounts so that they incentivize each individual customer to move from their past buying level to a new, higher one. Free shipping is another attractive incentive to offer once an order gets to a profitable level—indeed, free shipping has proven in many tests to be the most attractive offer for e-mail promotions.

Introductory Price. When packaged goods firms introduce a new toothpaste, soap, or cereal, many are quick to provide coupons and samples aimed at getting the product into the consumer's hands. In direct and digital marketing, magazines often make introductory offers for new subscribers, while renewers may be asked to pay a higher rate. This strategy, however, may well upset your best customers—the renewers—when they see brand-new customers offered a better rate than they can acquire.

Conventional wisdom in direct and digital marketing is that it is better to offer either an introductory sample or a coupon for dollars-off the retail price than to offer a discounted price. In this way, the consumer understands what the regular retail price for the merchandise will be.

Refund with Initial Purchase. Catalog marketers often use this technique to qualify inquiries, asking individuals to pay anything from $1 to $10 or more to receive the firm's catalog. Then, with the first purchase from the catalog, the initial fee is refunded. Another idea is to offer double the initial catalog price as a discount off the first purchase. This method not only qualifies the prospect, but also provides an added incentive to buy.

Discount Based upon a Relationship. Sometimes marketers will offer a special price on an item only to established customers, and charge the regular price to new customers. For instance, the issue price for an art print might be set at $30, but those who have already purchased works by the same artist could be offered the item for $25.

Seasonal Discount. Some products are ideally suited to seasonal discounts: Christmas merchandise sold in January, for instance, or lawn furniture offered in late winter or at the end of the outdoor season. Another concept is to maximize volume by discounting your product at the height of its season—thereby attracting attention to your firm when the consumer's mind is focused on your type of product. If you try this type of offer, however, be sure that you have sufficient available inventory to fulfill orders immediately: a 15 percent discount on fresh fir Christmas wreaths offered in November will win you customer loyalty only if you deliver in time for holiday display.

Sale Prices. Sales may be used to clear out overstocked inventory, to level out buying patterns on seasonal goods, or to provide a special opportunity for loyal customers or hot new prospects. Some direct and digital marketers create special sale literature or Web site sections, often becoming a bit more promotional in copy and graphics than they would for a regular mailing. Other firms rely on their standard presentations, and modify these materials with inexpensive methods like catalog

wrap-arounds, "10 percent off all merchandise" banners, special sale-focused e-mails and sale letters, or special price lists.

Loss Leaders. Retail stores often draw traffic by promoting a small number of universally appealing items at a deeply discounted price. Direct and digital marketers may do the same, calling such an item an "order starter" because it helps the customer make the decision to order and begin filling a shopping cart online or dialing the toll-free number. Once the decision to order is made, the customer may then browse around the catalog, mailing, or Web site to see if there is anything else worth buying. Thus the "order starter" serves the same function as the quart of milk that sends consumers to the grocery store—only to emerge with a sack full of impulse items.

Comparative Pricing. Giving customers a point of reference for your pricing may help them decide that your offer makes financial sense. For decades, the old Sears general catalog used this comparative technique to show customers how long it had been since prices were this low. For instance, they might headline a featured line of men's underwear with this claim: "Our lowest price for Covington briefs since 1995." Or they might have promoted a DVD player this way: "Our lowest price ever for a portable DVD player." It is important to research such price claims carefully: if you are incorrect, your customers may well take you to task. You may elect to compare your price favorably with that of a competitor, but be careful: selling strictly on the basis of price can lead to a price-cutting war— and that can end up being costly to every marketer in your field, including you.

Payment Terms

What your prospect considers a fair price for a given offer may vary depending on how you ask him or her to pay for the product or service. The more you can reduce the customer's perception of risk and increase ease in payment, the more likely you are to make and keep a sale. On the other hand, it is important to build in protection for your firm to ensure that payments will be made according to agreed-upon terms.

Although it is important to keep the terms of your offer simple and understandable, direct and interactive marketing experts agree that a range of payment options often rewards you with increased sales. Here are some of the payment plans you may consider or test, from the least to the most restrictive.

Free Trial. When a customer visits a retail store, he or she often has the opportunity to try on clothing, listen to stereo equipment, sample food products, and compare colors with swatches of fabric brought from home. Because mail order and online buyers must take a "leap of faith" and trust that the products they buy will match the description and photos in sales literature or on the computer screen, their perception of risk may be lessened with the offer of a free trial period.

When structuring a free trial offer, base the time limit on the type of product you are promoting. It may take only ten days for a consumer to make a decision about a book or DVD. But if you are offering a vitamin supplement program that claims to increase vigor and strength over a 30-day period, the free trial needs to encompass that time span. Whatever time period you select, be very clear about the parameters of your offer on the reply device. Does the item have to be returned within ten days, or can the return be postmarked on the tenth day and still be acceptable? Does the ten-day period begin when you ship the item, or when the item is received by the customer?

Some direct and digital marketers offer free trial options only to lists of customers who have

been prescreened for credit worthiness. Others do a quick credit check once the free trial request is received, and grant the trial only to those whose credit is good.

If you offer free trial, be sure to promote it strongly in each ad, spot, Web page, or direct mail package. Some marketers become so used to the free trial concept that they begin to take it for granted and soft-pedal it in their presentations. Since a free trial can be a powerful inducement to buy, its availability should figure prominently in your copy.

When the product is shipped according to a free trial offer, you may elect to send the invoice along with the product, calling for payment or return of the product within the free trial period. Or you may send the invoice separately at the time the free trial period ends, along with a letter thanking the customer again for the purchase. If payment is not made and the product is not returned during the free trial period, most direct and digital marketers follow up with a short series of increasingly urgent reminders. Another way to handle this is to explain to the customer that you will charge their credit card at the end of the free trial period unless they have returned the item. This will likely cut down free trial requests, however, since the customer needs to trust you with their credit card information up front.

Direct and digital marketers who use free trial offers report that although this concept usually yields more orders than a cash-up-front offer would, it also tends to result in more returns. However, in most cases the net result is an improvement in sales, even accounting for the administrative cost of returns and of tracking down late payments. If you cannot make the free trial option work for you, consider polling some of the customers who returned your product to learn why they found fault with it.

Bill Me Later. Some customers may be intrigued by the opportunity to purchase merchandise now and pay for it at a more convenient time. For instance, you might offer to send Christmas gift merchandise in December, but not bill the customer or his or her credit card until January or February. Or you might sell the customer a complete school uniform wardrobe for a family of children in July, but wait until the school year begins after Labor Day to enter the bill. This option is safest for the seller if the billing is to be done on a major credit card rather than direct bill to the customer. Or you might consider offering this option only to established customers.

There is also a service called "Pay Pal Credit" that marketers can add to their payment options. Pay Pal Credit acts as a third-party payment service for direct and digital marketers. This service allows customers to pay for any item that costs $100 or more over a period of months with no interest due.

Reservation Options. The reservation concept offers the prospect ease in responding, and provides increased security for the seller. At the time the purchase decision is made, the buyer only has to return a simple form stating the quantity of the purchase and preferred payment terms. But unlike the free trial option, in which the seller ships the product without any payment up front from the buyer, reservation customers may be asked to pay for all or part of their merchandise before it is shipped.

When the pre-shipment invoice is received by reservation customers, some of them will change their minds and neglect to pay, thereby canceling their orders. However, for many marketers the reservation option results in a net increase in sales, even considering its administrative and time costs.

An added benefit of the reservation option is that it can help marketers determine the extent of demand for a product that they are not yet able to ship. By taking reservations instead of up-front payments, they avoid upsetting customers whose money might otherwise be tied up until the product is ready for shipment.

Money-Back Guarantee. With this offer, the customer pays all or part of the cost of the product before it is shipped. But if the product is unsatisfactory in any way upon receipt, the customer may return it within a specified time period for a full refund or credit. To lower the prospect's fear of risk, such guarantees should be played up to the fullest. In copy, be sure that the guarantee is worded as positively as possible, emphasizing that no questions will be asked if a product is returned. In layout, call attention to the guarantee by boxing it, setting it in large type, and/or surrounding it with a "value border."

Mention the guarantee on each piece of selling literature in a direct mail package: letter, brochure, order card, and elsewhere if applicable. Be sure to set out the terms of the guarantee in every detail. For instance, will you refund the customer's original shipping and handling charge as well as the price of the product? Will you reimburse the customer for insurance and shipping the product back to you? How long does the guarantee period last: 10 days, 30 days, a full year, or forever? Some stalwart direct marketing firms like L. L. Bean guarantee their merchandise for the life of the product. Here are several of the most famous—and liberal—guarantees in the direct and interactive marketing business:

- **L. L. Bean:** "Our products are guaranteed to give 100% satisfaction in every way. Return anything purchased from us at any time if it proves otherwise. We do not want you to have anything from L. L. Bean that is not completely satisfactory."
- **Lands' End:** "Everything we sell is Guaranteed. Period.® If you're not completely satisfied with any item, simply return it to us at any time for an exchange or refund of its purchase price.
- **Quill Corporation:** "If at any time you are not completely satisfied with the performance of any Quill Brand® product, we will replace the item or refund your money."

Split Payment. Offer a customer a diamond necklace at $1,100 and the price may seem staggering. But offer that same customer the opportunity to purchase the necklace for $100 per month at no interest, and the proposition suddenly becomes more realistic. Firms can offer the option of adding one-half, one-twelfth, or some other agreed-upon percentage of an item's cost to an established customer's credit card bill each month. With split payments, customers can enjoy the immediate gratification of the products they want, without paying interest on their debts.

Many firms handle split payments without involving credit card programs, simply by sending the customer a series of bills by mail or online. On a four-way payment for a work of art, for instance, the buyer might pay one-fourth before the item is shipped, one-fourth upon shipment, and one-fourth in each of the next two months after the item is received.

"House" Charge Account. Some direct and digital marketing firms establish their own charge-account systems in order to facilitate long-term payments and offer customers a service. Such credit card program also provides a way to build the firm's own database with excellent insights into consumer behavior. To decide whether this is warranted, consider the administrative work and debt collection that may be involved. These costs may outweigh your potential interest income and the goodwill of a house charge option. In general, unless direct and digital marketing firms are already in the credit card business (American Express, Discover, etc.), relatively few offer their own charge accounts to customers. Instead, they accept major credit cards as well as checks and money orders.

Credit Card Option. Even very small business ventures today are welcomed by banks to set up MasterCard and Visa charging systems for their customers. Medium-to-large firms usually take American Express as well, and often they add Discover to the mix. You pay a small percentage of your receipts to the credit card company to cover its costs for processing your orders. In turn, the credit card company pays you for each purchase, and your customers pay the credit card company. Because so many consumers today use credit cards regularly, the credit card option is very likely to justify its cost—indeed, it is all but mandatory for selling online. Not only does it increase customer goodwill, but it may also contribute to impulse buying and larger sales. In addition, the risk of dealing with your firm is lessened for new customers when they know there is a buffer—the credit card company—to help them resolve any billing or shipping problems that may arise.

Cash Up Front. Asking customers to pay the entire amount due by debit card, check, or money order before product shipment affords maximum security to the marketer. Some firms even wait for the check to clear before processing the order and shipping merchandise. Some customers prefer to make their payments up front, but others may need an incentive to do so. You may consider offering free shipping and handling or some other benefit for advance payment.

Online Payment Options. Today's sophisticated online buyers may well expect you to offer e-payment options. *Paypal.com* has been a leader in this area—allowing registered users to send a payment to anyone with an e-mail address simply by writing a dollar amount into an online form. Offering customers the opportunity to set up an "e-wallet," such as Amazon.com's exceptionally easy 1-Click option, is another way of streamlining payments online for buyer and seller alike.

The Place

In marketing terms, "place" is shorthand for distribution system. For retailers, place has to do with store location, ambiance, and service. Since direct and digital marketers operate through the mail and by phone, e-mail, or Web site, their customers' concerns about place have to do with the way buyers are treated in written and online communications, over the telephone, at the time of shipment, and in dealing with customer service. These factors of place are crucial to the direct and digital marketing mix, since customers who are poorly treated in the act of purchasing have many other options—including dealing with retailers or other direct and digital marketers. Here are some of the place considerations marketers should focus upon in creating their offers.

Method of Customer Response

By Mail, E-mail, or Online Shopping Cart. In arranging for a purchase by mail, e-mail, or online shopping cart, the customer deals with an order form or online shopping cart rather than a salesperson. In addition to mechanical issues of setting up and making their purchases, consumers are concerned with nuts and bolts such as shipping and handling fees, time of delivery, and sales tax. They also want to know that any special offers such as free shipping or limited-time discounts are handled just as they are promoted and offered.

It is important to make clear how shipping and handling charges are determined. Some firms allocate these charges on an item-by-item basis, determined by weight and method of shipment. Others use a chart to determine shipping charges for a given order based on total price or total weight. Still others expect the customer to determine shipping charges based on geographic zone. Some firms build the shipping and handling charge into the merchandise price. In today's competitive marketplace, many firms offer free shipping once an order reaches a certain threshold. There is no

one right way to proceed on this score, except to ensure that the customer considers your shipping and handling charges fair and easy to calculate.

Sales tax is another issue that consumers must deal with in filling out an order form. This is a hot issue for direct and digital marketers, who continuously lobby to avoid having to make sales tax payments to states other than those where their facilities are located. Even so, sales tax always must be collected in one or more states where your firm has a business presence, so the marketer should strive to make the amount due as easy to determine as possible. Online, these charges should be calculated automatically once the shipping address is provided.

By Telephone. Direct and digital marketers have a set of important decisions to make in arranging to serve customers by telephone. While most firms employ toll-free numbers, some few require the customer to pay for all calls – not much of an issue with today's liberal phone plans. Most firms provide toll-free customer service lines, while some allow for toll-free ordering but expect the customer to use a regular phone line for inquiry and complaint calls. While some ordering numbers operate only during business hours, many direct marketers have taken advantage of the fact that their "place" can be available 24 hours a day, with phone lines open at all times.

The level of telephone service is another issue for direct and digital marketers to consider. Some firms hire an outside service to perform a strict order-taking function, while others keep all telephone communications in house, and train their personnel to be customer advocates. Such trained telephone salespeople can assist customers in determining sizes and colors, and find out immediately if an item is in stock or will have to be backordered. They can also be trained to offer customers add-on items to enhance their purchases—or at the very least to discuss daily specials available at special prices. In addition, they may ask a few simple questions that help build the database on this customer, or help answer market research concerns. Once again, there is no one right answer for all direct and digital marketers offering telephone service. However, it is important to weigh the options available against competitors' services, the wants and needs of your customers, and the size and sophistication of your firm.

By Smart Phone. Companies like *Amazon.com* have led the way with easy-to-use mobile apps that allow customers to purchase products with just a few clicks on their hand-held smart phones. Banks are also in the forefront of mobile marketing, offering their customers a convenient "place" for bill-paying, transfer of funds, paying bills, and even paying the babysitter from the mobile using a PayPal application. Optimizing your site for mobile users is an important first step here.

Delivery Systems. Another aspect of place for direct and digital marketers has to do with the delivery of goods. Retailers typically deliver goods right into the customer's hands, or ship items locally by UPS or delivery truck. Direct and digital marketers today may offer a number of options aimed at streamlining the customer's purchase, ensuring prompt delivery, and maximizing the customer's ease in receiving merchandise. Some firms ask the customer what means of shipment is preferred: U.S. mail, UPS, or FedEx (the last often at an extra charge). Others offer just one service, such as UPS, but will send merchandise using that firm's one or two-day services at an extra charge if requested.

With broadband home Internet service now penetrating about 75% of U.S. households, certain products and services can also be delivered digitally. These include books for eBook readers, magazines via services such as Zinio and mobile apps, movies direct to the desktop/tablet/phone or television from Netflix and Amazon, Webinars both for consumers and business markets, informational and fun videos on YouTube, business white papers, and bills and statements. Digital delivery can provide cost savings to both buyer and seller, and it also offers instant gratification for

the buyer. Indeed, there is considerable competition in today's market to deliver direct response-bought goods as promptly as possible. Firms that keep products readily available and ship reliably and immediately upon receipt of orders gain a definite edge in the consumer's mind.

The Promotion

Offers may be sweetened by many tried-and-true means of sales promotion including premiums and add-ons, sweepstakes and contests, special conditions of sale, and strong guarantees. This section will survey some of the promotional methods that direct and digital marketers have found effective in overcoming customer inertia.

Premiums and Add-Ons

A free gift may well provide the extra incentive a prospect needs to send for more information, try your product, or purchase it outright. The terms of your premium offer have a great deal to do with its success—and its effect on your bottom line.

At one extreme, you may find it profitable to provide a free gift to everyone who indicates an interest in your product by sending for more information. Other marketing plans call for the shipment of the premium only after the customer has purchased and paid for the item in question. Another concept allows the prospect to keep the premium that is shipped with a product purchase, even if the product is returned for a refund.

In continuity programs, a premium may be offered at the outset, but not shipped until a certain amount of product has been purchased. For instance, a set of figurines might have a custom-designed display case available at no extra charge to series subscribers. If the average series buyer purchases five of eight figurines, the marketer might ship the premium right before this average is reached. This will encourage the buyer to purchase more figurines, with the incentive of filling up the attractive new display device.

There is no one right way to offer a premium: in fact, you may wish to test the structure of your premium offer as well as the premium itself. You may also be wise to test different premiums to distinct market segments. It is essential in any case, however, to spell out to your customer exactly what he or she must do to earn the premium.

When testing premium offers, some direct mailers opt for the easy course and simply throw in a premium slip describing the free gift and how it may be obtained. For a fair test, however, the premium and terms of its receipt should be a part of each main component of the direct mail package: letter, brochure, and order form. It should be mentioned prominently in conjunction with the offer in broadcast media or online, as well. Otherwise you cannot be sure that your prospect is aware of the premium as an integral part of your offer.

Types of Premiums. Some marketers boast excellent results offering premiums that are directly related to their products: a display stand for a work of art, for instance, or book ends for a set of illustrated volumes. Other firms—including large publishers who buy their premiums in volume—swear by unrelated products that are perceived to have maximum value. Successful mass magazine premiums, for instance, have included tote bags and topical DVDs not available in stores. Conventional wisdom is that a non-related premium brings less committed respondents, so weigh this factor in considering the potential lifetime value of customers attracted by premiums.

Certain premiums are offered continuously—a customer newsletter, for instance, or a regular free

gift for every $100 of merchandise purchased. If your continuous or regular premium is attractive enough, it will encourage customers to keep up their level of buying with your firm. A prime example of a continuous premium is the airline frequent-flyer club, which strives to build brand loyalty among customers who might otherwise simply choose the airline with the best fare or most convenient flight time.

While many premiums are considered part of advertising cost, others are self-liquidating. This means that they are sold to the customer at your cost. Examples of items that might be offered as self-liquidating premiums would be carrying cases or accessories for items purchased at retail price.

Ways of Using Premiums. In addition to a classic premium-with-purchase offer, you might test offering gifts at certain order levels to encourage a larger average order size. For instance, if your average order is $45, consider offering a free gift for every order of $50 or more in hopes of boosting the average. Some companies swear by offering several small free gifts instead of one big one. Other companies have good results with add-on offers such as free gift boxes or gift wrapping.

Book and music clubs, and monthly box programs, are among the marketers who use successful "member-get-a-member" premium plans. They entice members with a certain amount of free merchandise or credit for each new person they can get to commit to a certain level of purchasing.

Sweepstakes and Contests

Sweepstakes and other games of chance have become extremely profitable customer incentives for Publishers Clearing House and many other mailers. Head-to-head tests show that the lure of such contests can substantially increase or even double response for some propositions. In successful sweepstakes promotions, the fantasy of winning a bright red sports car, a dream house, or $10,000,000 in cash translates into excitement that surrounds your product. And although sweepstakes rules must allow non-customers to enter on equal terms with customers, prospects tend to perceive that they'll have a better chance of winning if they buy something.

When considering a sweepstakes or contest proposition, learn from the masters: study the colorful and complex packages from major magazine sellers for ideas on package design, TV support, and prize selection. With regard to prizes, testing over the years has shown that fantasy/dream prizes and cash consistently win out over more practical awards like kitchen remodeling. Online contests of all kinds have proliferated as well, with the immediacy and interactivity of the medium adding excitement for participants.

Most important of all, engage the services of a firm that specializes in contest management. The rules, regulations, and laws in this area are too specialized to handle safely on your own. For smaller firms with limited budgets, a full-scale sweepstakes may well be too costly and complex to be viable. In this case, however, you may be able to become a partner in a group sweepstakes, where a number of firms promote the same prizes and pool entries for one set of awards.

A word to the wise: for some years now, sweepstakes have come under close scrutiny by attorneys general and other regulators. Make sure your sweepstakes and contests are not deceptive in any way or you may find yourself enduring negative publicity or worse.

Special Conditions of Sale

By emphasizing the urgency of a prompt response, or by setting special terms for the frequency or conditions of shipment and payment, marketers may enhance response and improve their profits. Here are some conditions of sale to consider testing in your solicitations.

Exhibit 8.7. Publishers Clearing House

Many direct and digital marketers test sweepstakes as a means of stimulating response to subscription drives and product offers. This Web solicitation from Publishers Clearing House offers the chance to win a prize of up to $10,000,000.

Reprinted from the Publishers Clearing House Web site at *www.pch.com*.

Urgency. Every direct response presentation requires a call to action—a message that replaces the personal sales "close" and helps convince the customer to buy right away. There are several ways in which the urgency of a prompt response is stressed, encouraging the customer to mail, call, or go online to place an order immediately instead of putting the sales piece aside or logging off the computer.

A *time limit* requires prompt action, but for credibility, it should be accompanied by a reason such as seasonal cut-offs or limited production time. Many direct mailers and e-mailers have excellent success in *re-mailing* an offer to the better segments of their house or outside lists, reminding the

customer that time is running out. The best timing for a postal re-mail is approximately two weeks after the original mailing. The simplest form of a re-mail is the original package, sometimes enhanced by a stamp effect on the outer envelope and order form saying "Last Chance" or similar wording. A pseudo handwritten note on the original letter or a photocopy of the original letter might remind the prospect of the final date for orders, or emphasize urgency in other credible ways. Other marketers create a special "last chance" re-mail letter with urgency woven into the entire presentation. When combined with a reduced price, many publications limit their offers to a certain *subscription period*. This same concept—also known as a "subscription block"—has been used to enhance urgency for collectibles, financial services, and other investment-related appeals.

Another way to encourage immediate ordering is to offer a *charter membership* or *subscription* to those who respond by a certain date. The charter designation might afford these customers special offers or privileges in the future. A limited edition may feature a cut-off by the number of items made, a time period, or similar limitation. This strategy is widely used in the art, collectibles, and book fields.

Finally, the announcement of an *upcoming price increase* may stimulate customers to buy immediately.

Frequency and Terms. A wide range of offer structures has been devised and tested by firms selling music, books, monthly flower bouquets, and other related groups of products that are shipped over a long period of time. Some of these concepts may enhance the attractiveness of other product series you sell. The *negative-option* concept calls for the customer to agree to take shipment of products as they are made available, unless he or she specifically indicates otherwise. Negative-option plans usually consist of a mailing or e-mail at monthly or other regular intervals, in which a featured selection is promoted— often along with a wide range of alternate selections. Unless the customer returns the enclosed card or uses an online form asking for no shipment or an alternate shipment, the regular selection will be sent along with an invoice for payment.

It is important that the wording of the initial negative-option agreement be specific and complete enough to be binding: check promotions from long-established music and book clubs for pointers. You will also want to note that the initial incentive for customers to agree to a negative-option program is usually a free or reduced-price offer: for example, get three books for $1 when you agree to buy three additional books at the regular club price over the next year.

In a *positive-option* plan, the customer receives regular offerings of product, but must return a card or go online with a positive response in order to receive items. Thus no merchandise is shipped unless it is specifically ordered. In general, it will be easier to get a commitment to a positive-option plan than a negative-option plan, but fewer guaranteed, regular sales will result. However, the amount of merchandise returned should be less with this scheme: in a negative-option plan the customer may refuse merchandise on arrival if he or she simply neglected to respond in time asking that it not be shipped.

To lower shipping costs and get the customer to make a commitment for an entire series of merchandise, many marketers utilize a *load-up* plan. Some firms make the load-up a regular feature of their offer, while others make it an option. The marketer must balance the bad-debt potential of shipping merchandise in bulk before it is paid for against the high shipping costs of month-by-month delivery. Once the load-up is sent, the customer may be given the option of paying for all the merchandise at once, perhaps with a premium or discount for doing so. Or the customer may take the option of continuing to pay by the month.

When you are selling a product that requires regular replenishment—vitamins or gourmet coffee,

for example—a *ship-'til-forbid* plan may maximize regular sales for you and enhance convenience for your customers. The customer agrees to receive and pay for a regular shipment at intervals, unless and until he or she notifies the marketer to cancel. *Amazon.com* uses this plan and allows customers to enjoy a small discount if they agree to receive items on a regular schedule.

Unlike ship-'til-forbid plans that continue indefinitely, a *continuity* plan typically offers the customer a set number of related items to be purchased at monthly or other regular intervals. Some continuity plans obligate the customer to purchase every item, while others allow customers to terminate at any time, or to pick and choose among the items as they are introduced. If you are designing a club program, charging a *membership fee* helps distinguish those who are eager to affiliate with the group from those who are merely curious. In exchange for the membership fee, the marketer should devise a set of benefits that members perceive as worth their dues. Such clubs may offer "members only" purchase options, trips and newsletters, and advance notification of new product introductions or limited editions that are closing. Travel clubs like AAA provide a certain amount of free service such as trip planning, as well as discounts on lodging and car rentals, and availability of members-only insurance plans. Some memberships must be renewed yearly, while others require only a one-time fee—or a lifetime membership may be offered for a substantially higher fee than yearly dues.

When setting the parameters for any of these plans, encourage your customer to permit you to charge each new item as it is introduced, using a credit card number they supply. This simplifies payment for the customer, and also helps ensure you of smooth and regular sales. When the customer pays item by item, the introduction of each new product constitutes another buying decision that requires you to overcome his or her inertia.

Types of Guarantees

Because of the trust inherent in a transaction by mail, phone, or online, it is important for direct and digital marketers to offer a standard guarantee of satisfaction. Typically, such a guarantee allows the customer to return merchandise within a given period of time such as 30 days, and receive a complete refund with no questions asked. Sometimes the refund also includes initial shipping and handling fees and reimbursement for the cost of returning the item. Some firms allow the customer to call a toll-free number or go online and arrange for a free UPS or FedEx pick-up of unsatisfactory merchandise. Whatever the terms of your guarantee, be sure that they are spelled out in detail in your front-end promotion.

For ideas in structuring the wording of your guarantee, gather the promotional materials of seasoned marketing firms in your line of business, or check their Web sites, and study their guarantee terms. Just as important in print campaigns is the way the guarantee is emphasized throughout their literature: in the letter, on the order form, in a box as part of the brochure, and perhaps even in the lift letter or other extra selling piece. On TV, the guarantee should be prominently mentioned and shown on the screen to ensure that prospects are fully aware of it. Online, the main menu may have a special link to the guarantee. Beyond the guarantee of satisfaction, direct and digital marketers may make a wide range of promises to enhance the prospective customer's level of trust in responding. Here are several examples.

Guarantee of Acceptance. Insurance marketers use this tool to streamline the prospect's application process and provide a benefit that may not be available with policies purchased direct from agents. Individuals with a history of medical problems or obesity, or people who consider themselves too busy to take an insurance medical exam, may be won over by this simplified application process.

The guarantee of acceptance states that, within a given range of age and for a given value of insurance, the prospect cannot be turned down and will not be asked medical questions.

Guarantee of Performance. Marketers selling educational programs leading to licensing or SAT/ACT test performance may use this type of guarantee. The firm sets out minimum standards which the purchaser must meet: so much study time, etc. Then if the customer fails to pass the exam or perform at a certain level, the firm may provide a refund if it is requested within a certain set time period after purchase. A similar guarantee might be devised to cover a do-it-yourself project where the buyer is guaranteed to be able to complete the project by following the instructions and materials provided.

Guarantee of Quality. When a prospect has not had the opportunity to examine an item before purchase, a quality guarantee may enhance trust. This guarantee may come from the manufacturer, from the marketer, or from a third-party source like Good Housekeeping magazine or Underwriter's Laboratory.

Guarantee of Repair or Replacement. Some prospective direct response buyers may hesitate to purchase because they fear they will not have recourse if the product they buy is defective or needs repair. A guarantee that the item will be repaired free of charge within a given time period may help cut down buyer resistance. Likewise, a promise of replacement for defective merchandise reinforces the customer's buying decision.

Attracting Qualified Sales Leads

When a product or service carries a high price, or when the ultimate sale is to be closed in person, the direct and digital marketer's goal may be to generate names of individuals who are interested in the offer and are qualified to purchase. Such names acquired for a two-step sales process are called inquiries or leads—and even if they do not purchase the initial item that is offered to them, they may well be excellent prospects for later buying opportunities.

   Some lead-generation offers may be so attractive that no premium or other incentive is necessary to bring in a large number of names. But in most cases, the offer of a brochure, catalog, premium, product prototype, or other information will enhance the response of prospects. Here are some of the typical free items that win positive response from prospects:

- Free information/facts
- Free book/catalog/booklet/online white paper
- Free analysis/estimate/demonstration/sample or prototype
- Free meal or trip
- Free evaluation of talent
- Free seminar

   With all of these offers, be sure to stress that there is no obligation to the prospect. When sending follow-up materials by mail or e-mail, it is important to overcome clutter by flagging your materials with wording such as "Here is the Information You Requested." As part of the package, a letter—personalized if possible—would refresh the prospect's memory about his or her request and what is being sent in reply.

   Response devices for lead-generation campaigns can serve as a valuable source of database infor-

mation. For instance, automotive firms offer toll-free numbers and Web URLs with landing pages in magazines like *Car and Driver* or *Road and Track*. Banner ads or sponsorships on the Web may be used to seek qualified leads as well. Respondents are asked for their ages, occupations, current vehicle ownership, and time frames for the next automobile purchase. This information helps the company determine the mix of product information to send the prospect— and to plan for a contact close to the time of the customer's buying decision. Leads may be followed up by a direct mail package, e-mail, telephone call, personal sales call, or staged combination of two or three of these methods.

Tight and Loose Leads

For some propositions, your goal is to attract as many leads as possible—even if some of them are only mildly interested in your offer. Direct and digital marketers call these "loose" leads. In other cases, you may wish to qualify each lead in advance as to eligibility and degree of interest. Such well-qualified leads are called "tight" leads.

To "*loosen*" *the leads you will attract,* make it easier to respond. Provide a stamped envelope or a Business Reply Envelope or Reply Card. Use bind-in cards in magazine ads. Provide toll-free numbers, a special URL that leads to a landing page with a simple online response form, or a pre-labeled card that the prospect can drop in the mail. Some card decks help participants obtain as many leads as possible by enclosing pre-printed, pressure-sensitive labels in the deck: the respondent simply attaches one of the labels with his or her name and address to the reply cards rep- resenting offers of special interest.

Offering a premium also helps to loosen leads. The less the premium is related to the offer itself, the looser the lead may be. Premiums with high perceived value may also help attract more—albeit marginally qualified—leads. Emphasizing the "no obligation" aspect of your offer should result in more leads. And from the copy perspective, remember the age-old advice to sell the sizzle, not the steak. Tell the customer about all the product's benefits, but save the nuts and bolts—and even the price—for the follow-up contact.

To "*tighten*" *the leads you will attract*, be forthright about the price and payment terms of your offer. State that a salesperson will call or will deliver the promised, free materials. Charge money for the information or service rather than making it free. Eliminate post-paid cards and envelopes, and instead require the prospect to use his or her own postage—or even to write a letter, card, or e-mail to request the information. Finally, from the copy perspective, talk about how the product works and why it does what it does. Don't stop with the benefits—delve into the nuts and bolts of the product. Customers who express interest after reading this specific information should be excellent prospects for a sale.

Defining a Winning Offer:
Ferris State University's Residential Life Scholarship

Around the turn of the new century, Ferris State University found itself with multiple challenges to keep enrollment stable and attract a student body with good potential for academic achievement. For most of its 100-plus year history, the Big Rapids, Michigan, public university had simply opened the doors for applications each year, with resulting annual growth in the student population.

Then the "baby bust" generation reached their late teen years and the number of high school graduates in Michigan dipped to only about half the number who graduated in the "baby boom" years. What's more, a growing number of Michigan high school graduates

chose to attend lower-cost, local community colleges instead of beginning their college careers at four-year schools like Ferris State. Combine these external factors with Ferris's transition from quarters to semesters, a change in top administrative leadership, and a well-publicized contract fight, and Ferris State found itself losing enrollment at an unacceptable rate.

While Ferris State continued to attract a small cadre of top students with ACT scores over 25, the school found itself losing out on too many of what its admissions officials called "mid-range" students: those with ACTs in the 20 to 25 range. Another problem at Ferris State was empty dorm rooms: with lower enrollment and plenty of affordable housing surrounding the campus, the residence halls needed an influx of new residents. Ferris State Marketing Professor Eric Panitz studied the situation and made a strategic suggestion for an offer that would attract mid-range students and solve the "empty housing" problem at the same time. *What the incoming students would get* would be a "Residential Life Scholarship" worth $2,000 per academic year. *What they would have to do to get it* was deliver an ACT score of 21 or higher, and a high school grade point average

Exhibit 8.8. Residential Life Scholarship Program

Ferris State University's Residential Life Scholarship appealed to an under-served college market segment. The scholarship paid $2,000 toward annual housing expense for any incoming student with a score of 21 or better on the ACT test and a high school grade point average of 3.25 or better on a 4.0 scale.

Reprinted from the Ferris State University Web site at *www.ferris.edu*.

of 3.25 or higher. What's more, the $2,000 was good only to defray the cost of living in a residence hall on Ferris State's Big Rapids campus.

Ferris State's advertising agency at the time, Davison Dietsch and McCarthy of Grand Rapids, prepared materials about the Residential Life Scholarship for use in media communications to likely students, at college nights, and for public relations activities. The scholarship was promoted on the school's Web site as well (*http://www.ferris.edu/*). The Residential Life Scholarship program was profiled on National Public Radio and received immediate attention from students and parents alike: indeed, the first year it was implemented, it showed an immediate uptick in new Ferris State students with ACTs in the 21 to 25 range.

The key to Dr. Panitz's offer was that it richly served an unmet need. Students with grade points above 3.5 and high ACT scores often receive numerous offers for academic-based scholarships, but the mid-range student is virtually ignored by many schools. The Residential Life Scholarship brought pride to both students and parents for the student's academic achievement and promise, and it provided Ferris State with students who had a demonstrated capacity to learn and achieve. What's more, it improved the quality of student life with well-populated on-campus residence halls. More than a decade after its initial implementation, the Residential Life Scholarship program was still going strong. Later it was replaced by a group of scholarships ranging from $1000 to $6000 per year – even up to full tuition – based on combinations of incoming student grades and scores.

Enhance Your Understanding: Ideas for Offers

You are developing an offer for a new club concept called "Wine and Cheese of the Month." Your client looks to you for guidance on all aspects of offer creation: product, price, place, and promotion. Make a list of at least five variables you might consider for each aspect of the offer. Here are a couple of ideas in each category to get you started.

WINE-AND-CHEESE-OF-THE-MONTH CLUB

Product Variables
Example A: Will there be product choices, or one standard wine and cheese each month?
Example B: How will the products be packaged?

    1.
    2.
    3.
    4.
    5.

Price Variables
Example A: Will cheese and wine be priced together, or separately?
Examples B: Will there be discounts for quantity orders?

    1.
    2.
    3.
    4.
    5.

Place Variables
Example A: How will the wine and cheese be delivered?
Example B: Will the club be available by direct response only, or will there be party plans and retail outlets as well?

    1.
    2.
    3.
    4.
    5.

Promotion Variables
Example A: Will the club utilize a negative option, positive option, or ship 'til forbid plan?
Example B: What type of guarantee(s) will we offer?

    1.
    2.
    3.
    4.
    5.

The Science of Creative Testing

The late John Caples explained the value of testing in his book *Tested Advertising Methods* when he said it "enables you to keep your finger on the public pulse . . . . to sense trends in advance." He added, "Regardless of what method of testing you use, the important thing is to have some method of testing. Testing enables you to throw opinions overboard and get down to facts." Caples continued by explaining what he meant about opinion in advertising. "Testing enables you to guard against an advertising manager whose pet ideas may be hurting your advertising. Testing enables you to guard against an advertising agency whose idea of agency service is merely to turn out pretty layouts and stereotyped copy. Testing enables you to guard against mistaken ideas you yourself may have in regard to advertising."

A well-designed, ongoing program of creative testing can reap thousands of dollars in extra profit even for small-volume direct and digital marketers. More impressive yet: a valid test yielding as little as a one-half percent increase in response can mean millions of dollars in extra sales when roll-out quantities or media potentials are large. With a firm understanding of the most successful direct and digital marketing offers under your belt, you are now ready to learn how to develop your own creative tests. This chapter will explain the importance of testing as a way of life in direct and digital marketing. You will also learn what elements are worth testing and how to frame a testing program aimed at establishing or beating the control. And you will learn several ways to test creative concepts inexpensively before launching a full-blown marketing program.

Why Direct and Digital Marketers Test

Even seasoned creative professionals are often amazed at their own test results. A plain outer envelope may outpull one with a teaser line the copywriter swore was irresistible. The graphic designer's pet 9″×12″ four-color envelope may be shown up by a plain #10. A 60-second direct response TV spot may outpull the longer 120-second version, much to the amazement of the writer. Yet the long and involving copy of a four-page letter may beat a simple one-page letter when they're tested head-to-head. On the other hand, there have been cases where a simple picture of the product outpulled an elaborate brochure. But in just as many cases, the opposite proved true.

Creative testing is not an exact science, because each new product is offered to a constantly changing audience of consumers. The consumers themselves are affected by the season, the weather, the economic news, happenings in their personal lives, and the other advertising messages they've seen recently, or in conjunction with your message. There are no absolute rules for creative testers, therefore, except "keep testing."

Copy great Tom Brady called testing "the R&D of direct marketing." Considering the thou-

sands—even millions—of dollars many firms pour into research and development, the costs of testing direct mail packages, online and offline ads, Web page elements, e-mails, and TV spots may be easier to justify in this light. Indeed, direct and digital marketing experts agree that the test phase of a promotion should not have making money as its goal. Professor Julian Simon called testing "a way of buying information." It's an investment that can end up saving you a great deal of money—and produce additional profit in later phases of mailing or media placement.

As customer relationship management expert Melinda Nykamp points out, the overall purpose of direct and digital marketing testing is to determine the most effective and efficient means of meeting your objectives—be they making the most profit, increasing the number of customers, lowering customer acquisition costs, etc. To do this, direct and digital marketers may test factors having to do with lists, databases, and media as well as creative elements like offers, formats, and copy and art presentation.

The specific purpose of *creative* testing is to determine the desires of the customer or prospect. Do they want your product or service? On what terms will they buy or respond? Which creative approach will attract the most qualified prospects? An understanding of potential testing elements will help you frame a test that can answer these questions.

Determine What Creative Elements to Test

When you begin to market a product or service for the first time, you are testing one very specific thing: its viability, or ultimate profit potential. The first time in the marketplace, you are testing multiple elements of necessity, simply because you have no control package, product presentation, ad, or spot to use as a benchmark.

You will position your product to be as appealing as possible, based upon any market research, focus groups, or other sampling techniques you have used. You will choose the best possible lists and media, develop the most appealing offer you can, and create the words and pictures that put your product in the most attractive light.

If your initial test fails, you have a choice of abandoning the program or continuing to test, focusing on improving the area or areas you believe are responsible for the test's problematic results. You may choose to leave the creative product alone and test different lists, media, or database segments. Or you may elect to test a new positioning, a different offer, or new copy and/or layout. *If your initial test succeeds* by meeting the criteria you have established for viability, then you can focus additional testing efforts on improving the success of your program. You do this most effectively by focusing on one element at a time including lists, offer, positioning, copy, and/or layout.

Ensure That Your Tests Make a Profitable Difference

Direct mailers have been known to get bogged down in testing subtle changes such as light blue versus light gray letterhead, or #6-3/4 versus #9 Business Reply Envelope. Before scheduling such a test, ask yourself, "What will I do with the knowledge I gain, and how much money could it save me/make me?" Honest answers to these questions will help you avoid wasting precious test cells with frivolous concepts. Conventional direct and digital marketing wisdom states that the list, database, or ad medium is responsible for 40 percent of success, so considerable time should be devoted to developing refinements and tests in this area. To determine what else could be tested, consider these standard creative test ideas:

1. *Offer*—Test different combinations of "what will I get" and "what do I have to do to get it"
2. *Product positioning*—Strive to learn what principle benefit or "bundle of benefits" will prove most appealing to a specific target market
3. *Format*—Size, length, format, graphic "look," and so forth
4. *Copy*—Style, tone, length, density, emphasis on certain features or benefits
5. *Price and payment terms*—Assortments, premium prices, volume prices, methods of payment and billing, split payments, and so forth
6. *Timing/Seasonality*—How often to mail or run ads or send e-mails; how often to re-mail, re-e-mail, or re-run ads; best times of year, times of week, times of day, and so forth
7. *Premiums/Bonuses/Discounts*—Types, value levels, ways of describing, etc.

All seven of these test concepts offer the potential for an outstanding increase in sales and profit. Read through the chapters in this book on offers, direct mail, print ads, catalogs, broadcast, digital, other media, copywriting, and graphic design to spark ideas on how these test concepts might be developed for any given proposition.

How to Test in Direct Mail

There are two main schools of thought about testing creative concepts in direct mail. Although some direct marketers use one method exclusively, both have an important place in an overall testing plan.

Test One New Element Against the Control

Once a marketer has an established control package, the most exacting way to work toward improving the control is to select one element at a time that could be modified for a possible lift in results. This does not mean that only one test can take place per mailing: your test matrix might include any number of separate element tests, each to be measured against the performance of the control. Your in-house database expert, database consultant, or computer service bureau can help you develop viable test cells of names for this purpose. Exhibit 9.1 shows how a simple version of such a testing matrix might look. In this six-way test, the mailer puts half of the 100,000 names in the control cell, using the package that has proven most effective in the past. This allows the mailer a cushion against which to invest in some carefully thought-out tests, element by element: a more expensive letter, a less expensive brochure, the addition of an extra element, trying a higher price, and experimenting with payment due upon shipment instead of with the order.

The test cells contain 10,000 names each. If the cells are prepared properly, on a random-name basis, test cells of this size are large enough to yield a valid test for most direct mail offers. Direct mail guru Bob Stone used to say that any test cell needed at least 30 responses for a statistically readable result. To obtain this, some mailers are able to work with cells as small as 5,000 names—even less on a responsive house list—while others need larger cells to obtain sufficient orders or inquiries for a readable test. Today, however, some statistical experts, including Dr. F. Robert Dwyer of the University of Cincinnati, contend that much smaller sample sizes can produce readable results. Element testing works best for mailers who have already established a serviceable control package. This scientific approach seldom results in "breakthrough" response increases. Rather, it allows a mailer to steer a good direct mail package toward greatness by fine-tuning one element at a time.

Exhibit 9.1. Direct Mail Testing Matrix

TEST CELL	PACKAGE ELEMENTS	QUANTITY MAILED
A	CONTROL—#10 outer envelope, 2-page letter, 11" x 17" four-color brochure, 8-1/2" x 3-3/8" order form, BRE, $40 product price	50,000
B	LETTER TEST—Use control package but substitute 4-page letter	10,000
C	BROCHURE TEST—Use control package but substitute 8-1/2" x 11" two-color brochure	10,000
D	LIFT LETTER TEST—Use control package but add a short letter answering prospect's objections	10,000
E	PRICE TEST—Use control package but substitute $50 price for $40 price	10,000
F	OFFER TEST—Use control package but substitute "no money now" for payment required with order	10,000

Test a Whole New Approach

Sometimes called "breakthrough" testing, this method is riskier than element testing, but it also stands to yield much greater rewards. It calls for the creative team to put any existing control packages aside and develop a whole new way to sell a product or service from scratch.

Whereas element testing is often executed in-house by staffers who live and breathe the control package, some direct marketers like to open up their breakthrough testing programs to outside creative resources that bring fewer preconceived notions to the project. A more clinical approach may also lead to a breakthrough positioning or offer. One or more members of the creative team may take the control package apart, paragraph by paragraph, listing the points it makes and considering their relative emphases. Text mining software from SPSS or other firms may also be used for insights into what the copy stresses. These "outlining and mining" techniques allows creative people to consider, point by point, what is good about the control package and what could be improved. They can pull out written points or visual features that could be played up to better advantage. At the same time, production experts can suggest various formats, personalization methods, printing and paper ideas, and other technical innovations that might help sell the product more effectively.

The negative aspect of testing completely different packages against the control is that when a package emerges as a winner, the mailer never knows precisely why. Another problem is that an untried package is just as likely to result in a costly failure as it is in a profitable breakthrough. Over a period of time, however, direct mailers will do well to mix the exacting, step-by-step science of element testing with some risk-taking breakthrough testing to maximize profit potential.

Tips for Profitable Direct Mail Testing

From the combined wisdom of successful marketers, here are some points to keep in mind when developing direct mail tests. Most of these tips can apply to e-mail and online ad tests as well.

- *Make sure that your entire test is mailed at the same time*. If parts of your test mailing are dropped even two days apart, the readability of your results may be compromised by changes caused by news reports, competitive mailings, and other uncontrollable factors. If your mailing is so large that it cannot be mailed all in one day from one lettershop, find a lettershop or group of lettershops with more capacity. If any part of the mailing must be dropped earlier, make it the far-flung zip codes—i.e., California and New England if you are in the Midwest. These may require more time for delivery.
- *You need a difference of about 15 percent in results between two test segments to consider the results meaningful.* If, for instance, you have a 5,000 name control cell that yielded 40 orders and a 5,000 name test cell that yielded 44 orders, the 44-order cell has only ten percent more orders than the 40-order cell. In this case, you would need at least 46 orders in the test cell to consider it measurably better than the control.
- *When you find a test element that makes a measurable improvement in results, retest it against the control*. Make sure it isn't a fluke before you establish it as part of the new control.
- *Track the long-term profit and loss consequences of any test, not just its short-term results*. It is much easier to produce "loose" leads—people who have indicated a modicum of interest in a product in order to get a free premium, for example—than it is to develop "tight" leads who are expecting a salesperson to call on them. Make sure that your "loose" lead program converts sales at a level high enough to make it more profitable than the "tight" lead program before you pronounce it the winner. The same concept holds true in continuity programs. You may bring in more "starters" with a free book offer, but will they convert into long-term subscribers as well as those who pay $14.95 for their first book?
- *Keep careful records of what you are testing and what results you receive*. The first date you receive orders, and the number of orders received for each test cell on a daily basis, are essential pieces of information. Later on they will help you establish benchmarks for your firm's mailings so that you can estimate total responses and begin planning roll-out mailings earlier. Make sure each test cell is coded on the reply device so that you can track its source. When you accept orders via media other than mail, such as phone or online, make sure the code must be provided when the order is placed.
- *Test each concept for yourself*. Some mailers track the testing of their competitors and then wait to see which kits or ads show up later at the roll-out stage. This knowledge can raise questions to be answered by your own testing plan, but it cannot provide specific answers for your program. You would have to know all of your competitors' objectives and financials to draw absolute conclusions from their testing—and even then, their results would provide specific direction for you only if your situation were identical to theirs.
- *Keep testing*. The marketplace changes constantly due to customers' attitudes,

economic factors, product life cycles, and your competitors' offers in the mail. Just because you proved that a two-page letter was better than a four-page letter five years ago doesn't mean that this is still the case. Test some of the same things you tested in the past—and keep looking for new ideas to test. Look be- yond your direct competitors for testing ideas—try to adapt the ideas of top marketers in many fields to your situation.

- *It is beyond the scope of this book to discuss further specifics of direct marketing statistics and testing design*. Those interested in learning more about planning statistically significant, readable, and meaningful tests and roll-out mailings will find excellent chapters in many general direct marketing books including *Successful Direct Marketing Methods* by Bob Stone and Ron Jacobs and *Contemporary Database Marketing* by Martin Baier, Kurtis M. Ruf, and Goutam Chakroborty.

- *Keep in mind that many experts say list testing is even more essential than creative testing to the success of a direct mail program.* Working with a good list broker, database consultant, and/or computer house, the marketer can develop mailings whereby both lists and creative concepts are tested at the same time, utilizing state-of-the-art database and merge/purge techniques.

Simple Pretests for Creative Ideas

At a Case Writers' Workshop at DePaul University, database marketing expert Ashleigh Groce Sawdon noted that more and more direct and digital marketers are allocating time and dollars for focus group research. Creatives should embrace and foster this trend, since well-done focus groups can yield a bounty of background on the target market's hopes, fears, likes and dislikes, the tone of copy they'd be most likely to respond to, best product benefits, and much more.

In this light, academic and market researchers may frown upon some of the quick and dirty methods employed by direct and digital marketers in search of direction for their creative testing. Yet many successful writers swear by these simple and inexpensive techniques. So while professional research and focus groups are preferable, here are some basic methods you may use as a fallback position or as supplementary research.

Have "The Person on the Street" Read Your Copy

Show your masterpiece to a disinterested party and ask him or her to read it. Ask the reader to share the main idea with you—what did he or she come to understand from reading the piece of copy? If the idea that is played back does not fit with your strategy, it's back to the computer. Or perhaps the reader will come up with a new twist you hadn't thought of—a benefit you might be able to amplify by rewording the copy.

Do Some Unscientific Opinion Testing

You can get general direction on the viability of various offers, prices, and terms by showing your product to groups of people in your target market, either in formal focus groups or informal gatherings. Some marketers have remarkable success determining the appeal and perceived value of products just by approaching people in office buildings and shopping malls. Market researchers might scoff at this unscientific methodology, but simply getting the reactions of people who have not seen the product before can spark new creative ideas.

Poll Your Current Customers

Your loyal clientele may be thrilled to be singled out for their opinions about your new product offerings. Find out from them what they think of your offer, price, and terms. Mail or e-mail them a product description and ask them questions about it. Is it a fair value for the money? Is it an appealing product?

How likely would they be to buy it? To cut down on "yea-saying," the customers' wish to please you by answering "yes" to most questions, ask them to rate the relative appeal of various products and offers—not just one. You may also consider using social media sites like Facebook or Pinterest to get customer reactions to your new products and offers, but keep in mind that a very large number of people—including some who may be less than friendly to you and your company—will see your concepts this way. Only do this if you are willing to tip your hand to the marketplace at large.

Use the Telephone

Some quick calls to a random sample of your house list can provide an even faster reading of a product's viability. This is an inexpensive way to test the waters before putting your offer in print. Again, be sure to call only customers and only those who have indicated a willingness to receive phone calls from you.

Use Your Web Site

You're probably already looking for methods of engaging your Web site visitors in a dialogue. Asking visitors' opinions about products and services can involve them and may benefit you. Keep in mind, though, that while polling customers via mail or phone is something of a "stealth method" of quick research, your Web site is open to world view—including the scrutiny of your competition—unless you require some type of access code available only to customers.

Consider a Dry Test

Perfected by publishers, this technique allows you to make an offer of a product or service that does not yet exist. If the response is good enough, continue with further promotions and produce and deliver your product. If the response is disappointing, notify respondents that you cannot deliver, sending your apologies and an explanation of technical difficulties. Dry testing is considered allowable by the Federal Trade Commission as long as you adhere to certain disclosure guidelines. For instance, you may not imply that the product already exists, and you must communicate promptly with customers if you cancel the program. It is best to use a "send no money now" offer in dry testing to avoid having to refund customers' monies you've held for a time, in case the program fails.

Direct Response Testing in Other Media

While many of the direct mail testing parameters established here can be applied to other major direct response media, there are modifications that must be made to fit each medium's constraints and opportunities.

Print Ad Testing

Dramatic increases in response often may be achieved by enhancing a one-page spread with a bind-in card. That said, now that a large percentage of orders are placed online, the economics of using a

Exhibit 9.2. Hamilton Ads

Testing provides direct marketers with the opportunity to prove out innovative formats like this one used in space advertising by The Hamilton Collection. This format consists of two facing one-page ads for Hamilton products, united by a bind-in card offering both products.

Reprinted with permission from The Hamilton Collection.

bind-in card are less attractive than they used to be, when such cards typically resulted in seven times the response achieved by the single page ad alone. The next step up from a page plus bind-in card is a double-page spread plus bind-in card.

Some marketers have invested in advertising sections that go on for four or even eight pages. Keep in mind that package goods companies may use such spectacular set-ups partially as brand builders—a costly luxury which many traditional direct marketers will not allow themselves unless that particular format pays out on its own.

Technological advances now allow for a host of personalization options in space advertising, al-though not all publications have this capability. What's more, the opportunity to use personalization may be reserved for a publication's most loyal and lucrative advertisers. In theory, a personalized bind-in card should lift response as it makes it easier for the customer to respond. Again, balance the extra cost against results.

Classic print ad tests often revolve around headline testing or the manipulation of other creative elements, price, payment terms, etc., in publications that allow A/B splits. It is worthy of note that few marketers can make ads of a page or larger pay out when seeking inquiries rather than sales. Most cost-effective inquiry ads are less than a page in size and may be as small as a 1/12 page.

There are rules of thumb about seasonality in print advertising, with the August through November and January through March periods proven most responsive for general-interest product. However, it may prove helpful to test relative response in various months for yourself, considering your product's seasonal uses and appeal.

Broadcast Ad Testing

Scientific offer testing is not feasible using most current television and radio technology, although it may be possible on television in the near future. Marketers today are able to get a read on the viability of various offers, formats, etc., by comparing results in similar markets, or results in the same market from different test spots run at different times. Nuts-and-bolts TV and radio tests include: length of spot; use of celebrity presenter versus non-celebrity announcer; use of one celebrity versus another; offer variations; and so on. Ideas for various formats to test can be found in Chapter 13 of this book.

Using sophisticated focus group research, creators of direct response broadcast spots can learn which spokespeople and themes—and even what key words—pique the interest and attention of people in the target market. Then spots can be reworked to highlight the most effective elements, and tested to prove their viability in the marketplace.

In recent years, many direct response television marketers have tested the viability of half-hour infomercials versus 60-second spots, 120-second spots, or other short formats. There are infomercials of various lengths on radio as well, often in the guise of regular shows—but paid for by advertisers. The infomercial format does not guarantee success, even though it offers the advertiser the luxury of telling the story in great detail, and making the selling pitch several times in its entirety. The problem is that infomercials are much more costly to produce and place than are the shorter, traditional commercials. It is important to track results carefully to ensure that infomercials perform and convert for your offer at an acceptable cost. Even if you are buying broadcast time on a "per-inquiry" or "per sale" basis rather than cost per thousand exposures, it will behoove you to refine your creative product to yield the most sales or leads possible each time your spots are aired. What's more, if a cable network or local station has a choice of "per-inquiry" infomercials to air, those with the highest production values and best chance of success will likely win the available time.

E-mail Testing

E-mail offers many of the positive attributes of direct mail testing plus incredible affordability and much quicker response times. What's more, an e-mail campaign can be stopped and started at will, whereas at a certain point with direct mail, the die is cast for the whole mailing. As Cody Heiderer, President of Chicago-based Marketing Economics says, "You can imagine the laughter you would hear if you called the Post Office and asked them to stop your direct mail half-way through." In a matter of days you can test to determine the viability of many different campaign elements, and then roll out without any of the delays inherent in direct mail implementation. Elements to test in e-mail campaigns include:

- *Lists*—What's the response from various segments of your own house list of opted-in names, and from names on various opt-in rental lists?
- *Timing*—What days of the week and times of day engender the best response for your product lines and offers?
- *Sender names*—What works best: an e-mail from the company CEO, a listing of the company name by itself, the name of a celebrity endorser, or other sender name?
- *Subject lines*—Does a price-related subject line work better than a product-related subject line? How about mention of time-limited special offers, savings, free shipping, premiums, sweepstakes, or contests?
- *E-mail format*—Does a simple, plain text message work better than an HTML image that may download slowly for some? What copy approach, length, and tone works best?
- *Multiple offers or one offer only*—Should each e-mail focus on one simple concept and offer, or will you gain more total sales by making multiple offers with click-through options for multiple landing pages in one targeted e-mail?
- *Landing pages*—Once the e-mail recipient clicks through, what product(s) should be displayed and how many product(s) should there be? Will average order size improve if suggestions are made about accessories or add-ons to the main product shown?
- *Transition to main Web site*—Should visitors to the landing page be ushered quickly to the main site, or offered transport there only after they purchase something or identify themselves as a lead from the landing page?

Testing on the Web

The World Wide Web offers the potential for what the late Professor Emeritus Ted Spiegel of Northwestern University called "speed-of-light testing"—the ability to go online in a matter of hours with various products, offers, and creative approaches and then read the results in real time. Marketers can eliminate poor-performing tests right away, or modify what's on the site if anything proves to be misleading or disadvantageous. They can also use online testing to help weed out products and offers so that only those with the most potential are moved to "slower" print media like direct mail and catalogs. Online testing elements may include:

- Product versus product
- Sales per user session
- Promotions
- Layouts
- Headlines
- Offers
- Creative look and feel
- Banner ads for the company's own specials
- Price or percentage-off coupons

Ed Bjorncrantz, President of Bjorncrantz & Associates, Inc., and former executive with J.C. Whitney and Sears, says that online marketers have the ability to do A/B split testing, to deliver alternating presentations, and track conversion, average order size, and so on. The alternates can be

every-other visit, every-other hour, or another parameter. Testing banner ads and Google AdWords can be done in real time with the ability to make instant changes when certain keywords and ads show more promise than others. However, Bjorncrantz believes that few Internet marketers are optimizing their testing opportunities. As he comments, "I don't think anybody does enough testing on the Web just like they don't in print media."

The Importance of a Written Testing Plan

Real estate agents teach their customers that there are three important attributes of a house: location, location, and location. Direct and digital marketers have a similar statement when asked for their three basic rules: test, test, test. But it is important that each creative test be a part of a well- conceived, written testing plan. The discipline of such a plan will help marketers ensure that each creative test they execute will provide valuable information that can help lead to maximum potential profit.

Enhance Your Understanding: Test Concepts

You work for the in-house marketing department of a major insurance company that sells via direct response media. The volume of messages your firm sends are so large than an increase of 1/10th of 1 percent in front-end response could net millions of dollars of "lifetime value" to the bottom line. You are assigned to develop test concepts to sell Accidental Death and Dismemberment policies. Your firm has sold such policies for decades and you have considerable testing history at your disposal. Would you advocate testing one element at a time against the control, or testing complete new approaches? Why? Would your answer be different if you were promoting a brand-new policy type with no testing history to study? Besides direct mail, what other media would you test, and why?

Creative Direct Marketing

10

Direct Mail Marketing

Millennials and Generation Z students often express skepticism about the continued viability of direct mail. "I don't get any—except maybe credit card offers," they say—not realizing that their nomadic existence and often-meager budgets make them unlikely targets for many direct-sold products and services. Their eyes grow wide when they see a basketful of recently received consumer direct mail packages from just one baby boomer household—scores of offers from publications, non-profits, insurance companies, clubs, travel companies, and financial services firms, among others. Then the young students are a bit more accepting of the fact that there are *tens of billions* of marketing mail pieces delivered by the U.S. Postal Service each year, accounting for more than $18 billion in annual revenue for the USPS.

Indeed, because direct mail offers a host of benefits to marketers and to customers, it has long reigned as the centerpiece of most direct response campaigns. Even today, with increased digital media opportunities and concerns about postal rates and deliverability, direct mail serves a number of functions that other media are hard-pressed to duplicate. It combines flexibility of format with unsurpassed targeting and personalization opportunities. And while much direct mail does not come "invited to the home" as magazines, newspapers, and broadcast media do, consumers do not consider it as intrusive as telemarketing or unsolicited e-mail. Direct mail arrives regularly along with vital communications such as bills, checks, governmental notices (the Census and IRS correspondence are conducted by snail mail—not by e-mail) and personal letters, which helps ensure it will be considered (even if rejected) on a fairly timely basis. Just as important, it serves as a private method of communication between a marketer and an established customer: an ideal way to build a strong and personal relationship.

Another plus for direct mail is its ability to directly and effectively simulate a customer's retail store experience. The classic direct mail package includes four elements, each of which has a specific retail correlate:

Direct Mail Package Element	Related Retail Element
Outer Envelope	Store Window
Sales Letter	Personal Sales
Brochure	In-Store Display/Demonstration
Reply Device	Closing the Sale

When a customer walks through a downtown shopping district or mall, he or she may window shop: deciding whether to enter shops based on what each store window advertises. Some stores reveal little: they seem to say to the customer, "If you don't already know what we sell inside, you probably can't afford it." The direct mail correlate of this type of retailer might be an elegant, closed-faced en-

velope made of textured stock, offering no teaser copy or return address. The goal is to intrigue the recipient by the richness of the presentation to open the envelope (walk into the store). Many other retail stores are specific and inviting with their window displays. They show off their most attractive, timely merchandise and indicate something about their store's image and character. They do their best to entice passersby to walk in with news about sales, special events, and the like. These store windows can be correlated to direct mail envelopes with teaser copy—offering enough targeted "sizzle" to get the envelope opened.

A good retail store has salespeople who know their merchandise and their clientele well. Such salespeople use a combination of information sharing, service, and sales techniques to move the customer smoothly toward a purchase. A good direct mail letter does the same thing—and often today direct marketers have the opportunity to do a much better job than the transient retail clerks in many stores. By drawing information from our databases as well as primary and secondary research, we can hone in on the benefits that our prospective customers will find most compelling in a selling letter.

Successful retailers display their products attractively and offer demonstrations such as food tastings, vacuum cleaner performance tests, and fashion shows. Direct marketers can derive many of the same advantages by creating brochures that not only show off the product, but also highlight its uniqueness and all its features and benefits.

Finally, a skilled salesperson knows how to move gracefully toward closing a sale by answering objections and offering assurances and guarantees of satisfaction. Direct mail packages do the same through the reply device, which summarizes the offer and motivates the prospect to respond.

This chapter provides a survey of successful direct mail formats, but it is intended only as an idea starter. Because proven direct response buyers may receive several selling messages in the mail on any given day, the onus is on marketers to continue the search for breakthrough design and copy concepts that cut through the clutter and earn the attention of the prospect.

Variety of Formats

The classic direct mail package described above offers a basic template for creative people. However, there are many other options to choose from. The format you select for any direct mail sales presentation should serve as a visible and active statement of the strategy put forth in your marketing plan. Like the strategy itself, your format should be based on what you know about your target market and your competitors, the company image you wish to project, and the amount you can safely spend to make a sale, gain an inquiry, or enhance a customer relationship.

Just as the function of a direct mail offer is to overcome inertia, the job of a direct mail format is to stimulate action on the part of the prospect. When designing any piece of your direct mail package, consider how it can be used to help lead the prospect toward the desired action stated in your marketing plan: a purchase, inquiry, or visit to your place of business.

Selecting a format for a direct mail presentation can be as challenging as choosing an ice cream cone at a store with 33 flavors. While television and radio formats are constrained by time, and print media ads must conform to the parameters of the publisher, direct mail marketers enjoy considerable freedom and control over their packages' dimensions, materials, and involvement devices.

Two important constraints must figure into each direct mail design decision: current U.S. postal rules and budgetary considerations. Some firms use only standard formats with outer envelope sizes like #10, $6'' \times 9''$ or $9'' \times 12''$—and find them very effective in bringing about action.

Most successful marketers, however, continually test a wide range of other formats and supplementary enclosures.

Sources of Format Ideas

Direct mail graphic designers do not have to work in a vacuum: sources of format inspiration are readily available.

Maintain Sample Files

First, and most basic of all, become an avid direct mail consumer yourself. This need not be costly, if you get into the habit of making as many necessary personal purchases as possible via the mail you receive (responding online is fine). Order products from companies in all price ranges selling clothing, home items, electronics, sporting goods, food, office supplies, and other goods frequently offered by mail. Answer inquiry ads for high-ticket items like automobiles, and for intangibles like insurance and mutual funds. Join book and music clubs, and sign up for a continuity series of products such as a box program. Subscribe to a wide variety of publications: specialized subscriber lists often are rented to firms with direct mail offers. When you do so, mail will roll in from all over the country—not just from the firms you patronize, but from the companies that rent their mailing lists. Perhaps your company or agency already cultivates an organized file of competitive materials, commonly called a swipe file. If not, start your own, and categorize it by product type or format—whatever you find most helpful.

Talk With Vendors

Involving those who sell you paper, both sheet-fed and Web printing, and computer and lettershop services should yield you a constant source of format ideas. As these vendors add new equipment and applications to their plants, they will enthusiastically share the news with you. They should also be eager to show you innovative packages and concepts that they have completed for others, once they are in the mail and in the public domain. Remember also the benefit of showing your vendors your new concepts before the exact size and specifications are set. By shaving a fraction of an inch here and there, or changing the materials slightly, vendors may be able to save you enough money to make a radical new idea cost effective.

Read Books and Trade Publications, Look Online, and Attend Shows

Books such as this one will give you an overall understanding of the basic direct mail formats, and some ideas for additional sizes, enclosures, and refinements you might consider. Online and print trade publications offer news about production methods and successful packages that may fuel your creativity. Many publications also highlight award-winning packages. And since most direct marketing awards are given for bottom-line performance rather than pure creativity, such noteworthy applications may be well worth considering.

Many freelance copywriters and graphic designers maintain Web sites where they showcase their direct mail success stories, including visuals of the formats and copy and sometimes even specific results. If you meet—or read an article written by—a creative you admire, check to see if they have a Web site you can learn from. Finally, visits to international, national, and regional direct marketing shows may help stimulate your creativity as you chat with vendors in their display booths and attend talks on creative and production-related topics.

Update your Software Knowledge

As direct marketing creative expert Marc Ziner notes, "Because our field has skewed so dramatically toward electronic and computer-based production, creative people will be wise to seek training in systems software, word processing, and graphics applications." Knowing and using the latest software programs will help make copywriters and graphic designers more open to new techniques and formats for direct mail, and quicker to understand how technology can be applied for creative breakthroughs and cost savings.

The Outer Envelope

Studies show that your prospect may consider your direct mail package for only a second or two before deciding whether to read it immediately, save it for later, or dispose of it. Your choice of size, paper, graphics, and message will help the prospect make a decision on whether to open the envelope. Check the Web site of MackayMitchell (*www.mackaymitchell.com*)for a good overview of technical considerations and terminology for direct mail envelopes. Here are some of the factors to consider in designing an outer envelope.

Standard or Custom Sizing

The most common direct mail envelopes are #10 (standard business outer envelope size), $6'' \times 9''$ or $9'' \times 12''$, but many other sizes are acceptable to the post office: square, oversized, European-sized, monarch, invitation-look, etc. Larger sizes like $9'' \times 12''$ often require extra postage, however: keep abreast of postal regulations to avoid a surprise upcharge. Selecting a common-sized envelope generally saves money: always check with your envelope vendor when designing a custom piece to make sure it can be manufactured at an acceptable cost. Odd-sized envelopes may prove to attract more attention than predictable-looking ones, and sometimes an outer envelope is chosen to complement the sizes of pieces that will fit inside. It may well be worth a test, however, to see if a unique envelope with a premium price justifies its cost compared to a standard-sized envelope and package with the same graphics and message.

Materials

Because most direct marketers have their envelopes manufactured from scratch, they have the same wide range of paper and print options that are available for brochures or letters. For last-minute or small-quantity jobs, you may choose to overprint a stock envelope, which will limit your selection of papers and your ability to decorate the envelope. Paper availability often is an issue, so to maximize your options for envelope paper and printing, work with experienced envelope vendors and plan to order early. Check your sample files for an overview of the types of envelope materials available: everything from simple wove and kraft paper stocks to elegant parchment and laid finishes, coated papers for four-color printing, foils for attention-getting effects, and even see-through plastics. Considering environmental factors, many direct marketers are opting for recycled envelope stocks printed with soy-based inks—both for their own corporate citizenship and to make a positive impression on customers.

Closed Face or Window

The traditional direct mail envelope usually featured a window showing through to an addressed letter or reply card. This method made it possible to both address and personalize the mailing with only

Exhibit 10.1. American Express Envelope
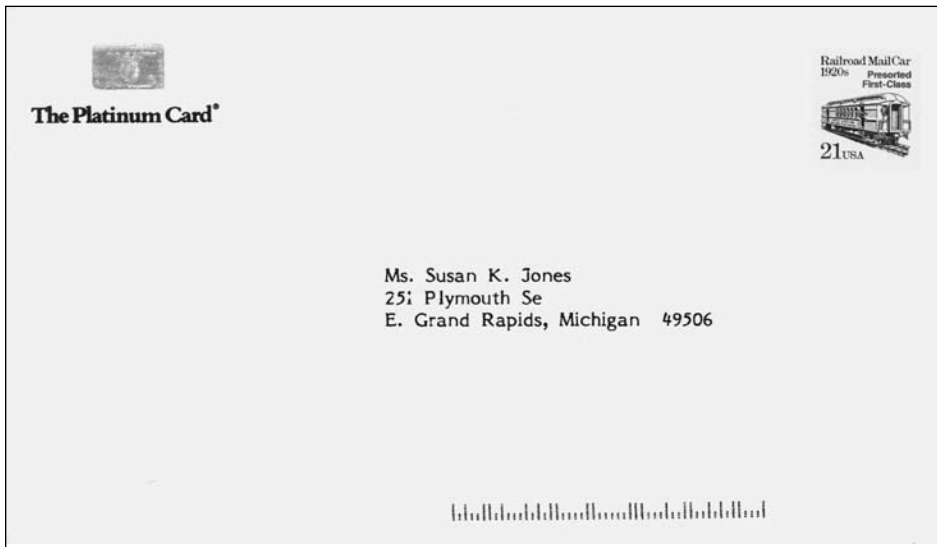
This closed-face envelope from American Express features an actual postage stamp and a "typed" address. Top-quality textured stock completes the impression of a personal invitation that is well worth opening.

Reprinted with permission of American Express.

one piece in the direct mail package having a label or computerized address. It was, however, an immediate "tip-off" to consumers that they had received a commercial direct mail offer.

With today's many options for computer personalization of multiple pieces in the same direct mail package, many marketers are opting for closed-face packages that more closely simulate personal business correspondence. If you invest in a closed-face package, be sure that the other elements of the envelope maintain this personalized one-to-one look: use a stamp or postage meter instead of a printed indicia, and avoid promotional teasers or graphics.

Teasers Versus Plain Outers

While many direct marketers swear by colorful, decorated envelopes and envelope teasers that entice the prospect to look inside, others point to test results that show the same or better performance from packages with plain outer envelopes. A teaser tells the prospect that this is a direct mail offer. It should help lure the prospect inside with the promise of a special offer, free gift, intriguing information, or the answer to a question or group of questions. Sometimes a teaser makes a statement and then trails off, enticing the reader to look inside for the rest of the message. Some marketers have tried beginning the letter on the outside of the envelope, then continuing the story inside. Resist the temptation to disclose too much with your teaser: this may prompt the prospect to make a decision on your offer without even looking inside.

Not all teasers require words. Sometimes it is enough to place a logo or motif on the outer enve-

Exhibit 10.2. Time-Life Books Outer Envelope
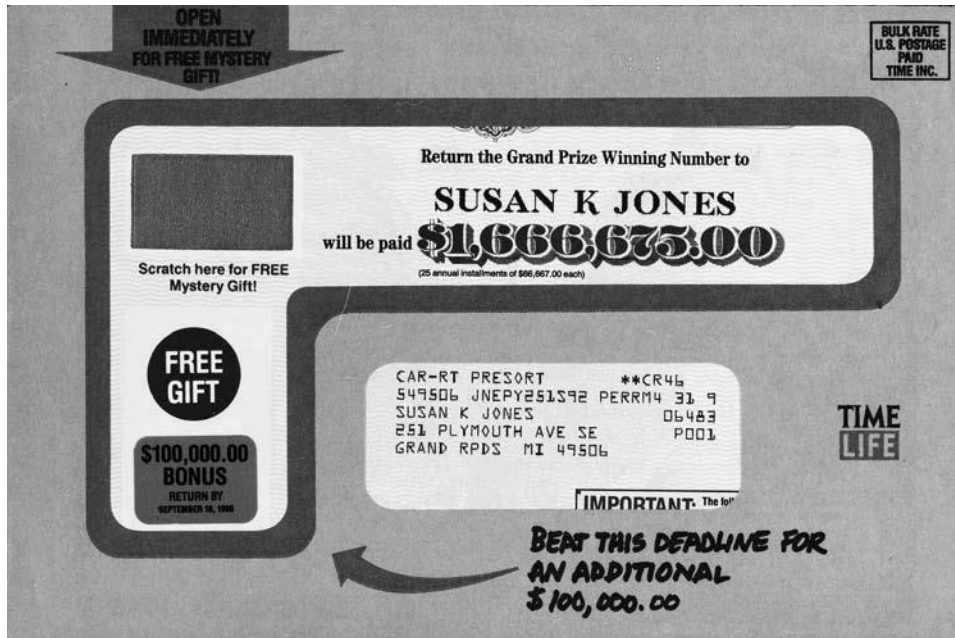
Stickers and a scratch-off involvement device show through the window of this sweepstakes offer from Time-Life Books. Stickers may also be affixed to the outside of an envelope. In either case, the intent is to motivate the prospect to open the package and find out more about the offer inside.

Reprinted with permission of Time-Life Books.

lope. The prestige of a designer's logo, or that of a European sports car, might be sufficient to entice aficionados inside an envelope. Cat lovers will probably open an envelope that features a feline. A single or secondary teaser could be a window with a die cut that shows through to a picture of the product or a premium.

Involvement Devices on Envelopes

If your budget permits, you may consider testing yes/no/maybe stickers or other involvement devices on the outside of the envelope instead of inside on the reply form or letter. Another interesting test is to tip the lift letter onto the back of a 9″ × 12″ envelope instead of inserting it inside: this serves to summarize the offer and challenge the reader to look inside, asking "what have you got to lose?"

Corner Card

The corner card is the return address that appears at the upper left of the front of your envelope. The return address may also appear at the upper middle of the envelope's back. Usually this will be your own return address, but you might also consider having the corner card list an endorsing organiza-

Exhibit 10.3. Rodale Prevention Package

↓ INSIDE ↓

SECRETS

THAT CAN
SAVE YOUR LIFE

PREVENTION.
America's Leading Health Magazine

Dear Friend,

Recent scientific studies prove that what you eat has a dramatic effect on your body's ability to fight and prevent illness. In fact, top medical researchers have found that eating certain foods can help you lower your cholesterol level, reduce your risk of heart disease and enable you to enjoy many other health benefits.

Now you can take advantage of these exciting discoveries in a important new book from Prevention magazine. THE HEALING POWER OF NUTRITION is yours free--just for mailing the enclosed card.
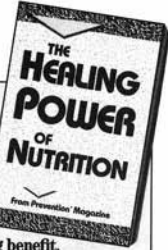
You'll learn:

*Four anti-aging nutrients that may help protect you against cataracts, respiratory disease, senility—even cancer! (Page 7)

*How to pump up the iron content of your spaghetti sauce to more than 8 times the RDA. (Page 13)

*How eating more of this versatile entree can help cool the fiery pain of arthritis. (Page 20)

*Delicious foods that "sneak" extra calories out of your body. (Page 27)

*How to lower your cholesterol level up to 30 points in 30 days. (Page 25)

*The detoxifying nutrient you absolutely cannot live without! (Page 36)

*50 top anti-cancer foods you may already have in your kitchen. (Page 18)

To get your free copy of THE HEALING POWER OF NUTRITION, mail the enclosed card today!

Sincerely,

Mark Bricklin
Editor

THE HEALING POWER OF NUTRITION
From Prevention Magazine

On page 13: A shortage of these two minerals can be life-threatening! Here are delicious ways to make sure you get enough of both.

On page 27: Tired of oat bran? Substitute this tasty dish and enjoy the same cholesterol-lowering benefit.

On page 4: 10 smart tricks to help you get the most nutrition for the least amount of money.

On page 12: How to double your absorption of iron by making this simple dietary addition.

On page 10: The powerhouse vitamin that may help reduce your cholesterol level.

PLUS
- 9 mealtime strategies to help you lower your blood pressure and build stronger bones.
- 12 ways to boost your fiber intake deliciously.
- 14 slimming foods that let you eat well and lose weight.
- And much more!

Printed in U.S.A.   89732

Rodale Press tipped a lift letter onto the outside of a mailing package to stimulate interest in the book inside.

tion or an individual. This has been done successfully in fund-raising efforts with packages that appear to come directly from celebrities or political figures.

Indicia or Postage

An easy and cost-effective way to affix presorted standard postage is to preprint the indicia right on the envelope, but this is a dead give-away of a direct mail solicitation. As an alternative, consider using a postage meter, which gives the look of a regular business mailing even if it displays the presorted standard postage amount. There are also presorted standard rate stamps, which may be costly to affix, but provide a personal-letter look. Recipients probably won't look closely enough to note that the amount of postage on the stamp is less than the first class rate. To speed your mailing and provide the ultimate in the appearance of personal mail, however, consider testing first class mail to see if the extra postage costs are justified for some very well-targeted offers.

The Letter

Because it takes the place of the face-to-face salesperson, the letter is the most essential piece in any direct mail package. Unlike a brochure or reply device, the letter can sometimes stand alone and still make the sale. So important is the sales letter that Richard S. Hodgson wrote what is now a classic book on the subject: *The Greatest Direct Mail Sales Letters of All Time.* Hodgson suggested using this book as an idea source to see how top writers tackle challenging assignments.

The book contains some of the most famous and responsive letters in the history of direct marketing, as well as tips from renowned letter writers including Bob Stone, Victor O. Schwab, Ray W. Jutkins, Herschell Gordon Lewis (who wrote his own helpful how-to book called *Sales Letters That Sizzle*), Don Kanter, and Hodgson himself. The Hodgson book also contains scores of examples from the "pros" on ways to start and close letters effectively. This volume is highly recommended as a how-to guide for new direct marketing writers and designers, and as a source of reference and inspiration for veterans.

The key to successful letter writing is in creating a personal "me-to-you" communication. Thus the writer and designer of any direct mail letter must immerse themselves not only in product background, but also in knowledge and understanding of the target audience. You must know their hopes, fears, and aspirations . . . what kinds of messages stir their emotions and entice them to buy. To get on the right track, study psychographics, material from the database, and customer service communications with your firm. Read the comments customers make on your Web site about your products and services, and check out what's being said about your products and services on blogs and via social media. Find out what magazines your target market reads . . . what television shows they watch . . . what Web sites they frequent. . . whom they admire. Walk in the shoes of your target market to prepare yourself for effective communications. Read over past letters that have been the biggest sales winners with the same target audience. Once this careful preparation is done, you will be ready to consider specific elements such as these in the development of your direct mail letter format.

Characteristics of Successful Direct Mail Letters

A Showcase for Benefits. In a typical direct mail solicitation, the selling letter sets up the product features and benefits that are demonstrated in the accompanying brochure. The letter works to persuade the prospect that this product or service will uniquely and personally benefit him or her. It then

Exhibit 10.4. New Yorker Letter
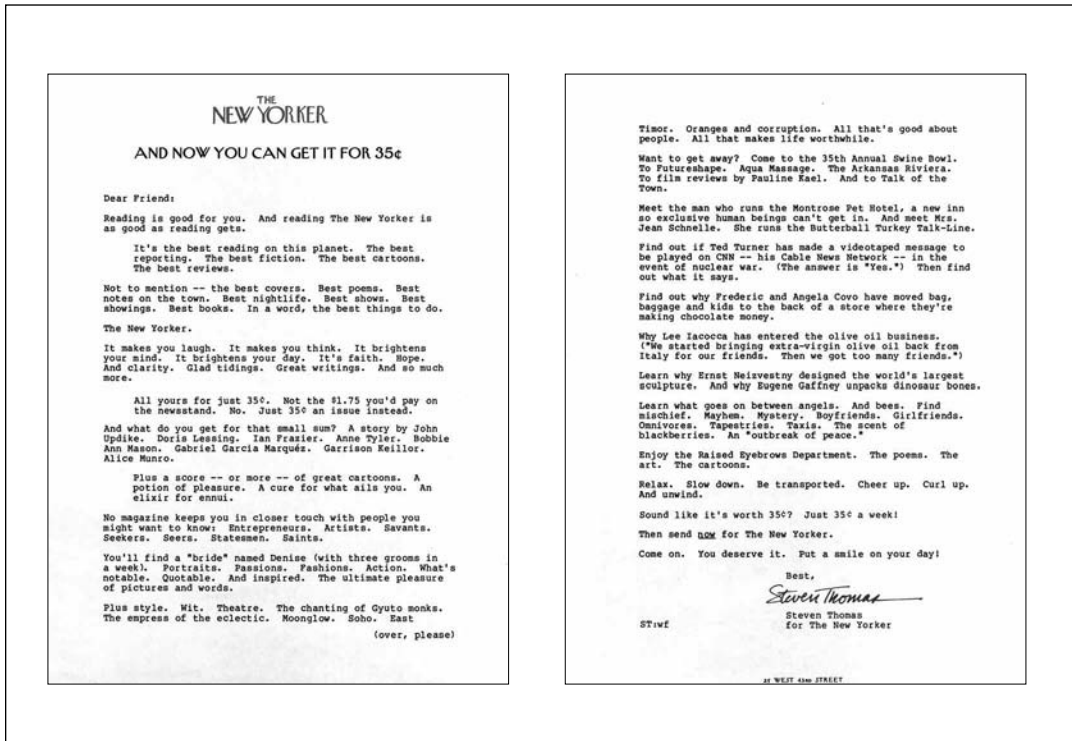
This classic direct mail letter by Judith Hannah Weiss for The New Yorker is highly readable because of its conversational style and short paragraphs.

Reprinted with permission of The New Yorker.

creates a sense of urgency that should lead the prospect to respond promptly by mail, phone, Web site, or person-to-person visit.

"You" Orientation. The word "you" is used or implied frequently in most good direct mail letters, focusing on the prospect's wants, needs, triumphs, home, family, interests, and comfort. A good selling letter points out product benefits in a very personalized way, assisting the prospect to visualize having and using this product and thereby enhancing his or her quality of life. Creating these mental pictures helps move the prospect from the attention stage through interest, desire, and finally to action—just as a skillful salesperson does in a retail store or on a showroom floor.

The Letter May Be Lengthy. Some fledgling direct marketers are skeptical about the length of typical direct mail letters: two, four, or even eight or more pages in some cases. But an involving and readable four-page letter can be far more appealing to a prospect than a one-page communiqué with long sentences, 20-line paragraphs, and no subheads. While some clients and production types like to "button down" the letter length well before it is written—calling for a two-page or four-page

letter and asking the writer to oblige—it is usually wiser to let the letter run to the length that is necessary to tell the story effectively.

The Letter Should Be Readable. As a rule, direct mail letters feature short sentences, short paragraphs, lots of indentation, and subheads. All of these elements help make letters readable and appealing. Some direct mail letters feature the use of second or even third colors, handwritten "call outs," illustrations and photographs, underlining or highlighting of important points, and headlines before the salutation.

Promotional or Straightforward: Either May Work. Purists and those new to direct marketing may question the wisdom of using promotional ploys like handwriting, illustrations, and headlines in a letter that purports to be a one-to-one communication. The effectiveness of these methods has been proven over the years through extensive testing, however, and they work because they engage the attention of readers. This is not to say that a more straightforward letter will not pull well: indeed, some effective letters to consumers—especially those making upscale offers or requesting political contributions—may appear as businesslike as correspondence from a Fortune 500 company. As in all direct marketing efforts, the key to success in developing a letter format is to test, test, test.

Elements of a Direct Mail Letter

The Letterhead. The letterhead you select should reflect the image of the product or of the firm that sells it: economical or upscale, modern or traditional, liberal or conservative, sporty or elegant. Some firms add a list of advisors or board members to the letterhead to reflect status, or the historical, religious, or authoritative nature of the company and its products. Most direct mail letters are printed on 8-1/2″ × 11″ letterhead, using both sides. Monarch-sized stationery may be used for a more personal look. This smaller size often is used for an endorsement letter or other supplementary note. Sometimes an unusual paper stock is used to attract attention or make a visual point: parchment for an old-time historical look, or lined paper for an informal appearance. Marc Ziner notes that today many consumers look for the recycled logo on a letterhead as an indicator of the sender's environmental responsibility. For ideas on types of letterheads to try, imagine the personal stationery of someone in your target market. Would they use elegant, monogrammed notecards, business letterhead, informal notepaper with pictures of flowers or kittens on it, or a piece of notebook paper? Try testing a similar paper stock for your selling messages.

The Salutation. While many direct mail letters—especially those with a promotional tone—have no salutation at all, others use general wordings such as "Dear Friend," "Dear Collector," or "Dear Preferred Client." In today's world, however, personalization and variable data printing have become cost-effective enough that many letters can be personalized with "Dear Mary Smith" or "Dear Mrs. Smith" as a salutation. Because the novelty of personalization has long since worn off—and direct marketers have realized that customers and prospects are not necessarily impressed with letters that have their addresses and names peppered here and there throughout the body—most letters are personalized only in the salutation.

The Signer. In most cases, the letter in a direct mail package comes from the president or other high official of the firm presenting the selling message. Sometimes, when the letter comes from a family-owned firm and the concept is to create a "down home" atmosphere, the letter may be signed by the owner's spouse, mother, or key employee. In other cases, the main selling letter appears over the

signature of a third party, someone whose credentials qualify him or her to describe and endorse the product or service being offered. Marc Ziner notes that a "peer-to-peer" letter is likely to be read: homemaker to homemaker, or Little League coach to Little League coach, for example.

The Typeface. It is important to remember that the letter should uphold the illusion that this is a personal communication from one individual to another, written especially for its recipient. In general, tests show and conventional wisdom dictates that effective direct mail letters are presented in conventional serif fonts. Headlines, subheads, and other enhancements may be printed in another font to add emphasis. Underlining may be done via regular word processor underlining, or by simulating hand-underlining. To further the appearance of a personal letter, the second color for hand-underlining, handwritten notes, and signatures is typically medium-dark blue—the same color as a pen's ink.

The Tone. Depending upon the market segment they are intended to reach, effective direct-mail letters may come across as folksy, friendly, high-toned, or strictly factual. It is important to create a scenario for the letter: who is the writer, who is the recipient, and what are we trying to get across. Envisioning the target market as one typical recipient will help in this process: for instance, are you writing to your Aunt Martha the needlepoint hobbyist, or your multi-millionaire boss who is looking for a real-estate tax shelter?

The Opening. The beginning of your letter must be an attention-getter, or you will lose the prospect before you even get started. Typical opening gambits include telling a story, asking a question, identifying the prospect as a certain type of individual, or extending an invitation. Chapter 2 of this book offers Bob Stone's and Ron Jacobs's benefit-oriented seven-step formula for good letters. Become a connoisseur of the direct mail letters you receive, and save those that capture your imagination as idea-starters.

The Johnson Box Opener. Some direct mail letters begin with a Johnson Box: an indented, introductory copy block (with or without an actual box) that may preview the offer, provide a teaser about the offer, or set the stage for the letter itself. In an interesting twist, some direct marketers use the Johnson Box to offer a short endorsement statement from a third party, commending the offer in the letter to the prospect's attention.

The Body. The body of the letter performs the essential job of selling. It refers to the product features and benefits as shown in the accompanying brochure, and explains to the prospect why this product or service will benefit him or her personally. The body of the letter also may include testimonials, evidence to back up sales claims, and other "reasons to buy" copy. In addition, the body of the letter should contain all the nuts and bolts of the offer: price, payment terms, premiums, conditions of sale, and guarantee.

The Close. The end of a direct mail letter serves the function of a sales close. It requires a reinforcement of the "reasons to buy" copy combined with urgency based on time pressure, limited quantities, putting the product's benefits to work right away, or even a subtle version of the old "be the first on your block" pitch.

The P.S. Studies of direct mail readers tell us that when they pick up a letter, prospects look first at the signature and next at the P.S. Thus the P.S. provides such a vital selling opportunity that most

every direct mail letter includes one. The P.S. may be used to restate the prime product benefit; high-light the urgency of the offer; refer the reader to the brochure, reply device, testimonials, or other component of the package; remind the prospect about the premium; offer a toll-free number or Web address for ease in ordering; or emphasize the no-risk nature of the offer due to Free Trial or Money-Back Guarantee. It is not a good idea to introduce a new concept in the P.S.

Letter Variations

Letter Versions to Suit Prospect Groups. Printing different letter versions is one of the least expen-sive ways of tailoring a direct mail package to target different market segments. For example, you may use the same brochure for both previous buyers of the product and new prospects, and acknowl-edge the status of the recipient in the letter. If you rent a list of people who are all travel club mem-bers, you might acknowledge this in a special letter and use a different letter for a group of people who are all owners of a particular smart phone. You may also use your database to tailor offers and incentives for specific groups of previous buyers—or even use variable data printing to customize your offer to the individual—showcasing these unique opportunities in versions of the same letter.

Endorsement Letters. If you are able to obtain an endorsement for your product by a respected or authoritative group or individual, or the executives of a club or organization whose members will then be more likely to want to buy, one of the best ways to utilize this endorsement is by means of a special letter to be included along with the main selling letter. Such letters are usually signed by the president of the endorsing organization. In it, the president will mention some of the product's features and benefits from the organization's point of view, and recommend the product to your prospects.

Publisher's Letters or Lift Notes. In personal sales, one of the most important aspects of closing the deal is overcoming the prospect's objections. In direct mail, many marketers use a "publisher's letter" or "lift note" to do the same thing. Such a supplementary letter is customarily folded, or contained in a separate envelope. On the outside it might say something like "Please do not open this note unless you have already decided not to respond to this offer." Few readers can resist opening such a note, especially when they have been told not to. The note brings up common objections to the product and politely refutes them before offering an urgent message to respond.

Next-Day Delivery Letters and Simulated Formats. One way to enhance the urgency of your mes-sage is to replace the usual business-type letter with a next-day delivery letter sent by the U.S. Postal Service, FedEx, or another quick delivery service. Since such services are quite expensive, you might create a package that has the same look of urgency but is sent by standard or first-class mail. If you go this route, use the various courier services' next-day packaging as inspiration, but make sure your design is sufficiently different from those of actual overnight delivery services to avoid copyright infringement or deceiving the reader.

The Brochure

The brochure displays the features and demonstrates the benefits of the product or service being sold. Also called a circular, flyer, folder, or booklet, the brochure illustrates the product, demonstrates its use, and provides interesting background information about it. Just as a good direct mail

letter contains all the main sales points about a product or service, so does a good direct mail brochure.

Select the Format

Some direct mail researchers say that the brochure should contain all points of the offer on a single surface, so that the prospect can take it all in at one time without flipping pages or switching from the letter to the brochure. Many successful direct mail brochures, however, have been done in booklet form with various points of the offer explored page by page. Whatever your format, make sure that the brochure copy includes a phone number, Web landing page, and mailing address for responding, and that it ends with an urgency statement: don't leave your prospect hanging with a mere recitation of facts.

Consider a Range of Sizes and Folds

Of all the pieces in your direct mail package, the brochure generally provides the copywriter and graphic designer with the greatest range of possibilities where sizes and folds are concerned. One standard brochure is the 8-1/2″ × 11″ sheet folded twice into a "C-fold" flyer. Many brochures look like booklets and may be stitched or stapled to keep their pages together. If you want your prospect to keep and carry your brochure, consider making it pocket size. If you want to make a big splash, design a broadside brochure that opens up to a flat size of 17″ × 22″ or more. You may also add shorter, folded panels for detail shots, guarantee boxes, and the like. Save brochures with sizes and folds you like and consider how they may be adaptable to your products and offers, but don't make a commitment without checking with a trusted printer or two.

This will help you avoid paper waste and extra bindery charges. Also remember that any brochure you design for machine insertion into an envelope must have a closed edge for the inserting machine to grab. This will save you costly and time-consuming hand insertion.

Fit the Brochure to the Product

When their budgets permit, many direct mailers are tempted to create brochures that are pleasing to their own egos—colorful, expensive, splashy, and impressive. For high-ticket, status items this may be the right alternative. But the best way to develop your brochure's look is to consider the target market and characteristics of the product. A brochure selling flower bulbs at 100 for $19.95 does not require an eight-page color piece on 100-pound coated stock. By the same token, a brochure sent to prospective customers for a $70,000 foreign luxury car cannot convey the proper message if it is printed in black and white on limp offset paper. Gather the brochures your competitors use or those in similar fields for ideas on paper sizes and stocks, the use of color, and supplementary illustrations. And study brochures used in other fields as well: they may provide fresh ideas on ways to display your product or service.

The Brochure Must Relate to the Package

Make sure your brochure fits with the other items in your package. An expensive, slick brochure should be complemented by a tasteful letterhead and a well-designed reply device on good-quality stock. By contrast, a two-color flyer on offset stock looks fine with an inexpensive letter and order form. The graphic look of all the pieces should be considered as well. They may all be coordinated in color scheme, typeface, and stock, or some elements may be intentionally designed to stand out in the package.

Color Can Increase Response

Head-to-head tests show that a full-color brochure usually can out-pull the same brochure printed in black and white. This is especially true if color is one of the product's strongest attributes, as is the case with clothing and home furnishings. While few direct mail brochures are done in black and white, some firms use this one-color approach for a homey or small-company look. Other companies use black and white for sale supplements only. Most brochures feature at least two colors, and the majority are done in four colors. However, a black-and-white brochure printed on fine-quality stock can be very dramatic for certain products such as sterling silver jewelry.

The Reply Device

Once your customer has made the decision to take advantage of your offer, he or she needs to be eased through the actual buying process. Most firms offer toll-free numbers and step-by-step online guides for this purpose. However, not all customers want to use the phone or Web to order. In this case, it is essential that your reply device breeze the customer through the act of buying, and reinforce the wisdom of doing so. A reply card that is confusing, complex, or intimidating can easily terminate the sale. Marc Ziner notes, "The reply device/order form is often the most neglected component of an otherwise well-crafted package. Spend time tailoring this most important element to be as appealing and user-friendly as possible."

A Summary of the Offer

There should be nothing new included in your reply device, no announcement of a premium, sale price, or other terms and conditions that have not been discussed in the letter and/or brochure. The reply device should summarize all the elements of your offer presented elsewhere in the mailing package. At the same time, it should be able to function on its own as a free-standing sales piece. Some customers save only the reply card and put it aside for a later decision: they should be able to use the card to refresh their memories, regain excitement about the offer, and return an order with confidence. Thus the reply card should comfort the buyer with a restatement of the guarantee or other risk-reducing elements of the offer. It is also a good idea to picture the product on the reply card.

Names Other than "Order Form"

Many direct marketers believe that the term "order form" sounds too much like a request for money and a discussion of the mechanics of ordering. They prefer terms that focus more on benefits and less on nuts and bolts. Thus you might name your card an "Invitation," "Preferred Reservation Card," "Free Information Card," or "Membership Application," if these terms are appropriate.

Make It Easy to Fill Out the Form

When a reply card is printed with the prospect's name and address, it streamlines the process of responding. If you design the reply card so that the label shows through a window in the outer envelope, it will serve as the means of addressing the piece as well. If you must ask the customer to fill in his or her name and address on the reply form, make sure there is ample space in which to do so. Try it yourself on a photocopy of the final artwork before you release the form for printing. Make sure that the paper stock you use is easy to write on: get a sample and try this for yourself as well. Some coated stocks do not take well to pens or pencils of any kind. And use a light-colored stock so

Exhibit 10.5. History Book Club

The History Book Club suggested that its prospective members save the tear-off stub as a reminder of the four books they have chosen. With the stub removed, the order form is the right size to fit easily into a standard 6-3/4 Business Reply Envelope.

Courtesy History Book Club.

that any color of pen or pencil will show up. Also, make sure that you specifically request all the information you need to fill the order: name, street address, apartment number, city, state, zip code, and perhaps phone number and e-mail address.

When to Use a BRC Versus a BRE

When your prospect is returning only an inquiry or reservation, and no payment is required, you may opt for a postage-paid Business Reply Card (BRC) that the prospect can simply drop in the mail. But if you are asking for any confidential information on the card—a credit card number or the prospect's age, for example—a Business Reply Envelope (BRE) may ease your prospect's mind and make him or her more likely to respond. Of course, if you are asking for a check or money order in payment, or if the offer is one the prospect might want to keep confidential, a BRE is warranted as well.

Tear-off Stubs Serve a Dual Purpose

The customer-oriented purpose of a tear-off stub on an order form is to allow the prospect to save a record of his response for future reference. The stub should have your firm's address and phone and/or Web address on it, and allow room for the customer to record what he or she ordered, the date it was ordered, what payment method was used, and when delivery is expected. A statement on this stub of any applicable guarantee is also a good idea, and the stub provides another, more practical benefit: you may design your card so that removing the stub makes it just the right size for one of the standard Business Reply Envelopes. If the card were sized this small in the first place, it would float around too much in the outer envelope. This means that if you are using an outer envelope with a window, the address label would not show properly through the window.

Exhibit 10.6. Allstate Motor Club

Use This Temporary Identification Card
to Protect Both You and Your Spouse — Starting <u>TODAY!</u>

Allstate Temporary Identification Card

0000
Sample A. Sample
123 Main Street
Anytown, US 00000

SAMPLE A. SAMPLE
NAP 999 999 999

Begin using this card today for reimbursable services
and discounts of up to 10% at Days Inn and Avis.
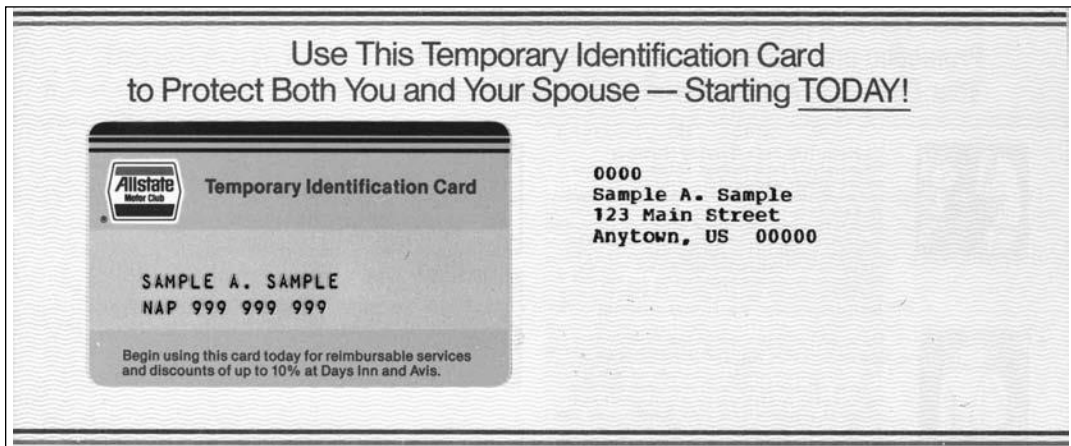
Allstate Motor Club used a Temporary Identification Card that resembles a regular membership card to interest prospects. The card shows through the envelope window to reinforce the offer of a 30-day free trial membership.

Reprinted with permission of Allstate Motor Club.

Combining Order Form and Letter Facilitates Personalization

One widely used format has the order form attached to the sales letter, and perforated for easy removal. In this way, two benefits are achieved. First, the order form and letter can be personalized at the same time. Second, the letter's appeal for urgency is easy to act upon since the prospect does not have to sift through the package looking for the reply device.

Action and Involvement Devices Stimulate Replies

To incite action with a reply card, many marketers use involvement devices. Here are several variations:

- *Stickers or stamps*—Products, prizes, or premiums may be depicted on pressure-sensitive or lick-and-stick stamps. The prospect affixes the appropriate stamps to the reply form.
- *Yes/no/maybe*—To stimulate action, some marketers ask prospects to respond whether their answer is yes or no. Sometimes a "maybe" option is given, possibly to indicate that the prospect would like to take advantage of a free trial period with no obligation. Stamps with the words YES, NO, and MAYBE are made available on the outer envelope, order form stub, or letter. The prospect chooses the appropriate one to affix to the reply portion of the form.
- *Membership card*—To give the prospect the feeling of "immediate belonging," some marketers attach a temporary membership card to the reply device, which the prospect can remove and keep before sending in dues or other payment. In its simplest form, such a card could be made of the same stock as the reply form

and perforated for removal. However, many marketers have had success using plastic cards similar to credit cards in appearance and weight.

- *Postage stamp*—While the majority of direct mail offers include a prepaid reply envelope or card, the inclusion of a "live" postage stamp adds more urgency to a request for response—especially if it must be transferred from an order form to the proper place on the reply card or envelope. Keep in mind that this method is considerably more expensive than Business Reply Mail, in which you pay postage only for those envelopes that come back to you.

Business Reply Envelopes Encourage Response

Repeated tests show that the cost of providing a Business Reply Envelope is justified in that it encourages a greater level of response. The customer finds it much easier to return an order in a postage-paid, self-addressed envelope than to search around for a plain envelope and stamp. Business Reply Envelopes also serve an excellent purpose for the direct marketer: they may be coded by color, size, or other means to allow for a quick and dirty way to visually estimate daily mail response—even before the orders are input. To use a Business Reply Envelope, you need a permit from the local post office. To get this you will fill out a form, pay a yearly fee, and receive a reply number to use on your envelopes. You will pay the current first class rate plus a small surcharge for all BREs that are returned to you. Provide the post office with money in advance, which it may draw against as mail arrives, and keep that account replenished; this will help avoid delays in receiving your mail.

Business Reply Envelopes must be designed and sized in accordance with post office rules. The specifications for Business Reply Envelopes and Cards are available at your post office or online at *www.usps.com*. Graphic designers and production specialists need to be very familiar with these rules, as violations waste time and money. There are standard sizes for Business Reply Envelopes, the most common being sizes 6-3/4 and #9. You may use other sizes within post office guidelines, but they may be more costly if they must be custom ordered from your envelope house. Make sure that the Business Reply Envelope you select fits easily into your outer mailing envelope, and that the reply form fits easily into the reply envelope, preferably without folding.

Other Inserts and Formats

Mailers have tested and proved the effectiveness of a wide range of additional pieces and special formats that increase response to direct mail offers. For fresh ideas on this score, sift through a wide range of direct mail samples and keep in contact with marketing-oriented printers and other suppliers. Here are a few of the most commonly used inserts and special formats.

Testimonial Flyers

If you have or can obtain flattering and believable testimonials from satisfied users of your product, a flyer containing these testimonials may make a good addition to your package. Optionally, you may highlight one or more testimonials in your letter, or put them on a panel of your brochure. Good testimonials offer specific examples of benefits received, performance, or other positive virtues of using your product or service. Users of established products or services may send you excellent, unsolicited testimonials: keep in touch with your customer service department to make sure you receive them. In the case of new products, you may solicit testimonials from customers who purchase the product as a result of a test mailing. Or you may send the new product to some of your estab-

lished customers, and ask them to use it and respond with their opinions. Before using any testimonial, you should obtain written permission from the individual who will be quoted.

Premium Slips

The customer who barely skims your mailing may not realize that you are offering a premium unless you devote a special piece to it. The premium slip should discuss the features and benefits of the premium, its dollar value if impressive, and what the prospect must do to obtain the premium. Also mention if the prospect is able to keep the premium even if the product is returned for a refund.

Buckslip Reminders

These small flyers are most often used to simulate last-minute news. A buckslip might be inserted to tell the prospect that a certain item being offered is now sold out, thus stimulating urgency for buying other items offered. Such a piece might highlight your toll-free number and Web landing page, or the buckslip might explain a recent improvement in the product or the offer. It should cover the offer thoroughly enough to make sense to a reader who has not read your promotion package.

Article or Ad Reprints

These pieces add credibility to your offer by including statements from "independent" articles or ads. In many cases such articles are written specifically for the direct mail package and never appear in any publication, but only look as if they had. Where ads are concerned, the marketer might obtain reprints of an ad run in a particular publication and overprint a message such as, "In case you missed our ad in XYZ magazine . . . ." For more impact, have the message printed on a sticky note and affixed to the article or ad reprint.

Questions and Answers

A question-and-answer piece gives you the opportunity to restate your offer and the attributes of the product in a new and simple-to-understand form. For example, one question might be, "What makes the new Smith Widget better than the widget I've been buying for years?" The answer would point out the most outstanding and unique benefits of the product.

Samples

If your product is inexpensive and easy enough to send, you might include a sample of it in your mailing. Products frequently sampled in this way include ad specialties, stationery, and perfume. Swatches of fabric may be enclosed in clothing or home furnishings offers as well.

Exhibit 10.7. Hamilton Article

Today's Doll Collectors Delight in the Variety of Exquisitely Appealing Editions

by Collectibles Writer, Cheryl Monahan

For whatever reason you choose a particular doll for your collection, you're bound to be pleased if you've made a good investment—if you purchased at issue price and within a relatively short time, demand for your doll results in secondary market appreciation.

Congratulations are in order for the collector who makes the "right" decisions. Aside from pure appeal, keep an eye out for artist exclusives from the highly regarded collectibles companies. Though designed by the very same artists whose personally crafted originals can cost several hundreds, even thousands of dollars, "collectible house" editions can be had for a fraction of the price—and because you needn't sacrifice quality, their secondary market potential can be most impressive.

The Hamilton Collection A Rare Friend Indeed

Through the years, The Hamilton Collection of Jacksonville, Florida, has become one of collectors' greatest friends, commissioning works from super-star artists as well as new discoveries—all with the talent to draw the eye and touch the heart. The 1990s, in particular are enjoying unrivaled success, with several closed editions that are rapidly climbing to the top of the charts.

Connie Walser Derek's first-ever doll for Hamilton, "Jessica," made waves the moment she was unveiled to an adoring public. In 1990 the picture-perfect baby was issued for $155. Since then, the edition has been closed, the molds broken, and the secondary market price has more than tripled!

Another great story is told by the figures posted for Helen Kish's dazzling "Ashley." She sashayed onto the scene in 1991 for just $135, and the music is still playing with bids up to a heady $300.

Some of Hamilton's most darling successes are inspired by portraits created by the great illustrators of the past. Among them, Bessie Pease Gutmann, one of America's most celebrated child-subject artists during the 1920s

and 1930s, and Maud Humphrey Bogart, whose renowned actor son made his public debut at a tender age in portraits painted by his gifted and distinguished mother.

"Love is Blind," re-born as the premiere issue in Hamilton's *Bessie Pease Gutmann* Doll Collection, has appreciated to $220 since 1989. "Playing Bride," a lavishly ruffled and laced Maud Humphrey Bogart Victorian doll, issued in the same year, is quoted at $225.

A Delightful New Blond Takes Center Stage at Hamilton

With so many gifted artists under Hamilton's nurturing wing, the question is not if, but when the newest success will debut to an adoring public. And the answer is, "right now."

Internationally acclaimed artist, Virginia Ehrlich Turner, has created a new work exclusively for Hamilton. If past history is any indication of things to come, "Johnny on the Spot" promises to become one of Hamilton's most coveted dolls of the year.

Winner of several of the doll world's most prestigious awards, including a 1991 *Dolls Awards of Excellence* for "Hannah," one of her biggest sellers ever, Virginia Turner seems to have the "golden" touch that eludes so many others—an extraordinary number of her dolls are currently sold out, including "Michelle," her darling first work commissioned by Hamilton in 1992. It seems this artist can do no wrong! The proof is in "Johnny on the Spot," an adorable little firefighter with head, hands and feet sculpted of fine, hand-painted bisque porcelain.

"Johnny" takes his responsibility very seriously. When the alarm sounds, he's the first to grab his fire truck—along with the mascot, "Spot." Posed on one bended knee, "Johnny" is incredibly lifelike as he holds the nozzle in both hands and bravely puts out a "fire" as "Spot" barks his encouragement.

The heartwarming realism that is the signature of all Virginia Ehrlich Turner collector dolls is beautifully reflected in "Johnny on the Spot," her latest creation for The Hamilton Collection.

Besides the true-to-life quality that is Virginia Ehrlich Turner's trademark, collectors will also appreciate the attention to detail given to the doll's costuming. The yellow vinyl jacket and matching boots make "Johnny" look every inch a firefighter, as does the big red hat that covers his blond hair. Underneath his protective gear he wears a red shirt and blue denim pants. For realistic display in your home, "Johnny" comes with a plastic fire hose and, of course, his plush Dalmatian puppy, "Spot."

As your assurance of authenticity, "Johnny on the Spot" will be inscribed with Virginia Ehrlich Turner's signature. With your hand-numbered doll, you will also receive a same-numbered Certificate of Authenticity. Interested collectors are strongly urged to contact The Hamilton Collection in Jacksonville, Florida at their earliest convenience.

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Cheryl Monahan's life-long appreciation for the arts, enhanced by an education in theater, dance, and art history, has culminated in a decade-long career as director of her own collectibles consulting company.

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The Hamilton Collection used informative articles like this one about doll collecting to provide additional background information for prospective customers. The article format provided the appearance of an independent endorsement.

Exhibit 10.8. Boys Town

This innovative direct mail package was designed as a test against a long-standing, existing control for Boys Town. Boys Town has had an Easter-themed appeal since the 1940s, and the mail dates for the calendar year are based on when Easter falls (anywhere from mid-March to mid-April). The new package allowed for more consistency with mail dates and plans for the first half of the calendar year. The package size allows for maximum postal savings, but it is filled with response-boosting components. The package mailed in late February and was in home for early Spring. The "freemium" of three seed packages was selected to emphasize the "promise of spring," while reinforcing the "seeds of change" theme. Donors are literally planting seeds that will turn into new life, while their donations have the power to change the lives of children. Other components of the package included a Certificate of Appreciation, and a personal story lift note. This package was tested against the winning Easter Renewal control. The control garnered a 5.89 percent response rate, and this test package achieved a 9.81 percent response rate.

Reprinted with permission of Boys Town.

Exhibit 10.9. The University of Iowa Foundation

The University of Iowa Foundation sent potential donor/alumni a postcard with a personalized URL (PURL), inviting them to visit their own Web site to take a quiz on campus landmarks. When the respondent visited his/her Web site, they were invited to take the quiz and get instant results, forward the quiz to friends and fellow alumni, and donate to the Foundation. The Foundation derived extra benefit by tracking the viral marketing "forwards," and picking up new, potential supporters.

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DVDs

Some complex and/or high-ticket products have been sold effectively with the enclosure of a DVD that highlights product benefits. Once again, the potential effectiveness of such a costly promotion depends upon your ability to use the database to prequalify prospects as to their sales potential. DVDs are more likely to be used in a fulfillment package sent to qualified inquiries. It may prove more cost-effective to direct your customer to a Web site or landing page where they can view the same video content online.

Gimmicks

To induce a response, some marketers send their prospects actual checks for small amounts of money, which the customer may endorse and cash for responding to or even for simply receiving

the mailing. Or the recipient may be told that if they cash the check, this will be taken as permission to start the service or send the product. The marketer may send a penny or other coin or coins to create interest value, with a line such as, "A penny for your thoughts." Advertising specialties firms can provide a wide range of gimmick items that may be enclosed or tipped onto your promotional pieces. Examples of these might be a packet of instant coffee, a lapel button, or a bumper sticker.

Follow-Ups

In a series of mailings, varying your formats may inspire fresh interest from your prospects. You might, for example, send what looks like a photocopy of your original letter, with a handwritten note saying, "In case you missed this special offer the first time around . . . ." Using different outer envelope sizes will encourage prospects to read mailings sent later in a series, as will printing a two-color brochure in a different color combination.

Postcards

Some mailers find that they can sell products via a toll-free number or draw traffic to a Web site simply by sending a postcard to their prospects. Many magazines use multi-panel postcards for cost-efficient renewal efforts. Other firms use postcards as up-front "teaser" mailings, alerting the prospect to a package they will receive soon and including appropriate benefit-oriented language about its contents. To draw prospects to a Web site or landing page, the postcard should be "more sizzle than steak," talking about premiums or exceptionally good deals. The "steak," leading the customer to actually buy the product, send for a catalog, or take other specific action, can be presented online. This method can save considerable money over a full-scale direct mail package or catalog mailing, and also may expose prospects to the full range of products, services, and features available on your Web site.

Self-Mailers

While the standard direct mailing includes various separate pieces enclosed in an envelope, self-contained mailers come in a number of attractive formats. A self-mailer may be as simple as an offset-printed sheet with an ordering device separated from a letter by a dotted line, or it may be a complex format with ingenious folds, perforations, and combinations of paper stocks to provide a brochure, letter, order form, and pre-formed Business Reply Envelope all in one.

In general, mailers find that they get a better response to envelope mailings than to self-mailers. But people are more likely to pass a self-mailer along to a friend or associate than they are an envelope mailing. So if your offering appeals to a cult audience or special interest group, the self-mailer may work beautifully for you. And because some self-mailers cost less than envelope mailings, the cost per order with the self-mailer may be less, even if you get fewer total orders. Often the self-mailer concept is worth a test against a successful control direct mail package. Work with an experienced printer to find a cost-efficient format, and try it against your standard envelope mailing.

Enhance Your Understanding: Direct Mail = Retail Store

To be effective, a direct mail package must take the place of the complete retail store experience at its best: attracting the prospect, demonstrating the product or service, relating to the prospect in a one-to-one way, closing the sale, and making the customer feel good about the purchase. A good direct mail package can be related directly to the retail store experience, piece by piece. In other words:

Outer Envelope equals Store Window
Sales Letter equals Personal Sales
Brochure equals In-Store Display/Demonstration
Reply Device equals Closing the Sale

Take a direct mail package from your mail or swipe file and see how it stacks up according to this model. Does each piece do its part to attract, sell, demonstrate, or close the sale? Are there additional pieces in this package? What are their functions? Are there pieces missing? Is this a problem, or does the package do the job effectively anyway?

11

How to Create Effective Direct Response Print Ads

With the great advances in database technology for direct mail and online applications, it might appear that the print medium is no longer competitive. On the contrary, many consumer and business-to-business direct and digital marketers still consider magazine and (to a lesser extent) newspaper advertising essential as a primary source of leads, sales, members, or subscribers. In some fields, direct mail lists of likely prospects have become saturated over time, so print advertising has evolved into a cost-effective means of soliciting new customers. Other firms use print media to reach groups of customers that cannot be targeted or reached by mail, broadcast, or other means. Since only about half to two-thirds of American adults are considered true direct response buyers, print media may expand a marketer's reach. Still other companies find print ads an excellent source of incremental business, or a means to support and amplify their efforts in television, mail, and online. Finally, print advertising offers a relatively quick and inexpensive way to test the viability of a product or offer.

What's more, while some pundits once predicted that the Internet might severely curtail the use of print ad media, the reality is quite different. Web sites are quite passive—they need to have customers' attention drawn to them—and space ads provide one of the many viable ways of attracting "eyeballs" to a Web site or landing page cost-effectively.

"Print is not dead," asserted John Kennerty, then Director of Marketing for the Sinclair Institute in Chapel Hill, NC. "In fact, we recently ran a single ad in *AARP* magazine that generated more than 8,000 orders and over $300,000 in sales."

Kennerty said that while online media get much of the attention these days, "For a lot of people ages 45 and older, print publications are still legitimate. These people are comfortable with print. They like their magazines and newspapers to be transportable. They find the content believable. These people grew up with print, and they still consider it meaningful and compelling. They're not going to let their subscriptions go. These are the people who like to have their magazines and newspapers delivered to the house. They'll take the *Wall Street Journal* out with them for coffee in the morning."

Kennerty noted that those who are still subscribing to print publications are a special breed. "People who have stuck around are very interested in the content they're receiving. That means that the advertising in these publications is going to be of more value as well. So for many firms like ours, you can still do very well with direct response print."

The pure-play dot.com companies have actually started using print for some applications, Kennerty explained. "Zappos has used print to push people online, for example. Online advertisers also

are using catalogs to supplement their marketing efforts, sending catalogs to their better customers or prospects. It's a good way to remind your online buyers that it's time to shop again."

Learning from the Masters

In the decades before database management made it possible to pinpoint market segments for targeted mailings, direct marketers looked to magazines and newspapers to attract most of their new customers. The field's legendary mail-order writers—Tom Collins, David Ogilvy, John Caples, and many more—cut their teeth on space advertising.

Back then, segmentation had to be achieved in the ad itself. A compelling headline and carefully chosen photograph or drawing could grab the right readers and draw them into the body copy. Compact classified ads with one- or two-word headlines did the trick for other firms, with every word carefully chosen to attract prospects and inspire them to action.

In his book *A Whack on the Side of the Head*, Roger von Oech states that the surprise value of studying concepts outside of their familiar context can make the ideas more accessible. Thus a look back at some classic direct advertisements from decades ago can help clarify the enduring principles they exemplify. Clothing styles, buzz words, and status symbols may change, but the appeals that were "grabbers" in decades past can still win a prospect's attention. Julian Lewis Watkins assembled a priceless archive of ads in his classic book, *The 100 Greatest Advertisements—Who Wrote Them and What They Did*. The book includes print ads from the turn of the century through the 1940s, with a supplement of ads that first appeared in the 1950s.

Famed direct mail copywriters whose works Watkins celebrates include Max Sackheim ("Do You Make These Mistakes in English?"); Victor O. Schwab ("How to Win Friends and Influence People"); John Caples ("They Laughed When I Sat Down At the Piano But When I Started to Play!"); and David Ogilvy ("At 60 miles an hour the loudest noise in this new Rolls-Royce comes from the electric clock.").

Today's print ad writers owe a great debt to creative geniuses such as these. For in addition to leaving us the legacy of their ads, they also took the time to share the concepts behind them. The "old masters" of print combined a thorough study of human nature with an understanding of the necessity to "test, test, test"—then record their test results, draw conclusions, and build upon them.

The general principles they established are as useful today as they were generations ago. From the collective wisdom of the marketing greats of yesterday and today, here are some basic creative concepts behind successful print advertising.

Newspapers as a Direct Response Medium

The decline of newspaper circulation and ad revenues is a much-discussed topic in the media today. Newspapers continue to lose readers and advertisers for several reasons. First is the "24/7/365" news cycle on the Internet and cable TV news networks, which makes it difficult for the one-issue-per-day newspaper to deliver any "new news" to its readers. Second, the rise of Craig's List and other online substitutes for classified advertising in print has curtailed one of the most profitable ad revenue streams for newspapers. Third, the newspaper-reading population is aging fast, and young people show few signs that they will ever adopt their parents' and grandparents' habit of daily newspaper reading.

That said, there are still a number of reasons why direct response marketers consider the newspaper a viable medium for many offers—especially when their target market is older. For one thing, the newspaper provides the most immediate means of testing a proposition in print.

Newspapers accept advertising until a few days or even a few hours before publication, while magazines may require up to three months' lead time. Readers consider the offers newspapers contain to be newsy and time-urgent, so if they decide to respond, they are likely to do so quickly. Newspapers are an excellent medium for local or regional offers. Some direct marketers also use them to heavy-up their coverage of high-potential areas. Such multi-media programs may add newspaper to direct mail, online ads, and/or television.

Newspapers have been open to new ad formats in recent years, including various types of wraparounds and inserts that are ideal for direct response offers. In addition, many newspapers now accept peel-off, sticky note-type ads that can be placed on the front page of the newspaper. These are good for direct response offers because they are hard to miss, and because they can be removed and saved for follow-up by phone or online. The Kennedy Group (http://www.kennedygrp.com) offers a front page sticky-note ad program that coordinates hundreds of newspapers that can reach tens of millions of consumers in a single ad purchase.

The "mass" medium of newspapers may be segmented somewhat by placing ads in specific sections: retirement village ads near the obituaries, men's products in the sports section, or furniture ads in the home section. Some newspapers have developed zoned editions based on segmentation factors as well as geography. What's more, larger newspapers have become markedly more sensitive to the advertiser's wish for segmentation—often running weekly sections or pages devoted to gardening, fitness, home decor, automobiles, the online world, and other specialized interests.

Running a national direct response campaign via newspaper may prove to be an administrative nightmare, since complete coverage requires securing space in hundreds of publications. On the other hand, national papers such as the *U.S.A. Today*, and *The Wall Street Journal* offer both immediacy and broad reach. What's more, they can be tested in regional editions before a commitment to national rollout is necessary. Also available nationwide, but delivered with the local newspaper, are Sunday supplements like *Parade*. Such ride-along magazines provide better color reproduction than newsprint, a magazine environment for ads with the immediacy of newspapers, and mass circulation in the tens of millions weekly. Regional test programs and affordable remnant-space buys make *Parade* and its competitors appealing to many direct marketers selling products to older customers.

Free-Standing Newspaper Inserts

When they were a novelty decades ago, Free-Standing Inserts (FSIs) represented a very cost-effective way of reaching prospects via newspaper. In recent years, FSIs have suffered from a "clutter" problem similar to that on network television. On television, two-minute commercial breaks once included only two 60-second ads. Now commercial breaks on cable networks—where many direct marketers buy most of their time—are stretching to three minutes, four minutes, or more, and splintered into six or more spots. At one time, the average Sunday newspaper contained only one or two extra inserts, whereas today's weekend edition may be stuffed with retail offers, coupon co-ops, flyers from local aluminum siding companies, and fast-food sales promotion pitches.

At least one FSI format has been successfully copyrighted, making it essential to clear the format you wish to use with a knowledgeable production expert before final plans are made. Even so, the FSI offers several advantages worth considering by marketers of mass-appeal products and services. *First*, it offers a free-standing, visible advertising medium that does not require page turning for the prospect to find it. *Second*, it gives the direct marketer control over size, paper selection, color reproduction, and format. *Third*, it allows for a post-paid reply card or envelope, which lets the prospect respond quickly and conveniently. *Fourth*, many newspapers are able to deliver local FSIs selec-

tively by zone or segment, eliminating some of the medium's inherent waste. *Fifth*, FSIs can offer a total national circulation in the tens of millions. *Sixth*, advertisers may place ads in co-op FSIs at an exceptionally favorable cost per thousand.

Magazines as a Direct Response Medium

In recent years the magazine medium has begun to focus more and more on publications that cater to narrow interest groups such as runners, crafts enthusiasts, or people who keep pet birds. These magazines allow marketers to target space ads to specific market segments, much as they do via direct mail lists. Even among the larger-circulation publications, direct marketers may take advantage of segmentation opportunities to help target their ads. These include:

- Regional editions
- Market or metro editions
- Editorial sections providing ad environments for special interests such as:

  Travel
  Pet owners
  Decorating
  Parenting

- Demographic-based editions providing audiences representing groups such as:

  Doctors
  Students
  High-income families
  Women

Although magazines require a longer ad lead time than newspapers, they offer several advantages that newspapers do not. For instance, the life of a magazine ad is considerably longer, since magazines generally are kept in the home for at least a short period—not swept out with the day's recycling like newspapers. Magazines offer pass-along value as well: they often are shared with family members, neighbors, friends or co-workers. Color reproduction and paper quality in magazines are generally superior to those of newspapers.

Another important factor is the "implied endorsement" of the magazine when a direct marketer runs an ad there. Since most consumer magazines—and many business publications—are sent mainly to paid subscribers, advertisers can assume that the magazine's readers generally feel somewhat positive toward its editorial material. This positive feeling may carry over to the ads that appear in the magazine as well, bestowing upon them an unstated "seal of approval" from a respected source of information.

Some magazines are considered especially fertile fields for direct response prospecting. While this media list changes frequently, certain publications carry many more direct response ads than others. When ads from the same respected marketers appear repeatedly in these magazines, their relative effectiveness is confirmed. Generally accepted good direct response books include but are not limited to:

- *AARP The Magazine*
- *Smithsonian*
- *Parade*
- *Good Housekeeping*

Exhibit 11.1. Lands' End Ad

While many catalog firms use modest 1/6 or 1/12 black and white page ads to prospect for new customers, Lands' End took a more dramatic route with a full-color, double-page-spread coupon ad in national publications.

Reprinted with permission from Lands' End.

- *Family Circle*
- *Woman's Day*
- *Redbook*

In addition, various "shelter books"—those dealing with home and decor—are excellent sources of direct mail prospects. Music clubs, book clubs, and major marketers of collectibles run frequent ads in a much broader range of publications. Financial services and investment firms find fertile fields in publications like *Money*. This list should be used only as a general guideline. Indeed, media experts suggest that direct marketers with a new offer begin their print prospecting with the most narrowly targeted publication possible and work "outward" to more general books. Thus a fledgling marketer of custom-made dog beds might study the results of an ad in *Dogster* before trying the pet section of a general, family-oriented, higher circulation shelter publication like *Better Homes and Gardens*.

The Elements of a Direct Response Ad

Observe people flipping through newspapers and magazines and one thing becomes readily apparent: each article or ad has only a split second in which to engage the prospect's attention. Thus every word and picture must be selected with exceptional care.

There are four main elements of a good direct response advertisement: the headline, illustration, body copy, and response device. Here are some guidelines to use in preparing and combining them in an effective presentation.

Select and Entice the Audience with Headlines

One classic way to train for direct response headline writing was to spend time on what used to be called the horseshoe desk of a daily newspaper. While headline writing is now done online, the example still holds true. Story after story arrives at the headline writer's desk or screen along with the city editor's specifications for exact headline length. Clarity and brevity are essential, for each headline has to fulfill two main criteria in just a few words: to summarize the story, and to pique the readers' interest enough to make them read on.

By the same token, a good direct response headline flags down qualified prospects and lures them into the body copy. It is considered the most important element of a print advertisement. Thus, a smart copywriter will invest all the time and care necessary to make each headline irresistible. Journalists are taught to answer six questions in each news presentation:

WHO?	WHEN?
WHAT?	WHY?
WHERE?	HOW?

These are the questions people want answered immediately about most any situation or opportunity—and thus they are powerful idea-starters for direct response headlines. Yet because journalists are supposed to remain unbiased, newspaper headlines seldom fall into the "irresistible" category. To make a headline compelling, direct marketers have developed some attractive headline "buzz words" of their own, including these suggested by William A. Cohen in his book, *Building a Mail-Order Business—A Complete Manual for Success:*

advice to	important	remarkable
amazing	improvement	revolutionary
announcing	introducing	secret
at last	it's here	sensational
bargain	just arrived	startling
challenge	last chance	success
compare	magic	suddenly
easy	miracle	wanted
found	new	when
free	now	which
how	power	who else
how to	powerful	why
hurry	quick	

But when we're faced with our own blank piece of paper or computer screen, how should we put these words together to capture the attention of the prospect? In his brilliant book, *Tested Advertis-*

ing Methods, the late John Caples said that irresistible headlines do one or more of the following things:

Appeal to the Prospect's Self-Interest
Example:
"We Guarantee to End Your Foot Pain . . . and We'll Prove It to You . . . Risk-Free!"

Give News
Example:
"Finally, a waxless, shaveless, creamless, painless method of hair removal. Finally Free."

Arouse Curiosity
Example:
"What's this woman doing?"

Offer a Quick, Easy Way
Example:
"If you can sew on a button you can create a rose."

An even better headline may result when two or more of these key elements are combined. John Caples stated that of the four main headline appeals, self-interest is by far the most powerful. If we wish to appeal, above all, to the prospect's self-interest, we need to know what people are interested in. We can start by asserting that people are *not* inherently interested in products and services. They are interested in *results*—what products and services can do for them.

They are attracted by the *sizzle,* not the steak. They want to know about benefits (what's in it for me?), not just product features (attributes that may or may not seem important to the prospect). While preparing to write headlines for a product or service, ask yourself what would make you want to buy it. If you are not a member of the prime target market for the product, find some people who are, and learn what motivates them. Try to determine their overall hopes, dreams, and aspirations— this can often prove much more helpful than a detailed discussion of their thoughts about insurance, lawn service, or kitchen appliances.

Here are some of the basic human interests, needs, and aspirations that well-written headlines may address:

- Money—Making it, saving it, investing it for the future, using it to buy possessions, getting it easily (greed).
- Security—Health, financial, family.
- Saving Time—Ending drudgery, having more leisure, relaxing more, getting more done at work, being more organized.
- Self-improvement—Career advancement, better looks, fitting in socially, impressing loved ones and friends, gaining power, increasing pride.
- Enjoyment—Travel, escape, excitement, freedom, novelty.

When you sit down to write headlines for an ad, don't stop at one or two. Write all the headlines you can, branching out in different directions. Create some headlines that focus on the main product benefit. Try some others aimed at a different benefit—it just might turn out to be the key to the product's initial appeal. Set the scene for a psychological reward. Work on some testimonial headlines.

Keep at it until you have a wide range of options. Then if you think several are equally promising, consider testing them head-to-head to see which ad produces sales or leads most effectively.

Avoid writing headlines that are merely labels such as "New Spring Fashions from Target" or "The Prudential Life Insurance Plan." Most effective headlines contain verbs, often vivid ones such as the classic, "How to Win Friends and Influence People."

In general, it is best to avoid negative headlines, although sometimes a warning not to do something "unless" or "until" may entice the prospect to read on. Cute or funny headlines may amuse their writer, but they seldom gain the attention of the right readers. Above all, make sure your headlines are concise and clear.

Keep in mind that today's climate of law and regulation may call for increased temperance in headline writing—especially when it comes to claims regarding money and product performance. It is wise to make your company's or client's attorney your ally to ensure that your copy combines the most compelling claims compatible with a solid legal position.

Smooth the Decision-Making Process with Body Copy

If your headline is effective, it has accomplished one of two things: set up a problem to be solved, or teased with an opportunity to be grasped. Now a reader with some interest in your proposition is poised at the brink of the body copy. It is time to continue with a clear, simple, and straightforward presentation. You may opt to begin your body copy in many different ways. Here are several examples:

- Tell a story.
- Give a testimonial.
- Explain the product's problem-solving or opportunity-grasping potential straight out.
- Compare your product favorably with the competition.
- Use an editorial format.
- Let a spokesperson do the talking.
- Tell of the marvelous results, then flash back to the problem and how it was solved.

Don't use your first paragraph for "warm-up." Jump right in with a strong follow-up to the headline. Many writers find that their strongest lead paragraph is the second or third one they write. By moving the clearest statement of the product's benefits to the forefront, they strengthen their copy. Once you have shown how your product or service does what you say it does, move on to strike the bargain with the prospect. Explain and justify the price, and emphasize your guarantee to ensure the buyer of no risk.

Create urgency—the need to respond right away. Urgency can be explained in terms of limited quantities, limited edition, offer of a premium for quick response, or the immediate need of the prospect to put the product's benefits to work

Ask for the order, and take the prospect by the hand to make sure he or she responds. Tell them to return the coupon, make the telephone call, send in the inquiry, or go online to respond.

To maximize response, don't ask the prospect to make too many choices. The more choices of size, price, color, etc., the prospect has to make, the more difficult it will be to respond.

As for copy length, in general the more you expect the prospect to do or spend at this stage of the game, the more copy you need. Lead-generation ads may be quite short, and all sizzle. Ads signing

up a prospect for a long-term commitment require much more copy for selling, provisions of the agreement, and reassurance. When you use long copy, break it up with action-oriented subheads.

How to Design an Ad for Maximum Impact

The way your ad should look depends upon your target market, the medium in which the ad will appear, and the product's attributes. A direct response ad in a fashion publication like *Vogue*, aimed at upscale women, might well make use of a full-color bleed presentation with an avant-garde type-style for headlines. An ad in the *National Enquirer*, aimed at lower-to-middle-income women, might be black and white, set in a newspaper-like typeface that is compatible with that used by the publication itself. Clothing, home decor items, and other fashionable products call for color so that they can be displayed to maximum effect. Other products—notably financial services—can be presented quite effectively in black and white.

Many successful direct marketing ad campaigns have utilized "editorial ads"—pieces crafted to look as much like an article in the publication as possible. This ploy helps capitalize on the credibility of the publication itself in the eyes of its readers. What's more, it implies the unbiased "news value" of the information in the ad. Keep in mind that some publications may refuse ads that look too much like their editorial material, or place the word "advertisement" at the top of such ads as a disclosure to readers.

On the other hand, in his book *Direct Marketing: Strategy, Planning, Execution,* Ed Nash asserted that a well-designed ad stands out from the other ads in its medium. If you are not striving for an editorial look, find some way to make your ad a "stopper" when people are turning pages. Make the product dominate the page . . . emphasize key words in the headline . . . use a color or a readable typeface that's seldom seen in the particular publication.

A good way to check in advance how your ad will appear in its editorial environment is this: make up a dummy that is as close to the real thing as possible, and then insert it randomly in a copy of the magazine where it will appear. Have various people flip through the magazine and test their reactions to learn if your ad stands out or blends in, and why.

Choosing the Size of Your Ad. Standard sizes for newspaper ads may vary greatly depending upon the publication: see SRDS's *Newspaper Advertising Source* to check on the newspaper of your choice. As for magazines, Standard Rate and Data Service's *Consumer Media Advertising Source* and *Business Media Advertising Source* will help you determine specifications. Standard sizes for magazines display ads include:

- 1 Page
- 2/3 Page
- 1/2 Page
- 1/3 Page
- 1/6 Page
- 1/12 Page

In addition, you may opt for a double-page spread, one or two pages with bind-in card, or a special insert which you may supply if the magazine agrees.

When testing a new offer, larger firms tend to begin with full-page ads and then test smaller to see if they can gain the same number of sales or inquiries in less space. If a one-page ad works well, many marketers also "test up" to a bind-in card or double-page spread. Bind-in cards are less likely to justify their cost than they used to, now that a large percentage of your respondents will order online.

Exhibit 11.2. Gevalia

Gevalia Kaffee Import Services went the bind-in card one better with a bind-in Business Reply Envelope and tear-off reply form.

Reprinted with permission from General Foods (now Kraft).

Color or Black-and-White? In general, a four-color ad will out-pull a black-and-white—but not necessarily enough to justify its extra cost. This can be tested on an A/B split in some publications. Use black- and-white or full color only: two-color or three-color ads seldom bump the response at all. Bleed ads are generally more attractive than those with white borders, but they are more costly, and not guaranteed to pay out. Test bleed versus non-bleed if you have a product that might benefit by the artistic advantage of a bleed ad.

Choice of Typestyle. Direct response print ads must be easy to read, and thus serif typefaces are recommended over sans serif. Some graphic designers try to "sell" the story that sans serif is easier to read. If they pull this on you, ask them to show you a daily newspaper or national magazine with body copy printed in sans serif type—this usually settles the issue. The reason why serif faces make for easy reading has to do with the tiny hooks and squiggles on their letters—they are more soothing to the eyes than the straight lines of sans serif type. Stylish typefaces may be used for headlines if this contributes positively to the overall effectiveness of the ad.

When working with a graphic designer who is not a direct response "pro," one other "don't" should be kept in mind. Although reverse type is quite dramatic, it is difficult to read, and should be used sparingly if at all in direct response ads.

Photos and Drawings. When a photograph and a drawing are tested head-to-head, the photograph will almost always win. Using captions under photographs in direct response ads boosts readership, and therefore response. When choosing photography for your ads, remember to make the product the star. You may be able to borrow attention with an intriguing photo that has little to do with your sales pitch, but you won't be able to sustain it long enough to close the sale.

Surefire attention getters are pictures of animals and people, so consider using them if they relate directly to your product. Psychologists say that men look more closely at pictures of other men, and women look more closely at pictures of other women. Keep this in mind if your product is being marketed to one sex or the other.

Don't underestimate the power of before-and-after shots. But if you must choose only one photo, make it the "after," never the "before." An upbeat, positive, aspirational approach is best.

General advertisers make frequent use of symbolic photographs and drawings in their image-building ads. This is seldom advisable for direct response pitches. Print ad illustration types most often used effectively by direct marketers include: product, product in use, results of using the product, and product in setting with people.

Coupons versus Toll-Free Numbers and Landing Pages. Some fledgling print advertisers rebel against the concept of a coupon. They believe it takes away from the streamlined look of the ad, and they prefer to use only a toll-free number or Web address for responses. Indeed, many general advertisers are now adding Web addresses and landing pages to their ads, believing that this small gesture toward direct response may make their ad dollars work harder. The toll-free number and/or landing page may be appropriate for many consumer audiences, but for older audiences, marketers will be wise to test adding a coupon before rejecting the idea. For younger audiences today, a coupon is seldom necessary or advisable.

This way you can determine the most cost-effective means of obtaining responses—then track respondents to see if coupon or toll-free call or Web customers are most valuable in the long run.

Designing the Coupon. Coupons are a tried-and-true means of soliciting response, but some coupons are much more effective than others. Here are some tips for creating the best possible coupon:

- Make sure the coupon can stand alone, spelling out the basics of the offer, and including the full address of your company. Many consumers clip only the coupon and put it aside for later action. Don't risk losing a sale by providing them with a less-than-complete means of doing so.
- Put your address and the basics of the offer, including the price, elsewhere in your ad as well. This way, pass-along readers will be able to respond even if the coupon is missing.
- When using a bind-in card, the addition of an on-page coupon provides two means for convenient customer response.
- Resist the temptation to "liven up" your ad with a coupon that is placed sideways, fashioned in an exotic shape, or screened with a color or pattern. A rectangle at the bottom right corner, printed in black on white with readable, serif type, is still your best bet. Some graphic designers have actually presented coupon layouts indicating type reversed out of black. Unless you plan to provide a pen with white ink to each prospect, beware of this mistake!
- Make it as easy as possible for the prospect to fill out the coupon. Provide four lines if possible: Name, Address, City, and State/Zip. Asking prospects to "Please Print" will help eliminate problems in adding names to the database when

responses are received.

- Take a photocopy of your print-ready coupon and sit down to fill it out for your-self. Make sure the lines are long enough and tall enough to be filled out com-fortably.
- Add a friendly note of urgency to the coupon, such as "Clip Here and Mail Today." Dots or dashes to mark the coupon border facilitate easy clipping.
- Make sure to add a source code to every coupon so that each customer's origin can be discerned. Depending upon the sophistication and requirements of your database, you might do one of the following:

    Add a department number to your address, such

    123 Main Street, Dept. BHG-619
    (for *Better Homes and Gardens,* June, 2019).
    Place a similar code in the corner of the coupon.
    Assign a number of three or more digits which is coded in your system to
        indicate publication and date.

Classified Magazine Ads

Although many direct and digital marketers today invest millions of dollars in start-up campaigns, there are still many success stories about kitchen-table entrepreneurs who begin their direct response businesses very small and build up to impressive levels over time. The least expensive way to start prospecting in print is by means of classified ads—the short attention-getters that appear in special "shopping sections" at the back of many national magazines. Yet, amateurs fall by the wayside if they underestimate the difficulty of writing an effective classified ad. Every word counts in a piece that may measure only one column inch in length. A classified ad with a strong headline may bring ten times the orders received from another ad with a headline that does not capture the prospect's attention.

The best way to prepare to write classified ads is to study the best ads in the marketplace. Tear out the ads that appear again and again and keep them to study. Be on the alert for headline tests, and then track to see which headlines show up later, and which are abandoned. If there is competition for your product already in the marketplace, study their ads carefully. Find a way to do a better job in classifieds than they do, perhaps drawing upon the appeals used in other product categories.

When you begin to write your classified ad, don't worry about length right away. Write the best ad you can—even if it's two pages long. Then hone and cut and combine. Eliminate flowery language and extra adjectives. Use action verbs. Pull out the most important product benefit and ruthlessly cut out secondary messages. Write a number of headlines and be prepared to test them head-to-head.

Consider price and offer tests. Consider testing various lengths for your classifieds. Test using a small coupon versus name and address only with toll-free-number and landing page. Investigate op-portunities for editorial coverage provided by many shopping sections. If you offer a catalog, look for catalog inserts with bingo cards (better known as Readers' Service Cards or information cards to magazine readers) that appear on a seasonal basis. Keep in mind that initial response alone is not enough to track on bingo card offers. How many of those loose leads actually turn into buyers and then long-term customers for you?

Exhibit 11.3. Sinclair Institute

Sinclair Institute combines a toll-free number, a landing page, and a coupon for maximum response flexibility in its ads aimed at adults over 50.

Reprinted from *AARP The Magazine*.

Using Ads to Generate Leads

There are a number of situations in which it is more effective for print advertisers to develop a two-step approach. Step number one involves the solicitation of a lead, while step number two includes a follow-up by mail, e-mail, telephone, or personal visit to close the sale. Here are some examples of propositions that may pay out better in the long run with a two-step approach up front:

- For club or continuity offers that involve a long-term commitment—Offer the prospect a premium or inexpensive way to sample the product before deciding.
- For catalogs—Offer the catalog-only as an alternative to selling a product from the catalog and then following up with a catalog mailing.
- For big-ticket or complex items—Sell the "sizzle" in the step-one ad. Then send a detailed package that introduces the "steak" only to those prospects who have indicated a certain level of interest.
- For business-to-business offers—Identify quality prospects to be followed up by mail or e-mail, phone, a sales call, or some combination.

When soliciting leads, it is important to set objectives for the quality and quantity of names you wish to obtain. In some cases, you may wish to maximize the number of loose leads you acquire, and then worry about converting them into buyers later on. In other cases, you may wish to qualify your prospects considerably, obtaining only a limited number of tight leads who are predisposed to buy. Exhibit 11.4 gives some pointers to use in structuring your offer to obtain tight versus loose leads.

Final Advice About Print Advertising

In recent years, general advertisers have pushed the boundaries of print advertising with advertorial sections, pop-up inserts, samples of scent and eye shadow, and tip-on samples and premiums. All of these advances and more can be considered for tests by direct marketers.

What's more, all the foregoing points in this chapter should be kept in mind—the best advice for direct response print advertisers still echoes from the writings of the "old masters": To write successful ads, learn first about human nature. Then research the product, the market and the print medium, write your ads with care, and "test, test, test"!

Exhibit 11.6. Tight Leads vs. Loose Leads

To Obtain Tight Leads	To Obtain Loose Leads
Charge money for information or catalog	Provide free information
Do not offer a premium	Offer a premium
Offer a product-related premium	Offer a highly appealing premium unrelated to the product
Provide your logo and address only	Provide landing page, coupon, phone number
No phone number or no toll-free number	Provide a toll-free number
Indicate that a salesperson will call	Indicate that there is no obligation and that no salesperson will call
Ask questions as qualifiers— such as age, phone number, income, when the prospect plans to buy, size of business, number of employees, title and responsibilities	Ask for name and address and address or e-mail only
For business offers—insist that the prospect reply using their company e-mail address	Place no restrictions on method of response
Talk specifically about price	No talk of price
Do not participate in bingo card offers— or do participate, but charge for information	Participate in bingo card offers, and offer information free of charge

Enhance Your Understanding: Write Powerful Headlines

Flip through a consumer magazine until you find a direct response ad that catches your eye. Study its headline and identify whether it appeals to self-interest, gives news, arouses curiosity, or offers a quick, easy way. If it's a self-interest headline, does its appeal hinge upon money, security, saving time, self-improvement, or enjoyment? Now study the body copy, the offer, and the response device. Then put yourself in the place of the copywriter and write ten more headlines that could be used to sell this product. Make some of them self-interest, some newsy, some curiosity building, and some offering a quick, easy way. Edit your headlines to make sure they are meaty, compelling, and specific.

12

Catalogs and Multichannel Marketing

When *Catalog Age* changed its name to *Multichannel Merchant* some years back, the publication's editors explained the change with these comments: "Once upon a time, catalogers sold through catalogs, and retailers sold through stores. But most companies are now channel-agnostic. They realize that they must go well beyond their core channel to reach the largest pool of potential buyers." The renamed publication was intended to "serve catalog companies, online merchants, retailers, manufacturers and wholesale/distributors who sell via print catalogs and/or transactional Web sites."

Times certainly have changed since Montgomery Ward and Sears, Roebuck & Co. reigned supreme in the world of American catalogs. A century ago, their thick "wish books" served the purpose of a general store by mail. Reaching deep into the nation's heartland via Rural Free Delivery, the catalogs offered general merchandise to fill the needs of families that might live hundreds of miles from the nearest store. But as Americans gained mobility, and suburbs spilled into what had been remote farmland, many more shoppers were able to visit cities, towns, and outlying malls to make their purchases in person. Thus catalog merchandisers were forced to find new reasons for being, based on the needs of a changing culture.

Many catalog marketers have struck a positive chord with consumers through unique selection, ease of shopping from home, and other factors. Indeed, while some pundits claimed that the Web would make print catalogs obsolete, the Data & Marketing Association reports that there were more than 9.8 *billion* catalogs mailed in 2016. Nearly every catalog marketer also has a web site. It is clear that for buyer and sellers alike, the combination of paper catalog, Web site, and sometimes brick-and-mortar retail outlets as well, makes for powerful synergy.

Meanwhile, online purchasing continues on a steady growth path while sales from the retail channel are increasing, but much more slowly. With more sales taking place online, direct mail/call center channels have continued to decline over the years. Smart marketers realize, of course, that the orders called in or mailed in relates back to those "channel agnostic" consumers identified by *Multichannel Merchant*: customers enjoy the flexibility of flipping through a paper catalog and then ordering however they choose on any given day: online, by phone, in a retail store, or—much less often these days—by means of a mail-in order form.

The DMA reports that more than 100 million Americans made a catalog purchase in 2016. Quad Graphics research shows that 30% of those polled stated that a catalog had recently spurred them to go online to shop. Even so, the swift rise and fall of many shiny new catalogs proves again and again

that the market isn't magic: each book must carve out its own "reason for being" and support its positioning with top-quality, well-targeted merchandise, a crisp creative product, and excellent customer service.

What's more, the days of overnight success for the "kitchen table" catalog entrepreneur are all but over. Fierce competition has driven down the average response rate of both direct mail and space prospecting for new customers, and online banner ads and sponsored search are far from inexpensive. A peek into the mailbox of an inveterate catalog shopper reveals that five, ten, or more different books may arrive *daily* between Labor Day and the end of October. This pre-holiday catalog glut rivals even the worst advertising clutter on cable television. The situation in space advertising is little better, with catalog shopping guides and small-space ads for catalogs filling the back pages of nearly every likely fall publication. And while Web sites are part of most every catalog's multichannel presence today, this medium is often less than effective in attracting new customers without the integration of a strong print presence.

This chapter will provide a step-by-step guide for creative people charged with positioning and creating a catalog and its companion Web site. It includes ideas that graphic designers and copywriters may use to make their creative product as appealing and user friendly as possible. It offers proven ways to increase average order size, reader involvement, customer loyalty, and impulse purchasing. And it concludes with some hints to help keep the day-to-day output of catalog writers and designers from getting predictable and stale.

Catalog Positioning

In the age of "niche marketing," the most exciting aspect of catalog creativity is *positioning*. It is not enough to choose a general merchandise category like women's clothing, food, or children's toys. All of these categories abound with catalogs that have already established an image and a basis of trust with consumers. Rather, the catalog marketer must embark on a period of research to identify a unique and viable target market for each new book and companion Web site.

The Target Market

To succeed in the competitive catalog realm, each firm must discover and fulfill one or more unmet needs of a target group of consumers. Equally important, the target group must be *reachable* by some cost-effective combination of direct mail lists, space advertising, e-mail, mobile marketing, sponsored search and social media. What's more, the market must be *sizable* enough to result in a business with sufficient volume to meet the goals of its sponsoring organization.

Fulfilling an Unmet Need

Some firms are able to translate their successful retail sales concepts to catalog and Web marketing. For example, the Crate and Barrel catalog and Web site both echo the spare, contemporary good looks of the tabletop, cookware, furniture, and linens stores that preceded it. Other organizations approach the marketplace with only a rough idea of the product category they wish to enter.

A number of large firms have recognized the potential of catalog and Web marketing as a new profit center. As wholesalers, these producers of products like clothing, food products, or dinnerware miss out on the large percentage of mark-up that retailers enjoy. Thus they may wish to develop catalog and Web concepts around the general merchandise categories they can supply.

As an example, Hanes sells its Hanes, Bali, Playtex, and Champion brands through various retailers' outlets. There is also the One Hanes Place catalog as well as a Web site (*www.onehanesplace.com*) that sells all these brands in a broad range of sizes, styles, and qualities (regular or irregular) at a discount.

American Spoon Foods sells its jarred fruits, jams, salsas, and sauces in upscale grocery stores and its own retail outlets in Michigan resort towns, but broadens its reach with a colorful American Spoon catalog and a Web site at *www.spoon.com*.

How to Find a "Niche"

The discovery of a unique multichannel marketing selling proposition begins with two forms of research. The first entails studying the existing catalog and Web competition, while the second involves consumer research to determine the viability of unmet needs you may discover.

Multichannel Marketing Research. To begin the research process, gather as many competitive catalogs as possible, and also take a look at their companion Web sites. If they have retail stores as part of the mix, visit one or more of those brick-and-mortar outlets as well. To gather your catalogs, answer their ads in publications, call the firm to request a catalog, or ask for one through the company's Web site. You can get an overview of what catalogs are available at *www.catalogs.com*. Don't stop with a handful of catalogs: in general categories such as women's clothing or food, you should end up with several shopping bags full.

Next, identify the creative team that will be working on developing the catalog positioning. This team might consist of a marketing person, a top-notch copywriter, and an equally experienced graphic designer. Each member of the creative team should be allowed the time necessary to leaf through/surf through all the competitive catalogs and Web sites for a general impression of the existing market. Then each member may begin conceptualizing in his or her own area. For instance, the marketing person might create a matrix of some of the best and most sharply defined companies in the product category.

Placing orders with a number of these firms is also a good idea, so that their response times and quality of customer service can be noted on the matrix. Exhibit 12.1 shows how a portion of such a matrix for the women's clothing category might look. While the matrix is under construction, the copywriter and art director can pull examples of distinctive layout, copy, photography, typeface selection, and other items of interest from the catalogs, Web sites and retail stores they are studying.

By sharing what they have found, all members of the creative team begin the process of narrowing down their options, considering the competitive environment and the capabilities of the firm that will publish the catalog. For example, suppose that a leading textiles firm has determined that it wishes to enter the field with a catalog of women's clothing. This textile company can make most any type of clothing: trendy, classic, inexpensive, or more finely crafted and costly. They have no facilities to make undergarments, shoes, purses, or other accessories. Thus the creative team will be looking for an area of unmet need that can be fulfilled with a catalog that is anchored by women's clothing products. These are the items that can be sold at attractive margins, since they will be manufactured by the textile firm with no middleman to cut into profits.

Upon completion of their catalog research, the creative team might agree upon three, four, or even ten possible areas of unmet need in the women's clothing realm. They then begin to shape these general ideas into catalog concepts including a working title, merchandising mix, price range, layout and copy concept, and extra factors such as specialized customer service or Web site features. In rough form, these catalog concepts might appear as shown in Exhibit 12.2.

Exhibit 12.1. Catalog Research Matrix

CATALOG NAME	MERCHANDISE MIX	COPY/ART	FULFILLMENT "LOOK"
J. Crew	Close-cropped, trendy clothing for young, fashion-conscious women. Reasonable prices.	Plain back-. grounds; few settings, locations, or props. Simple copy set in serif type.	Ordered online 7/15; arrived UPS 7/21. One backorder. No payment due until October under special promotion.
Austin Reed	Tailored, business-like clothing for working executives or "ladies who lunch." Mid-range prices.	Liberal use of elegant settings; models from young to mature; simple, descriptive copy.	Phone order 7/15. They called 7/16 to verify size; order arrived 7/18 via Second Day Air.
Chico's	Easy-fitting clothing with lots of shiny fabrics, bright colors, tweeds, textures. More casual than Austin Reed.	Cover sets the tone for exotic locales inside; spreads echo that look with models to appeal to middle-aged women's market	Called in order 7/15. Received an e-mail on 7/21 stating item is back-ordered to 9/1. Called to cancel 7/22.

Consumer Research. After the creative team and the prospective catalog firm come to an initial agreement on some unmet needs it may wish to fill, it is essential to do some groundwork aimed at determining the feasibility, size, and reachability of each prospective "niche." List and space advertising brokers can be of great help at this stage, assuming that your firm or agency has sufficient clout to command their work on a speculative basis. If not, your own careful research with the SRDS Web sites for consumer lists and magazines may suffice. Look for lists of proven mail order and e-mail buyers who would be likely prospects for each "niche" you have identified. Can you reach successful career women via list rentals? How about young mothers? Sportswomen? Women who travel? How large is the universe of likely lists in each category you are considering?

Look for space advertising opportunities that will put you in touch with each target market you are considering. Are these magazines known as good direct response books? How large are their circulations? Next, you need to determine whether the rough creative concepts you have developed have sufficient appeal in the marketplace. Demographic and psychographic research from secondary sources—the work of Faith Popcorn (*http://www.faithpopcorn.com*) for instance—can help identify trends. An example: a trend toward mothers leaving the work force to stay home and raise their children might be a positive indicator for the "Mom's Wear" catalog concept.

Focus group research can provide consumer reaction to your rough ideas and may well help you eliminate some and add depth to others. You might also consider testing the catalog concept in space and Web advertising—perhaps with a representative product offering that you can fulfill. If you choose to "dry test" the catalog concept, do not ask for money. Make it a free catalog offer. Then all

Exhibit 12.2. Catalog Concepts

Unmet Need in the Women's Clothing Catalog Realm—Clothes for career women who want to go right from the office to evening galas or casual events.

Rough Creative Concept—"DAY FOR NIGHT"

A catalog of outfits that can be worn as serious career clothes and then transformed into evening or casual wear. For instance: a black wool dress has turn-back cuffs and collar that can open to reveal black sequins and a low V-neckline. Or with the change of a belt from snakeskin to hand-tooled leather, and the change of a scarf from silk to challis, tan gabardine slacks and beige cotton blouse goes from work to a casual sporting event in perfect style. Price range would be from $250 to $350 per outfit—for the successful career woman. Layout would be lavish with thick paper stock and copy and photography that amplify the outfits' versatility. Copy would include word-pictures describing the active lifestyle buyers have or would like to achieve.

Unmet Need in the Women's Clothing Catalog Realm—Fashionable yet casual and comfortable clothes for a mother to wear while taking care of her house and children. Something more imaginative than jeans and a sweatshirt, yet affordable, stain-resistant, and washable.

Rough Creative Concept—"MOM'S WEAR"

A catalog of unique washable clothing with elastic waists and flattering silhouettes—something Mom won't see others wearing in her town. A change from the same old jeans, these clothes might include form-fitting yet comfortable athleisure wear, easy-to-wear casual dresses, and leggings with interesting styling touches. Tops will feature handsome detailing, yet be quick to recover from spilled toddler food, muddy hands, and other disasters. Price range would stay at $100 per outfit or less so that they are not out of reach for middle-income families. Layout will be done in primary colors with slice-of-life photos of Mom's busy day, surrounded by adoring kids. Some photos will show a working Mom who does a quick change into her "Mom's Wear" upon arriving home.

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you owe responders is an explanation—either that the catalog will be published on x-date and you will send them a copy, or to apologize for the fact that it will not be published after all.

"Niches" Based on Factors Other Than Merchandise. Your challenge as the creator of a new multichannel marketing concept is to offer the consumer a range of related products that he or she does not perceive to be as readily, attractively, or conveniently available from any other source. You may achieve this on the basis of any number of attributes beyond product positioning. For instance:

- *Better selection*—Most consumers know that they can purchase cotton turtleneck tops at a local shopping center. But can they be assured that the colors and sizes they want are available no matter what the season? If you offer reasonably priced cotton turtlenecks in 25 different colors and 20 sizes, and keep them in stock for immediate delivery, your catalog/Web site may be perceived as having a "better selection."
- *Finer quality*—The consumer who buys a jacket off the rack in a midline department store is unlikely to hear about its construction and long-wearing qualities from the clerk. But if you can explain these attributes in copy—and solicit online testimonials and "star ratings" from satisfied customers who took the jackets on round-the-world trips—you may well win the customer's admiration as a source with "finer quality."

- *More affordable price*—Once again, perception is the key. It may be that a local retailer is more affordable than you are, but if the consumer perceives your product as a value, you may win the sale anyway. You can enhance the value of your product by making it easy for the consumer to obtain it: i.e., toll-free numbers, Web site with a simple interface such as Amazon's 1-Click ordering, quick turn-around, returns with no questions asked, etc.
- *Appealing presentation*—The products themselves may not be unique, but if your presentation makes them fun to buy, you may win the sale. Some catalogs and Web sites win a loyal following with homespun copy and cozy graphics. Others gain the "snob appeal" sale with slick presentation on thick paper stock, elegant gift boxes, and other touches of class.

Creating and Promoting the Catalog and Web Site

Through the multi-faceted research process described above, your creative group and the firm behind your prospective catalog and Web site may well be able to define a specific, reachable, and sizable target market. Next the creative group should join forces with merchandisers and catalog operations experts to further develop the concept. A continuous working dialogue among all of these people will help ensure that your sharply defined creative concept shines through in the merchandise, layout, copy, and even the operations of the catalog firm. Specifically, however, the direct and digital marketing creative team is now charged with defining and developing the copy and layout of the fledgling catalog and any ads, e-mails, and other promotions that will introduce it. They may also become involved with pagination (deciding which merchandise goes on which pages—and how many pages there will be) and space allocation (which products, if any, will dominate a given page or spread). A similar investment of effort will go into the Web site presentation, including a protocol for what additional products will be "served up" to site visitors when they look at each product being offered. For example, this could be done on the basis of "this goes well with the product you've chosen," or "people who bought this item also bought these other items."

How to Do Pagination in a Print Catalog—the Hot Selling Spots

As you plan and design your print catalog, consider the best use of the prime selling spaces in your book. First is the *front cover*. Although this can be a prime selling space, many catalog marketers opt to use this first page as a "theme setter." They may show a group of merchandise items that are available for sale inside the catalog, a scene that characterizes the company and its goods, or a seasonal vignette. In any case, make sure that products shown on the front cover are readily identifiable for buying purposes. Example: a line that says "see page 5 for details on cover products."

The *back cover* is the second hot spot. It should in most cases be used for selling products with a high sales potential. Be careful that the products you choose for the back cover also characterize what's inside the catalog. If they are too different from the mainstream of merchandise in your book, prospective buyers may never make it past the front and back covers.

The *inside front cover spread* and the spread after that are next in the prime territory race, along with the *center spread* and the *inside back cover*. The *spread near the order form—if you still provide a print order form—(most catalogs no longer do so)* also carries high potential. And if you still provide a print order form, don't underestimate the power of the *order form* itself for selling mer-

chandise, especially the add-on or impulse variety. Talk with your printer about bind-in order form designs that give you some extra selling space at an affordable cost.

For these inside hot spots, you will want to choose merchandise with excellent margins and/or top sales potential. But it is also important to consider developing a theme for each spread or section. The copywriter and designer can work together with merchandising people to find pieces that work well together. For example:

- A spread of gift suggestions with all items priced at $25 or less.
- A tabletop spread with dinnerware, glassware, linens, and accessories all in blue, yellow, and white.
- A clothing spread featuring items that work together to create a weekend wardrobe.
- A spread of items especially for children in a general giftware catalog.
- A spread of items that can be personalized.
- A spread of decorative and/or wearable items on a holiday theme such as Halloween, Thanksgiving, or Hanukkah.

How to Allocate Space for Each Product in a Print Catalog

Successful catalog firms have widely varied views on this subject. Lands' End frequently devotes a cover and inside front spread—or even more space—to one staple item like its turtleneck tops or short-sleeved pullover shirts. By contrast, many food catalogs squeeze in products with a shoe horn, just as they might appear on colorful, crowded shelves. The ultimate answer to "how much space does this product deserve?" is this: "whatever amount its sales and profit margin can support." There are exceptions to this rule, of course. Neiman-Marcus, Hammacher Schlemmer, and other upscale catalog firms may offer outlandish trips, fantasy adventures, and lavish products that require a page or more to describe—and may not sell a single unit. These products are justified because they help to create the catalog's overall aura—and because they are excellent public relations tools. At the other end of the scale, a cataloger like One Hanes Place may discover that plain white briefs sell a predictable 5,000 units whether they receive full-page treatment or a corner of a buried inside page. In general, the most practical way to assign space is by the numbers. Use your sales history with each item to determine its relative strength. If the item or the whole catalog is new, you will need to make some decisions based on the best information you can gather. Check your competitors' space allocations for general indications. Draw upon your vendors' experience to determine the relative appeal of various products.

Consider the price point and margin of each item: for instance, it only stands to reason that a $500 home audio system has a better chance of justifying a half-page space than a $50 shower radio. If your house brand of fashionable sweater set has a three-time mark-up and a designer set sweater has only a two-time mark-up, you'd be well served to push the house sweaters with a larger space and more lengthy description. Results after your first mailing may well prove that your logical assumptions are wrong, however, and then you can make the necessary adjustments to maximize sales and profits.

You may also try out your hypotheses on your Web site with some quick product and space-allocation testing, then use the results to help shape your initial tests in print. If an item did twice as well as you projected in its first appearance, you might try allocating more space to it to see if it can do even better. But test this, because some products can do perfectly fine in a small space while others only "bloom" on a half-or full-page layout.

Exhibit 12.3. Lands' End Catalog Spread

This Lands' End catalog spread illustrates several of the firm's unique strategies. First, Lands' End has devoted an entire spread to "romancing" one simple product line: Polartec 200 pullovers. Second, the firm offers a much wider range of colors and sizes than one would be likely to find in a retail store. Third, they use real people in action as models, and weave a human interest story in with their selling message.

Reprinted with permission of Lands' End, Inc.

The Print Catalog Layout and Copy Concept

While the final page line-up is in the works, the copywriter and graphic designer can be working to develop the print catalog's appearance and tone. This stage requires numerous decisions. These include:

- *Catalog size and number of pages*. Consult with merchandisers for number of products—a very general average is four to eight products per page. Check with printers to determine cost-efficient formats in the general size range you are considering: subtracting just 1/8" in size can sometimes save many thousands of dollars. Postal rates also may vary based on catalog size.
- *Paper stock*. Heavier, coated stocks bespeak an upscale offering. The thinner, grayer, and less shiny stocks are less costly and may actually be preferable if you are trying to develop a catalog that looks approachable and affordable. Recycled paper is considered a must by some target market groups today: keep this in mind when making your paper decision. Once again, consult with printers or paper salespeople for ideas on ways to save money and project the image you seek.

- *Illustrations/photography*. Some catalog firms prefer illustrations to photography. Their reasons may include saving money, developing a recognizable style, creating a "down-home" look, or carrying out a theme. Other firms swear by in-studio photography with simple backgrounds that make the product the star. Others try to use existing art from vendors to save money—but this can become time-consuming when artwork from many sources has to be pieced together at the production stage to achieve a unified appearance. Still others use more elaborate studio photography or even location shoots in exotic locales. To make the choice for a given catalog, consider budget, the book's current or targeted image, time constraints, and product category.
- *Layout style*. Choices abound in this area as well. Catalog layouts run the gamut from the simple "rectangular picture with square copy block beside or below" layouts of a Miles Kimball book to the magazine-style looks of the Lands' End catalogs, which often feature testimonials from satisfied customers who may model the items they like best from Lands' End. Then there are the decorating books like Horchow Home that place groups of items in attractive room settings, versus Home Decorators Collection (now owned by Home Depot), which offers similar merchandise shown individually in simple "product-only" shots. Studying catalogs, magazines, and everything from travel posters to retail store windows may provide inspiration for layouts. Remember in all your work: the products are the stars. They should never be overpowered by "art for art's sake."
- *Copy style*. Once again, there is no clear road to success. Catalogs like L.L. Bean prosper with long, detailed copy while many other books get by with minimal description and very little copy "personality." Will you have separate copy for each item, or use common-copy lead-ins followed by individual descriptions? Will spreads or pages have headings and/or subheads? Will individual copy blocks have boldface lead-ins? Will each copy block contain a message of urgency or call to action, or will the selling message be more understated? Will your copy be minimal and aimed simply at getting the customer to go online for more information? Once again, the answers to these and other copy questions can be developed after studying catalogs, space ads, and other writing specimens you wish to emulate. In evaluating alternatives, ask yourself, "which method contributes most to the selling message of this catalog?" Another important point: make sure that products and the copy that describes them are clearly keyed to each other so that prospective buyers have no trouble matching picture with words.
- *Magalogs and advertorials*. Most catalog experts agree that the "magalog" concept seldom works in its purest form: a catalog that appears much like a magazine and just happens to sell products. But well-placed "advertorials"—short blurbs that enhance product appeal or establish the catalog's credibility in the marketplace—can prove well worth the space they require. Subjects of "advertorials" range from menus, party plans, and recipes in food and tabletop catalogs to health tips in books aimed at the needs of the over-50 consumer. Some catalogs establish a "voice" who serves as expert spokesperson.
- *Type style and type size*. In general, serif typefaces are easier to read in copy blocks. Their tiny "tails" and "fillips" are easier on the eyes than sans serif faces that are perfectly plain. Typefaces can do a great deal to reinforce the theme and

Exhibit 12.4.   J. Peterman Illustration

Owning the best.

By Appointment
TO H.M. QUEEN ELIZABETH
THE QUEEN MOTHER
UMBRELLA MAKERS

I have a friend in New York who has a 25-year-old Bentley, aluminum-bodied, quite fast, and quite beautiful. People driving Mercedes, BMWs, Jaguars, look over their shoulders in despair as he passes by. Where did I go wrong, their faces say.

The thing about his Bentley is that the oil-filler cap, which is spring-loaded for quick opening, is identical to, and unchanged from, the oil-filler cap in Bentleys made fifty years ago. In other words, get it right, then don't mess with it. Go on to something else.

This is by way of introducing the best umbrella in the world. How can I be so sure of that? Because the Queen of England bought her umbrella from the same source: Swaine Adeney Brigg & Sons Limited, London.

The Queen of England, I think, could afford a very good umbrella. She can also afford to not get stuck with an experimental model, a provisional model, a see-how-it-goes model of umbrella (or anything else).

Our feeling today, sadly, is that if it's very good, they will stop making it soon. Too bad we feel that way. Too bad there's cause (as lawyers say) for feeling that way.

The Swaine Adeney Brigg umbrella is made from one piece of wood. It's solid and it's thick exactly where other umbrellas snap and fall apart. The runners, caps and ferrules are made of solid brass; the hand spring and top spring is nickel silver. The cover is cut, sewn and tied painstakingly to each rib. The shape (open) is domed (more room to get under it).

Swaine Adeney Brigg also makes riding whips, lunge whips, polo whips, hunting crops, seat sticks, walking sticks, even sword canes. Well, why not? They were established in 1750.

How long will the best umbrella last? I don't know. My Bentley friend told me about a man who bought a Bentley even older than his. It had 250,000 miles on it when he bought it. He's already driven it now an additional 127,000 miles.

The Swaine Adeney Brigg umbrella. Black, of course. Maple handle.
Price: $165. We pay shipping.
(Price upon request: Malacca Crook handle; Whangee Crook handle; Polished Chestnut handle; Furze Crook handle; Solid Hickory handle.)

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The road not taken.

HOTEL
SHEPHEARD'S
CAIRO

(Sleeves shown rolled.)

I always wanted to cross the Sahara, and the Gobi, by foot. But I didn't. I did not swim the Hellespont. Didn't ascend Mont Blanc. Didn't read all the books I had to read. Ached to fly a Ford tri-motor anywhere, even to St. Louis, but didn't. Did not modestly decline the Nobel Prize. Didn't spend even one night at Shepheard's Hotel in Cairo. Not one.

Shepheard's burned to the ground before I could afford to check in. That night, it became my code word for everything unobtained, undone.

In case there are a few things in your life you wanted but won't get, I offer as consolation The Impossibly-Perfect-Night-at-Shepheard's-Hotel-in-Cairo-Bathrobe.

Luxurious, thick, engulfing. Finer than any you have ever seen (as it should be). Discreet Shepheard's logo. All white cotton terry velour.
Sizes: S, M, L, XL, (unisex).
Price: $135. We pay shipping.

AMERICAN EXPRESS
rush delivery
$6.50, see p. 2

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This J. Peterman catalog used illustrations instead of photographs to sell products whose features and benefits are enlivened by a very readable, narrative copy style.

Reprinted with permission of the J. Peterman Company.

tone of a catalog: nostalgic and warm, contemporary, European or Far Eastern, classic or avante garde. Save exotic typefaces for headings and choose a more recognizable, easy-to-read face for the main copy blocks. Type smaller than 8-point size is nearly impossible for general audiences to read comfortably. If your audience includes children, or if you are appealing to people over 50, try for type no smaller than 10-point to enhance readability.

Exhibit 12.5. Williams-Sonoma

How to Assemble a Cheese Tray

A cheese tray is a beautiful and delicious addition to an hors d'oeuvre selection or buffet. Why not offer a themed tasting, such as French or farmhouse cheeses, or mix favorites like Brie with less familiar cheeses, such as Manchego? Select three to six cheeses, depending upon the number of guests. Vary the flavors, textures and shapes. Cheeses are generally categorized by texture: fresh, soft-ripened, semi-soft, semi-firm and hard. Flavors vary depending upon the milk used and the aging process. Serve with thin slices of French bread or whole-grain crackers. Fruit adds color, and complements the cheeses' flavor. Arrange cheeses and fruit on a tray lined with paper or fresh lemon leaves. Some suggestions: Chèvre, Coulommiers, Havarti and Roquefort; Chabis, Brie, Farmhouse and Stilton; Cheddar, St. Andre, Bucheron and Manchego.

Goat Cheese Collection
NEW Award-winning cheese maker Laura Chenel has been producing superb fresh and aged chèvre (goat cheese) in a small dairy in rural Sonoma Valley for 15 years. Having apprenticed with master cheese makers in France, she maintains the highest French standards. We offer a sampling of five of her finest cheeses: two 5-oz. logs of fresh, mild Chabis (a plain and an herb-coated); a 3-oz. aged Crottin; a 9-oz. aged Taupinière; and a 4.5-oz. jar of Cabecou marinated in herbal olive oil. Serving suggestions included. *The set*
#67-1092998 **$39.00** ® ♦♦
Catalog only

Cheese Trays
In the fromageries of France, cheeses are displayed on rustic woven trays like these. Made in China of peeled willow. Large: 16" diam. Small: 14" diam. *Set of two*, one of each. #67-975417 **$12.00** ® *Catalog only*

Apilco Autumn Ramekins and Plates
NEW Nut-and-leaf designs enliven these classic French porcelain ramekins made by Apilco. Use them for individual soufflés, mousses and crème brûlées or to keep hors d'oeuvres near each guest. Snacks such as olives dressed with olive oil, orange zest and thyme suit these dishes well. Cocktail plates pair beautifully with the ramekins. Dishwasher, microwave and oven safe. *Sets of six* ®
Autumn Ramekins, 6-oz. cap., 3½" diam. #67-1099548 **$49.00** *Catalog only*
Autumn Cocktail Plates, 6¼" diam. #67-1085539 **$69.00** *Catalog only*
White Ramekins #67-835264 Reg. $30.00 **Special $21.00**
White Cocktail Plates #67-1099555 Reg. $36.00 **Special $24.00**

Cheese Leaves
NEW These photographic replicas of maple leaves at their most brilliant might even fool Mother Nature. Scatter them on a cheese tray or across a buffet table for seasonal color. 7½" wide. *Set of 40*, 20 red and 20 yellow. #67-1058312 **$14.00** ®

Williams-Sonoma added authority and appeal to its catalog with short Cook's Primer columns like the one on this page, "How to Assemble a Cheese Tray." The column is surrounded by related merchandise, including a goat cheese collection, trays and paper leaves for the display of cheese, and ramekins and cocktail plates.

Reprinted with permission of Williams-Sonoma, Inc.

Producing the Print Catalog

Once the page line-up and the style for the layout and copy have been approved, you may create the final, comprehensive layout. As the catalog design shapes up, make sure that one of your foremost goals is to make the catalog appealing and easy to use. Spreads should flow together in a pleasing whole, and such essentials as the order form (if you opt to include one), your return address, your Web address, and your toll-free number should be easy to find. Indeed, many catalogs today wisely display the Web address and toll-free number on every spread.

The copy should expound on the product features and their related benefits. Diagrams, close-up shots, testimonials, and product-in-use ideas will all help "activate" your catalog and make your products seem real and desirable to the prospect.

When direct mail packages—consisting of letter, brochure, order form, etc.—are developed, the copy often is created before the layout. But in most cases, catalog copy is written to fit a completed layout, since space is often at a premium. This does not mean that the copywriter should not have input on copy space; on the contrary, it is best if the writer works directly with the graphic designer to determine which products require more copy and which can be sold effectively with less.

Time was, most catalog graphic designers would "spec" copy as a matter of course—telling their writers exactly how many characters would fit a space—or at least providing the number of lines per inch and the number of characters per line or pica. In many cases today it seems that copywriters must assert themselves to obtain this information. But it is essential that they do so. Good catalog copywriters perfect the skill of writing to the space allowed. Overwriting causes costly, time-wasting rewriting and editing. With sophisticated graphic design software in common use today, the partnership between designer and copywriter is often easier to foster, since copy can be dropped right into the layout with just a few mouse clicks—and manipulated quickly and easily.

Once the layout is finalized, photography may well be taking place at the same time copy is being written. Copywriters should resist the temptation to write strictly from product description sheets or inferior product shots provided by vendors. They should insist on visiting the photography site or merchandisers' offices and spend time getting to know the products: trying on clothes, fondling fabrics, taste-testing foods, using electronic items, listening to music systems, and finding out if the new Flat Screen TV with streaming options is truly easy to use.

This personal experience with the product is all the more important when a catalog contains hundreds of items that are extremely similar. Witness the experience of top marketing consultant Judy Finerty when she was the copywriter for the Nestle chocolate catalog. Judy would be hard-pressed to describe the difference between a semi-sweet Swiss and a semi-sweet French chocolate unless she had tasted them both, one right after the other!

Once photography and copy are complete, and final art has been created, it is time to proofread and evaluate your work before it goes to the printer. When looking over your creative product, remember the principle of PPIPU: "perfectly plain if previously understood." Often you may become so close to a product and its presentation that you fail to notice essential missing visual or written elements—things a customer needs to know. To avoid this, have unbiased outsiders look over your photos and copy and ask them if anything seems confusing or would turn them off as prospective buyers.

In addition to proofing for typographical errors, make sure your merchandising staff and operations people have a chance for a final "once over." Have them sign off on item numbers, pricing, size ranges, color options, and special offers. Make sure that such disclaimers as "battery not included" are made where necessary. Take time to match key letters with photographs one last time:

it's amazing how many catalogs have confusing errors where copy "H" actually describes the item keyed "L."

If you are including a paper order form, have a number of people—both catalog "regulars" and people who seldom shop by mail—attempt to fill it out and tell you where the glitches are. The order form does not have to be strictly a learn-by-doing proposition: check the competition and some of the more established direct mail marketers to see how they handle such essentials as fax options, postage and handling, bill to/ship to arrangements, gift wrapping and enclosure cards, personalization, charge and credit options, etc. If you are considering dropping your paper order form as more and more customers use the phone or buy online, you will be wise to test mailing catalogs with and without the order form to make sure you don't lose valuable orders from customers who still prefer to mail in their responses.

Promoting the Print Catalog

If your firm already has a database of direct response buyers, building the new business may be achieved mainly by testing the most likely database segments to find the best customers for your new catalog. In addition, you may well do some outside list prospecting and advertising in publications, online and through other means. If you are starting the catalog from scratch with no house list or database, a realistic investment plan for two or more years of prospecting "in the red" is reasonable today even for the strongest new venture.

Depending upon your financial backing and objectives, you may create magazine ads for mail order or catalog request sections as small as 1/12 page. Established firms such as Lands' End may invest in full-page ads or even double-page spreads seeking catalog prospects, but few new catalog ventures can afford such a lavish presentation.

Other ways to prospect for new catalog customers include affiliate deals or banners online, sponsored links on search engines, social media advertising, customer referrals, package inserts, card decks, and public relations write-ups. Prospecting ads and flyers should carry the same look and tone as the catalog itself, and use every word to overcome inertia and gain response.

Creative Tips for the Online Catalog

While some firms use the same copy that appears in their print catalogs for their digital promotions, the majority of catalog marketers use the power of the Web to create unique presentations online. Here are some examples.

- **Home Page**—Catalog marketers tend to use their home pages to present the latest news about sales and special offers, and/or to showcase seasonal or hot-selling products. The home page should also feature both a search box and a pull-down menu of options for product offerings. Multichannel marketers often offer a "quick shopping" feature that allows customers to input the stock number of an item they've seen in the print catalog. Typically there is also a click-through for prospects to order a print catalog to be delivered to them by mail. Firms with retail stores will be wise to offer a store locator on the home page as well.
- **Relevant Pop-ups**—While many consumers claim that they hate pop-ups, and many others disable the pop-up function on their browsers, the key to a successful pop-up is relevance. Catalog site visitors may be happy to be greeted with a

Exhibit 12.6. Aerosoles
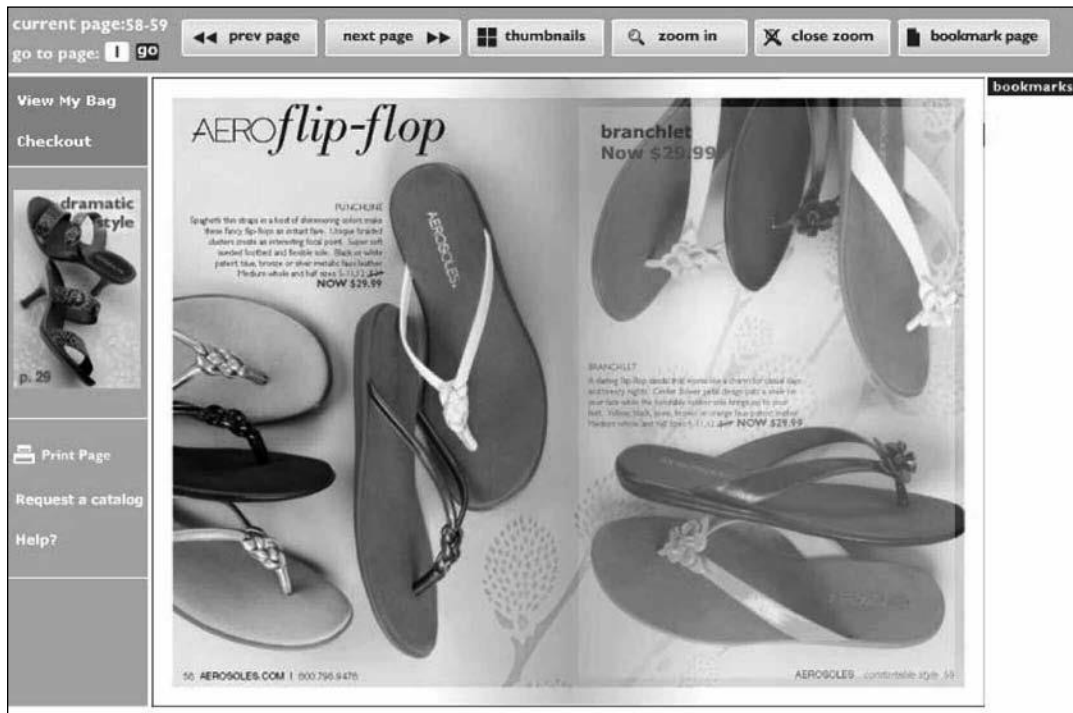
Aerosoles presented its print catalog online with some helpful enhancements. Readers simply clicked the lower right corner of the right-hand page to turn to the next spread. To find out more about a given product, readers clicked through to a page with additional facts and pictures.

Screen capture from *www.aerosoles.com*.

pop-up offering free shipping, an invitation to sign up for a sweepstakes, a special discount or other limited-time offer.

- **Print Catalog Online**—Some firms place a digital version of their current print catalog(s) on the Web site with click-throughs to more information about each product. It's easy to turn to the next spread in the catalog with a mouse click in the lower right-hand corner of the current page.
- **Product Presentation**—Instead of the themed spreads of merchandise that are typical of print catalogs, the online catalog marketer most often presents search results in a series of simple, uniform boxes. The customer then can click through to any item of special interest for a larger picture and more information.
- **Copy Style**—Online catalog copy often is presented in bullet-point form rather than paragraphs of narrative material.
- **Visual Presentation**—Print catalogs typically present only a single image of each product—sometimes with insets or detail shots. The Web offers the opportunity to show multiple images of each item, to zoom in or out, and to change the product's color with a quick mouse click. For example, shoe marketers may

Exhibit 12.7. Coldwater Creek

Coldwater Creek integrates customer reviews with many of its online product presentations, as shown in this illustration.

Screen capture from *www.coldwatercreek.com*.

Exhibit 12.8. Pottery Barn

Pottery Barn recognizes active customers who visit its Web site but do not buy, and sends them e-mails like this one, offering "thanks for stopping by," and various methods of help to complete a purchase.

Reprinted from an e-mail received from Pottery Barn.

show a single product from the top, bottom, side, back and front. Ross-Simons presents product videos that feature individual jewelry items on a plain suede stand or worn by a model.

- **Suggestive Selling**—Web marketers can use the power of suggestive selling to present additional items when a customer clicks on a product of special interest. As mentioned earlier in the chapter, these might be items that coordinate with the initial product, or items that fall under the category of "people who bought this item most often bought these items." An online marketer might even offer a discount for the combined items if bought at the same time. "Recently viewed" items might also appear at the bottom of the page or some other easy-to-see location.
- **Product Reviews**—Invite customers to rate your products and discuss their experience with the products, and then show these reviews along with the display of each product online. Over time, you'll be able to use these reviews to develop sections of "most popular" or "five star" products. Exhibit 12.7 shows

an example of how Coldwater Creek integrates product reviews with product presentation.

- **Customer Service Options**—The digital nature of the Web allows for help functions such as chat or instant messaging, or even video conferencing. Many Web sites offer a pop- up when the customer makes a move to log off, asking if the marketer can be of help and/or reminding the customer that there are unpurchased items in their shopping cart. Some marketers e-mail customers who leave items in the shopping cart to offer assistance or even a discount for a prompt return to purchase. Many use display re-targeting to remind site visitors about the products they searched, via banner ads on the web.

Multichannel Marketing Enhancements

There are a number of ways to amplify the effectiveness of an established catalog. Here are some that have proven profit potential.

Find Ways to Boost Average Order Size

If your average order size is $40, you are likely to be a great deal more profitable if you can boost that average order to $50, $60, or more. So why not try some promotional enhancements designed to produce add-on sales and profits? Ideas might include:

- Gift certificates that are good for x-dollars off, but only on purchases of y-dollars or more.
- Clubs for frequent buyers such as the Neiman-Marcus "In Circle®." Buyers gain points for each Neiman-Marcus charge card purchase and may store them up over time to receive gifts ranging from in-store discounts to exotic trips around the world.
- Free gift with purchase. If you are trying to boost average order size above $50 for example, offer a free item of general appeal for orders over $50. Add on more free gifts at the $100 or $150 level as well.
- Discount for volume orders. Offer ten percent off for orders over $100, for example.
- Look for order starters and impulse add-on items. Boost average order size with an appealing extra: three monogrammed golf balls for $10 in a sporting goods catalog, perhaps, or a set of potholders and mitts for $9.99 in a kitchen and tabletop book.
- Have telephone sales representatives offer callers a few daily specials after their original orders are complete. Do the same online on the customer's shopping cart screen. Daily specials may be of general appeal, or they may be keyed to the buyer's interest based on past or current purchases. Online you can make "side suggestions" for additional, related purchases every time a prospect clicks on a product.

Use Catalog Wraps for Promotions and Sale Prices

You may extend the life of an expensive color catalog by adding various four-page outer "wraps." Such a wrap might introduce a new seasonal theme, offer special values or sale prices, promote cer-

tain merchandise, or otherwise freshen and focus the mailing. This is an inexpensive way to make your catalog look new while adding a promotional flair.

Change Covers and Signatures for Seasonal Themes

To cut down on production costs yet keep your print catalog fresh through repeated re-mailings to hot buyers, rearrange the signatures (sets of pages) to put seasonal items up front for each mailing. For a Labor Day mailing, a Halloween cover might be followed by Halloween and Thanksgiving merchandise, with general and Christmas items following. For a re-mail in mid-October, you might try a catalog wrap offering Halloween and Thanksgiving items on sale, followed by a full-color Christmas cover and a rearrangement of pages so that Christmas merchandise is up front.

Consider Using a Letter

Time was, many catalogs included a letter from the company president on the inside front cover. Nowadays, few firms seem willing to give up this prime space for that theme-setting letter. Instead you may add a letter to a catalog wrap, or place a separate letter on top of the catalog and shrink-wrap the two together for mailing.

Ask for Referrals

Use otherwise wasted space on an order form or back of the Business Reply Envelope to ask customers for names and addresses of friends who might enjoy your catalog. A standard wording is as follows:

> Do you have a friend who might enjoy the (Name of Catalog) catalog? Please fill
> in name(s) and address(es) below.
> Follow this with no more than three blanks for names and addresses. The first few
> referrals are usually the best.

Use Postcards, Self-Mailers and E-mail to Supplement Catalog Mailings

A number of multichannel marketers have discovered the power of mailing timely postcards to their best buyers. For example, a postcard might offer selected buyers 15 percent off all purchases of $50 or more on the most recently mailed catalog up until a certain date. In cooperation with a vendor, catalog companies can increase sales between major catalog drops by sending out a self-mailer offering one particularly appealing high-ticket item such as a deluxe vacuum cleaner. For customers who have opted in to e-mail, offering similar price deals or product focused-messages can often increase return on investment.

How Top Multichannel Marketing Creative People Stay Fresh

As mentioned earlier in this chapter, the most stimulating part of the multichannel marketing creative person's job is positioning. The workaday job of laying out endless print or Web pages of products and writing tightly controlled blocks of formula copy can become deadly dull unless writers and graphic designers keep themselves stimulated and fresh. Here are some pointers on how to do so.

Keep an Eagle Eye on the Competition

Multichannel creative people should become frequent catalog and Web shoppers to ensure that they receive large numbers of catalogs and e-mails from many product categories. Don't attempt to analyze each catalog the minute it hits your mailbox. Rather, take time once a week or so to sit down with your pile of catalogs and leaf through them just as a consumer would. Check out the catalog's Web site and see how its presentation harmonizes with—or differs from—what you are seeing in print. If something strikes you as particularly unique or interesting, put that catalog in an active file for immediate inspiration. Most catalogs should be kept for future reference: it's extremely helpful to have a backlog of catalogs filed by product category to make the research job easier when a new catalog project comes along. To supplement this activity, surf the Web regularly using such resources as *www.catalogs.com* to see the whole range of catalogs available.

Pay Attention When Ordering from Catalogs and Online

See how much you can learn from the experience of ordering and receiving merchandise via catalog. If you order by mail, which order forms seem easiest to use? Which method of collecting money for shipping and handling seems to make the most sense? Do the firms you order from let you know how soon products will be shipped? Do they live up to those promises? If you order by phone, how knowledgeable does the telephone salesperson seem? How pleasant? How efficient? How empowered to do something special for you to make the sale or improve the relationship? How do various firms handle "specials of the day" by phone? Are there any other creative enhancements you could add to your catalog based on what you hear when ordering over the phone? If you order online, how easy is the Web site's interface? Can you locate an item using the print catalog style number, or is it hit-or-miss? Are all print catalog items available online? How does the online buying experience compare to the other methods of purchasing?

Stay in Touch with the Products

It's tempting to design and write catalogs based on specification sheets alone—after all, you can complete the job much faster that way. But there are features and benefits that can only be discovered when you touch and use the products for yourself. If a good catalog creative person is writing a spread on bath mats, you can bet his or her office is carpeted two or three mats deep with different colors, thicknesses, and shapes. Clothing writers gain inspiration by wearing samples so they can better describe soft fabrics and comfortable fit. The hands-on concept is even more important where high-tech items are concerned: you have to understand the product's attributes in use to write about it effectively.

Make Friends with the Merchandisers

If you're stumped for inspiration, talk with the merchandising people who chose these items for the catalog. Ask them what makes this watch or clock or chenille robe better than all the other ones he or she might have chosen. Better yet, tag along when the merchandiser goes on a buying trip or to a trade show. There you'll have the benefit of sales pitches from the vendors as well.

Think Like a Consumer

For every single item, imagine the target market and figure out what a member of that target audience would want to see and learn regarding this product. If possible, show the products to target market members and get their reactions. What do they like and dislike? What questions do they

have? What reservations? You can play to their positive reactions and answer their objections in copy and art.

Pay Attention to Results

The best catalog creators are anxious to know the item-by-item results of each catalog they mail. Figuring out why item A lost sales when shown on a pink background instead of a yellow one, or why item B doubled in sales when it was shown in a product-in-use shot, will help keep your job fresh and challenging. Take an active role in space allocation based on previous results.

Don't Remain in the "Creative Box"

It's sometimes tempting to stay in the designer's or copywriter's cubicle, treating the multichannel creative function as something akin to assembly line work at an auto plant. But the creative contribution to a good catalog and Web operation can involve much more: ideas to enhance customer service, merchandising, packaging, back-order systems and reminders, and so on. Approach these creative function as an overall marketing challenge, and it can be much more rewarding for you— and for the catalog and Web site's bottom line.

Enhance Your Understanding: Multichannel Marketing Niches

Success in the multichannel marketing world requires that each catalog/Web site/retail store combination's creator identify and develop a unique niche. You can learn more about this by gathering many catalogs in a particular field—preferably one you know something about—and also studying their Web sites and visiting their retail stores. One way to identify some of the main competitors is to purchase several special-interest publications in that field—be it English horseback riding, video gaming, or golf. Then send for all the catalogs offered in these publications. You can also preview catalogs in a specific area of interest at online sites such as *www.catalogs.com*, and click through to appropriate Web sites to request a catalog. Or use a search engine on the Internet and enter key words that will lead you to Web sites in your chosen product category. When the print catalogs arrive, study them to see which products and product lines seem to be constant across the category, and which are unique to just one catalog. Do the same on the catalogs' companion Web sites. Study the graphic look and copy tone of each catalog and Web site: how would you characterize each? Are their target markets the same, or different? Are their pricing structures similar? What about customer service? Does there seem to be an unfilled niche in this category? If so, how would you characterize it?

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Broadcast Direct Marketing

In the late 1940s and early 1950s, pioneers in direct response television (DRTV) advertising presented their commercials in the form of 15- or 30-minute "shows." These pitches were written up in the TV listings as regular programming, just as some infomercials are today. One of the star attractions at introductory direct marketing seminars is often the showing of one of these early spots, most notably the original Vitamix commercial. Working without a script, a master salesman demonstrates this versatile product while explaining how Americans need the nutrition of fresh vegetables.

In those days the TV commercials may well have been more interesting and involving than the programs. Television was a novelty, broadcast time was affordable, and there were no restrictions on how much advertising could be shown per hour of programming. Direct response historians say that on average, that original Vitamix spot sold 500 units at $34.95 every time it ran: a king's ransom circa 1950.

Fast-forward to the present, and the reality is that most every spot still must pay its own way, just as direct mail packages, catalogs, online marketing and telemarketing campaigns do. While general agencies seek awards for their "creative" (read entertaining and/or funny) television spots, direct and digital marketers reap most of the rewards for themselves and their clients through the more concrete and enduring measures of sales and profits.

In recent years, some of America's leading brands and companies have adopted direct response techniques for at least some of their broadcast budgets. As Rick Sangerman, Senior Vice President Marketing & Business Development at More Media Direct notes, "DRTV has gone mainstream now, with many Fortune 500 companies using it to save money on rates." As Steve Miller, Senior Vice President at A. Eicoff, adds, "Because of the way that direct response television is bought, savings can be as much as 40 percent to 60 percent off the rate card." Sangerman says that these major companies have embraced "longer-length creative, generating a database, and forcing retail movement with coupons." He calls what many large companies do "Hybrid DRTV"—taking advantage of DRTV techniques and rates while continuing to evaluate campaigns using traditional general advertising measures like reach, frequency, and cost per thousand. Because of this trend, Sangerman reports that "the classic low budget gadget business now takes a total back seat to lead generation and brand DRTV. Major agencies now include DRTV as a portion of their responses to Requests for Proposal on a regular basis—as a requirement, particularly for new product introductions." Thus there is a change well underway in DRTV, as big-budget marketers continue to enter the field and strive to combine image and brand-building with a pitch that maximizes sales or leads at the same time.

While more and more major marketers add DRTV to their marketing mixes, however, only a small fraction of direct and digital marketing companies utilize broadcast advertising as one of their top media. Television's barriers to entry are considerable: a minimal test—including production

and time buys—costs $30,000 and up when done in-house, $100,000 or more when executed by a major direct and digital marketing agency.

Even so, there are a number of traditional direct and digital marketers with the right products and enough financial clout to use television cost-effectively. Many insurance and pharmaceutical companies promote their products for direct sale via television—or solicit leads to be followed up by mail, phone, or personal sales call. What's more, entrepreneurs frequently use the long-form infomercial medium as a main source of sales for products and services ranging from acne cures and weight loss plans to kitchenware and self-help courses.

In addition, digital, satellite, and cable television make direct response broadcast advertising a viable option for more firms each year. Digital and satellite television transmit hundreds of special interest stations with highly targeted audiences for golf, home décor, children's products, classic movies, and much more. Cable beams superstations like TBS in Atlanta and WGN in Chicago to viewers across the country at reasonable rates. Home shopping channels provide marketers with a lower-risk way to see their products sold on television. And efforts now underway may eventually open up buying opportunities via digital television for every American home with a cable or satellite TV hook-up.

At the same, the medium of video has gained new vitality through viewing on company Websites and the enormous reach of YouTube. Videos offer marketers a good combination of demonstration and the ability to get a detailed story across without much reading on the prospect's part. Exposure for DRTV ads on YouTube helps mitigate the fact that younger consumers tend to "cut the cable cord" and get most of their TV entertainment via streaming. That said, according to Nielsen, the total U.S. TV market still numbers more than 115 million homes with more than 300 million inhabitants age 2 and older.

Radio has substantial liabilities for most marketers, including its lack of visual presentation, the limited coverage area of most stations, and the fact that many radio listeners use the medium mainly as background noise. However, direct response radio does hold considerable potential for some products and services, particularly those in the executive, business-to-business, financial, and self-help realms that can be sold via all-news stations and networks, or through syndicated radio programs that encourage listener involvement—political, financial, and self-help talk shows, for example. What's more, with long-form radio time now available on many stations, this medium's attractiveness increases for many direct marketers.

Thus with present and future prospects in mind, even creative people who have not yet had occasion to do broadcast work will want to soak up as much background knowledge as they can. This chapter provides some basics. For those who want or need to know more, check the books, blogs, and articles of top direct marketing broadcast "pros," notably those at A. Eicoff and Hawthorne Direct. The late Alvin Eicoff's *Direct Marketing Through Broadcast Media* is especially valuable for its historical perspective as well as its specific how-to advice and "firing line" examples. And just as important: take time to watch and evaluate the better direct response spots you discover on TV and radio. In this way, soaking up the techniques of the masters can be enjoyable as well as instructive.

Traditional DRTV Versus General Advertising Broadcast Spots

Selling Versus Inform/Persuade/Remind

There is one basic difference that sets all direct response advertising apart from all general advertising. Direct response TV and radio spots solicit a purchase, a request for information, or some other measurable action. Most often, however, general advertising broadcast spots are strictly image and brand builders—designed to inform, persuade, or remind the consumer, but stopping short of asking for the order. A direct response spot always includes a call to specific action, asking the prospect to

respond by mail or phone, or inviting them to visit a Web site or landing page. In the past, this distinction often led to the creation of direct response spots that ignored image building—even presented concepts, themes, and looks that were in direct contrast to the same firm's general advertising. Now that Integrated Marketing Communication concepts have reached wide acceptance and understanding, this is much less likely to happen. In fact, as illustrated by Rick Sangerman's comments, a significant percentage of advertisers today look at their direct response commercials as brand-building tools as well as response-generating vehicles. For best results, a direct response spot presents the same look and tone as the firm's general advertising efforts while moving along the continuum from awareness to interest to desire to *action*.

Length

A direct response spot must convince the prospect to act, so in most cases it requires more time than an image or brand-building spot. While the length of general ads on TV and radio has shrunk over the years from 60 seconds to 30, 20, 15, or even 10 seconds apiece, the majority of direct response spots still require 60 to 120 seconds to get their message across and close the sale. Today's high costs and program formats make two minutes the longest feasible commercial length with the exception of infomercials, where the advertiser purchases a full half-hour of time at "off hours" on network affiliates or cable networks.

Production Values

In the early days of direct response television, most commercials resembled an in-home version of the carnival pitchman doing his sales presentation from behind a simple table or desk. For decades, most direct response spots were made according to a few predictable formulas because they had been proven to work—and they were inexpensive and risk-free.

Cooking utensils were presented using hard-sell kitchen counter demonstrations. Ads for music collections featured "sound bites" of the various tunes combined with an on-screen "roll" that showed the name of every song. Insurance companies invited inquiries by showcasing a celebrity spokesman perched in a book-lined office.

Current research shows that the predictable forms and relatively low production values of direct response commercials hurt their credibility with an important segment of the potential audience. What's more, these simple formats did little to further the overall images of brands developed through general advertising efforts. And thus, in order to expand the customer base and add some positive image-building to their direct response ventures, many firms have upgraded the quality of their TV productions in recent years.

It is important, however, to differentiate between higher quality production and wholesale adoption of general advertising techniques. Direct response advertisers must remember to focus squarely on the product—to make the product the star. They must guard against using the quick cuts, cluttered backgrounds, dominating music, and flashy techniques that general advertisers consider their stock in trade. These "borrowed attention" devices may be all well and good for image advertisers, but they muddy the waters when a spot is expected to complete a sale in two minutes or less.

What to Sell in Traditional Direct Response TV Spots

Products That Shine in Demonstration

Television's prime benefit is that it provides an ideal medium for demonstration. Remember the classic Vegamatic commercials that showed how fruits and vegetables could be sliced, diced, and chopped, all in the wink of an eye? A more current example of demonstration is the numerous Proactiv ads for acne prevention and cure, demonstrating how celebrities and "regular people" alike go

from spotted to clear using this solution. If your product comes alive when shown in use, or if the results of using the product can be actively demonstrated, television may well be a viable medium for you to explore.

Products with Wide Appeal

Most television advertising time is sold to mass marketers of toothpaste, laundry detergent, fast food, soft drinks, and other products that almost everyone needs or wants. Kitchen-related products appeal to a wide range of people, as do telephone services, insurance offers, Christmas music, online study courses, and diet plans. A look at the major advertisers using DRTV in Exhibit 13.1 shows marketers selling other near-universal products like flowers, electronics, travel services, packaged goods, hair care products, cars, and toys. If you intend to advertise on the general TV networks, make sure your product is of near-universal interest or audience waste will ensure your efforts are not cost-effective.

Exhibit 13.1. Major Advertisers Using Direct Response Television

Major Advertisers Using Direct Response Television (provided by Rick Sangerman, A. Eicoff, Chicago)

1-800-Flowers	Discover Card	McDonalds	Sony
America Online	Disney	MCI	State Farm
American Airlines	DuPont	Mercedes	Target
American Express Travel	Eastman Kodak	MGM/UA	Taylor Made
Apple	Eli Lilly	Microsoft	TD Ameritrade
AT&T	Epson Printers	Miramax	Texaco
Bank of America	Estee Lauder	New York Life	Time Life
Bell Atlantic	Fidelity	Nikon	Toyota
Black and Decker	Fisher Price	Nissan	Toys-R-US
Braun	Ford	Norelco	Troybuilt
Bristol Myers-Squibb	Fuji	Novartis	Turtle Wax
Buick	GMC	Panasonic	Upjohn
Carnival Cruise Lines	GM (Saturn)	Pepsi	US Healthcare
Century 21	GTE	Philips Electronics	US Army
Clearwire	HBO	Porsche	US Navy
Club Med	Helene Curtis	Princess Cruises	Volkswagon
Coca Cola	Hoover	Procter & Gamble	Volvo
ConAgra Foods, Inc.	Hyatt	Redken	Walmart
Dayton Hudson	Land Rover	Revlon	Weight Watchers
Direct TV	Lexus	Reynolds	
		Slim Fast	

Top brands and companies have discovered the power of direct response television, as evidenced by this list of major advertisers now using the medium. Mr. Sangerman provided this list from his past experience as a Senior VP at A. Eicoff.

On the other hand, if your product is of interest to the viewers of narrow-niche cable TV channels aimed at golfers, history buffs, home decorators, or other special-interest groups, you may well be able to succeed with DRTV on a more segmented basis.

Unique Products Not Available in This Form at Retail

Either the product or the way it is offered should be perceived as different from what the customer can get at the local department store, discount chain, or hardware store. The difference can be in price, add-ons, premiums, assortment, or other aspects the marketer can manipulate, or it can be a twist in the product itself. Often this twist can be achieved through strong demonstration. A jar of silver polish doesn't look like much sitting on the retail shelf, but when a TV spot shows how it cleans up old flatware in seconds, the TV-advertised product becomes much more attractive than the one sold at retail.

Products Appealing to Reachable and Sizable Market Segments

Cable television and syndication now allow for more effective market segmentation than could be achieved in the past. A garden tools company, for example, might air ads for edging and trimming products on home improvement shows on HGTV. A collection of classic TV episodes on video or DVD could be sold on Nick at Nite or TV Land. Sports products and magazines find a natural audience on ESPN, while exercise videos for women may be pitched effectively during a fitness-related show on Lifetime.

Products Already Proven in Traditional Direct Response Media

Since television is a relatively expensive medium to test, many direct marketers reserve it for certain exceptional products only. Collectibles companies, for instance, advertise only a handful of their most successful general-interest products on television—those few that have potential for sales and new customer acquisition that make them worth the up-front cost of television production and time buys. Most of these firms' offerings show up only in space ads and direct mail.

Products with an Acceptable Price Range

You will notice that most products sold directly on television are in the $9.95 to $39.95 range, or have initial payments in this range. This is the "comfort level" for most consumers. If you ask more than this for a product on TV you run the risk of eliminating a big part of your audience. You may lose them for economic reasons, or because their level of trust is such that they won't lay out more than x-dollars for a product they have not yet held in their hands.

However, you may use a two-step process to sell higher-priced items via TV: obtaining leads from your TV ad and then following them up by phone, mail, or personal sales call. Firms offering everything from cars to computers to vacations have used the two-step method with positive results—especially aimed at upscale cable TV audiences. Spots for expensive fitness equipment often use this same technique—offering a comprehensive package of information in exchange for a toll-free phone call or online response. Many infomercials for high-ticket products and services do the same

Tips for Creating Traditional Direct Response TV Spots

Get Comfortable With the Medium

Writers and graphic designers who have spent most of their careers creating work for the print medium will have to switch gears to be successful in developing television spots. The time constraints of tele-

vision are difficult to handle at first: it's a real challenge to compact a selling message into 60, 90, or 120 seconds, especially when 20 to 30 seconds of this time must be devoted to ordering instructions for traditional direct response spots. Repetition is imperative, both for the call to action and the ordering information, including telephone number, Web site, and/or address, price of the product, and other essentials.

Just as direct mail creative types often begin their process by immersing themselves in their "swipe files," it's an excellent idea to put together your library of top-notch television spots, recorded right off the air or linked from YouTube. Watch them over and over to get acquainted with the techniques and rhythms they represent. See how video enhances audio and vice-versa. Divide each spot into sections and note how many seconds are spent setting up the situation or problem . . . introducing the product or solution . . . explaining the benefits . . . closing the sale . . . discussing the guarantee . . . giving ordering instructions.

Consider the Classic DRTV Formats

Although you are not limited to these typical and somewhat predictable formats, one may provide the push you need to get some words and pictures onto your blank page or screen.

Problem/Solution. Many general-interest products sold via traditional direct response television solve a common household or personal problem: drudgery of housework, excess weight gain, need to quit smoking, acne problems, desire to make more money, and so on. The TV spot must grab the prospect's attention and hook him or her into the pitch.

A classic TV ad for International Correspondence Schools did this by setting up the problem of lack of money—and the solution of home study. The ad featured an attractive, young-to-middle- aged woman announcer sitting behind a desk. She began by saying,

> Do you want to make more money? Of course, we all do! And now at home
> in your spare time, you can train for a rewarding career in . . .

The announcer went on to tell how prospects could use their extra time to earn a certificate in anything from interior decorating to accounting. To find out more, they would simply call a toll-free number for more information.

John Stanphill, former Creative Director at WOL Direct, then the agency for International Correspondence Schools (ICS), attributes the spot's success to the positive twist it puts on the problem/solution format. He explains, "Instead of starting with a negative like 'I can't make ends meet,' this spot starts with the intriguing positive, 'Do you want to make more money?'" Stanphill notes that another problem/solution spot he tested, starting with the theme of "I hate my job but there's nothing I can do about it," was a major failure.

Product Demonstration. Watch the super-sharp knife cut a tomato into 20 perfect slices in a matter of seconds. See the tarnished silverware emerge from the Tarn-X dip looking better than new. Observe as the handy knitting device pops out tubes and circles of yarn in the wink of an eye, ready to make into hats, scarves, and art projects. If you have a product that looks like fun to use or makes a hard job seem easy, focus your spot on the product in use, and back up your video with an audio track that reinforces product benefits.

Parallel Structure. To emphasize the superior performance or quickness of your product in use, you may consider using a split-screen technique, or a format in which you switch back and forth be-

tween the "old way" and the "new way" of doing something. For instance, an ad might show a homemaker struggling to chop vegetables the old-fashioned way on the left side of the screen, and her counterpart on the right chopping a whole carrot in one motion with your slicer product. This technique can also help showcase a before-and-after scenario that has worked well for decades in selling weight-loss products and systems.

Testimonial. Also effective for weight-loss products is the on-screen testimonial, where a satisfied customer tells the specific benefits of the product (such as a 50-pound weight loss) and also the side benefits (better social life, spouse's renewed interest, better self-image, and so on). With patience and by asking the right questions, a skilled director can get most any "real person" subject to talk naturally and candidly about what the product has done for them, then shape the spot around the most compelling quotes.

Another interesting testimonial technique was used by *Sports Illustrated* for a pre-holiday subscription drive. Women explained how buying *SI* subscriptions cut down on the hassle of holiday shopping, and ensured that all the men on their list would be pleased with the magazine as well as the premium, a special video. Using the women personalized the offer, and helped target the pitch to a specialty audience—*SI* gift-givers—rather than the sports enthusiasts themselves.

Celebrity Spokesperson. If you are selling a parity product, one way to separate it from its competitors in the mind of the television viewer is to associate the product with a respected celebrity. That's why well-known individuals are called upon to sell everything from tools to exercise equipment in direct response ads. Selecting the right celebrity is crucial, and may well involve intensive market research to determine which individual has the right combination of recognition, comfort level, credibility, and respect among your target audience. Then there is the matter of compensation. With "hot" celebrities demanding $1, $2 million or more to appear on infomercials, your firm's budget may limit the number of attractive candidates who are also financially viable. A few words of advice on choosing your spokesperson. First, resist the urge to hire the celebrity you and your team admire most or most want to get to know: your personal perceptions are irrelevant. Note the experience of John Stanphill:

> When we decided to test Sally Struthers years ago on television for the ICS account I was continually questioned by everyone about the choice (then and for years afterward). 'Why not someone less flashy?' they said. 'Why not a male celebrity associated with education?' etc. Fortunately, we stuck to our guns and Sally's spots performed extraordinarily well—continuing to outpull more well-known celebrities for nearly a decade.
>
> Later, when we began a pre-broadcast research phase for our television creative (utilizing 'Dial Scan' methodology linked with focus groups) I saw dramatic evidence of Sally's appeal. Verbal reactions of focus group participants were generally lukewarm about Sally's presence, however the dial scan graph measurement from the same participants indicated a dramatic and positive response. Sally possessed that most intangible of qualities . . . she could get people's attention and 'sell' them.

Stanphill also speculates that Sally Struthers's unique and somewhat squeaky voice may have been a plus because people who had been waiting for an ICS spot to write down the toll-free num-

ber could easily tell when Sally came on TV. The critics' suggestions of a well-known male celebrity were way off target considering the product's best market segment: very young women without marketable job skills. At the time, this target group could relate to Ms. Struthers as "Gloria" in *All in the Family* reruns.

The second key in selecting a spokesperson is to insist that the product remains the star in all your efforts. Focus the ad on the product's benefits and use your celebrity as an enhancement to the product. Too many ads expect the product to ride on the coattails of the celebrity's sparkling personality. Third, test your ad concept with and without the celebrity spokesperson if possible. You may well find that the same pitch delivered by a top-notch (and much less expensive) unknown television announcer may yield you just as many sales or inquiries. That's why it's important to negotiate your celebrity contract with staged fees for testing and roll-out: don't obligate yourself to pay high talent fees for your entire campaign until you've had time to read results on your initial test.

Selecting the right celebrity is vital—and not always an obvious choice—as John Stanphill indicates above. Stanphill suggests the following research method to determine which celebrities might work best for specific target markets:

1. Give individuals in your target market a sheet of paper with photos only (no names) of 20 celebrities you might consider as potential endorsers for your product or service.
2. Ask the individuals to write down the names of the celebrities they recognize, and collect the sheets (don't let people collaborate).
3. Give the same people another sheet with the same pictures, but this time with the names of the celebrities identified.
4. Ask the individuals to write down which of these people they admire the most— again, no collaboration.

This simple method gives a "quick and dirty" read on both recognizability and credibility with your target segment.

Slice of Life. Although this technique is used more frequently in general advertising than it is in direct response TV, there have been successful examples. For instance, a Fingerhut ad selling towels revolved around the interaction of a husband and wife. The premise was that this family never seemed to have matched sets of towels—and the husband, especially, thought that having matching towels would be a great idea. Presented with gentle humor, the spot showed actors clothed to represent lower-middle to middle-class Americans. It offered a more human approach to selling an inexpensive towel set—as opposed to the traditional method of stacking up towels on a table with audio saying, "And that's not all—you get these matching fingertip towels too, all for the same low price of . . . "

While some of Bob Vila's tool ads have been straight demonstration spots, others have shown Bob interacting with "folks in his neighborhood" and helping them solve their home maintenance problems with products he endorses.

Romance the Benefits. Some products are difficult to demonstrate on television—but creative people can come up with exciting ways to bring them across on videotape or film. Holding up a magazine and talking about its feature articles won't inspire much enthusiasm, for example. But why not try a fast-paced montage of the best photos in recent issues, backed up by music that appeals to the magazine's target market, and enticing audio asking the provocative questions that these articles answered?

A book on the Civil War may sound dry, but it can come alive on film if a skilled cameraman pans

slowly across its illustrated pages and an announcer sets the tone with a dramatic statement about how the war changed the face of America forever. For a travel magazine, a spot with sufficient budget could show readers enjoying what they've learned: dining at an out-of-the-way Paris bistro, shopping in a little-known section of London, getting a first-class airline seat for a coach fare.

Structure the Spot to Make a Sale

With no more than 120 seconds in which to sell your product or service, a highly structured format is essential. Every second should be focused on selling, yet the consumer must not feel pressured or coerced. Al Eicoff suggested a simple formula for an effective direct response TV spot: TPS. That stands for "Tease 'em, Please 'em, and Seize 'em." In his book, *Direct Marketing Through Broadcast Media*, Eicoff offered a more specific structure for a traditional direct response TV spot, inspired by the techniques of the old-time pitchmen:

> Anatomy of a Sales Presentation
> 1. Holder
> 2. Problem
> 3. Product Presentation
> 4. Solution
> 5. Turn
> 6. Guarantee

What Eicoff terms the "holder" could also be called a promise—either of a free gift, an exciting offer, a miraculous performance, or something new. Many spots are not presented in the strict problem-solution format, and thus the writer may spend more time on the product presentation. Eicoff's "turn" could also be called the move toward the close: the seller tells the price and terms, emphasizes premiums or other incentives, and calls for action. Discussing the guarantee at this point helps eliminate buyer resistance and leads into the final close. However, as John Stanphill points out, discussing explicit guarantees as part of lead generation spots is not a good idea. When seeking leads it's best to focus on "sizzle" and results, not nuts and bolts. A simpler and more general formula for a direct response spot is this, played out with examples from the classic International Correspondence Schools (ICS) spot mentioned previously:

> 1. *Attract the attention of the target group.*
>   Example: "Do you want to make more money? Of course, we all do!"
> 2. *Promise them something they want.*
>   Example: "And now at home, in your spare time, you can train for a rewarding career in . . . (various fields)."
> 3. *Support the promise.*
>   Example: The ICS ad tells how thousands of men and women have learned new and valuable skills "without ever setting foot inside a classroom." It goes on to list the various courses of study—everything from TV repair to interior decorating.
> 4. *Pitch the offer.*
>   Example: In this case, the offer is free facts for calling a toll-free number. In the case of a sales pitch, the offer would include premiums, guarantees, price, and terms.

    5. Call to action.
    Example: Give the toll-free telephone number, Web site, and/or address, and re-
    peat it to ensure prospects have a chance to write it down. Experts say that for a
    traditional DRTV 120-second spot, as much as 30 seconds should be devoted to the
    "tag," or specific ordering information.

While these highly structured formulas still are used frequently in traditional direct response televi-
sion circles, Bruce Wexler of A. Eicoff & Company notes:

> There are many DRTV spots today that don't conform to these formats. This
> is due, in part, to the need to do brand-building as part of certain spots. It's
> also due to the lack of demonstrability of certain DRTV products and serv-
> ices. Direct-to-consumer pharmaceutical commercials have been a hot
> category—spots that ask viewers to ask their doctors about a specific pre-
> scription medication. Creating a DRTV spot for this type of product requires
> a more creative approach, so while elements of the step-by-step processes
> might be used, there is a lot of room for variation.

How to Turn a Concept into a Storyboard or Script

Start creating your spot by putting ideas down on paper without regard to your format length. Write
down images, words, phrases, and benefits, and then start massaging them into a unified presentation
with a central theme. You may begin with an audio concept and then support it with video, or vice
versa. Remember to keep your spot as simple as possible, since you need to ensure that your selling
message comes across loud and clear. Don't be afraid of repetition—especially in making your offer
and closing the sale. Make sure you have supplied all necessary facts a person requires to make a re-
sponsible buying decision, including all price and payment terms. Once you are satisfied with your
rough copy, then you can begin timing it and adding or subtracting words to fit the 30-, 60-, 90-, or
120-second format. In doing so, keep in mind the speed and delivery style of your chosen announcer.
Listen to tapes of your announcer in action to see how many words he or she can get across smoothly
in each minute.
    Some TV concepts are developed in storyboard form, while others are scripted. A storyboard
presents a series of TV-screen images with the corresponding audio indicated below each image. A
TV script presents a written description of the video portion on the left, and the actual words for the
audio portion on the right. Your choice of presentation style will depend on the needs of your client
or company as well as your upcoming plans for production.

Television Home Shopping

The phenomenal growth of television home shopping channels—and their integrated Web sites—is
significant for direct and digital marketers. These call-in shows represent a lucrative opportunity to
sell products on TV without the time restrictions of a 120-second commercial or the high cost of an
infomercial. This medium can be considered the initial step toward true digital TV shopping. It is
accessible to everyone with cable television and a phone or Internet connection. It allows for in-
teractivity by putting customers on the air to explain what they like about products and ask questions
of product designers, inventors, and celebrity endorsers. It provides entertainment for many, as the
on-air salespeople become beloved personalities who keep loyal viewers coming back for more.
    The creative challenge for most home shopping propositions lies in developing the overall format

Exhibit 13.2. Rough Storyboard

1) OPEN ON A BEAUTIFUL PATIO/GARDEN. OUR GENIE, EQUIPPED WITH A WICKER BASKET, APPEARS OUT OF A PUFF OF SMOKE.

1) SFX: *Bwoosh!*

GENIE OC: After centuries in a lantern, I thought living in a garden would be a breeze.

2) GENIE STRUGGLES WITH A SLOSHY, FULL METAL WATERING CAN. HE BEGINS TO EMPTY IT OUT INTO THE WICKER BASKET.
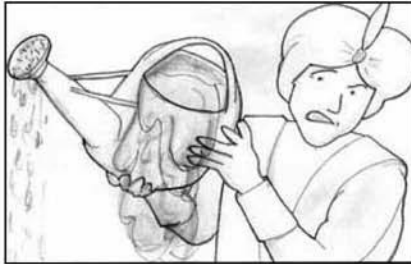
2) GENIE OC: But watering this place was alot of work!

3) CUT TO SHOT FROM INSIDE THE BASKET LOOKING UP AS GENIE DROPS SLOSHY WATERING CAN INTO THE BASKET.

3) GENIE OC: Heavy cans...

4) CUT TO MEDIUM SHOT AS GENIE FIGHTS WITH TANGLED HOSE AND STUFFS THAT INTO THE BASKET.

4) GENIE OC: Messy hoses...

Exhibit 13.2. Rough Storyboard (continued)

Client: *Ames True Temper*
Product: *Water Genie*

Title: *"Genie" :60*
Team: *Madsen/Zagorski*

Page: *2 of 5*
Date: *02/19/10*

A. Eicoff & Company

5) CUT BACK TO WIDE SHOT OF GENIE WITH DIRTY "SUNCAST 225' HOSE CAPACITY" CRANK HOSE REEL CART. HE CRANKS IT A COUPLE OF TIMES AND DUMPS IT INTO THE BASKET.

5) GENIE OC: And cranking? Really?

▼ TIME

:14/:14

6) GENIE WAVES HIS HANDS OVER THE BASKET AND THE WATER GENIE APPEARS OUT OF THE BASKET.

SUPER: 1-800-000-0000 www.AmesWaterGenie.com *(hold throughout)*

SUPER: *(logo)*

6) GENIE OC: That's why I created...

SFX: *Bwoosh!*

GENIE OC: ...the new Ames Water Genie Bottomless Watering Can.

7) CUT TO ECU OF WATER GENIE AS GENIE POINTS OUT FEATURES.

SUPER: *(logo)*

7) GENIE OC: It combines a watering can, hose, reel...

8) GENIE FLIPS PRODUCT AND CONTINUES TO POINT OUT FEATURES.

SUPER: *(logo)*

8) GENIE OC: ...and sprayer all-in-one.

Exhibit 13.2. Rough Storyboard (continued)

Client: *Ames True Temper*
Product: *Water Genie*

Title: *"Genie" :60*
Team: *Madsen/Zagorski*

Page: *3 of 5*
Date: *02/19/10*

A. Eicoff & Company

9) PUFF OF SMOKE REVEALS GENIE WITH PRODUCT AT SPIGOT AS HE TURNS ON THE WATER.

1-800-000-0000   www.AmesWaterGenie.com
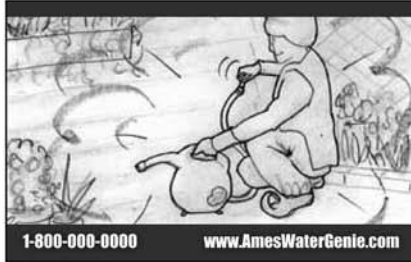
9) SFX: *Bwoosh!*

GENIE VO: Now you'll...

10) GENIE SQUEEZES THE TRIGGER.

1-800-000-0000   www.AmesWaterGenie.com
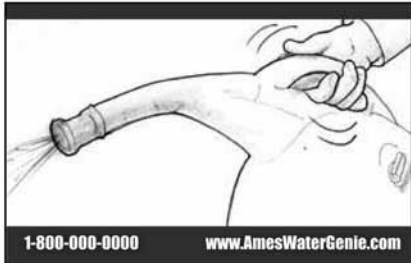
10) GENIE VO: ...never have to refill...

11) DISSOLVE TO OVERHEAD SHOT AS GENIE EASILY LIFTS WATER GENIE TO HANGING BASKET AND SQUEEZES TRIGGER.

SUPER: 1/2 THE WEIGHT OF A FULL TWO GALLON WATERING CAN

1/2 THE WEIGHT OF A FULL TWO GALLON WATERING CAN

1-800-000-0000   www.AmesWaterGenie.com
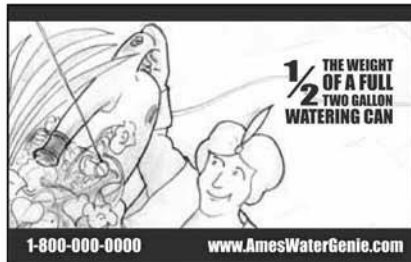
11) GENIE VO: ... or lug around a heavy can again. It's lightweight and...

12) CUT TO ECU OF NOZZLE BEING ADJUSTED.

1-800-000-0000   www.AmesWaterGenie.com

1-800-000-0000   www.AmesWaterGenie.com
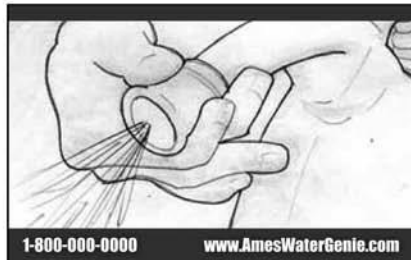
12) GENIE VO: ...gives you a constant flow of water with an adjustable sprayer.

Exhibit 13.2. Rough Storyboard (continued)

13) CUT TO LOW SHOT OF HOSE WRAPPED AROUND PATIO FURNITURE AS GENIE FLICKS RETRACT SWITCH.

SUPER: 40' HOSE INCLUDED
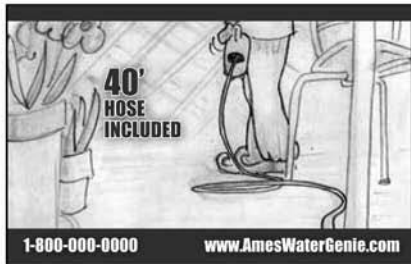
13) GENIE VO: And the 40 foot hose has an automatic rewind....

14) GENIE WALKS PAST CAMERA AS HOSE RETRACTS INSIDE HOUSING.

SUPER: 40' HOSE INCLUDED
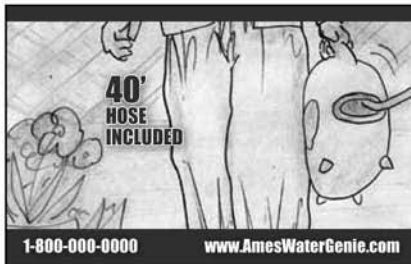
14) GENIE VO: ...vanishing magically inside....

15) CUT TO GENIE SETTING PRODUCT, NEATLY AT SPIGOT.

SUPER: 40' HOSE INCLUDED
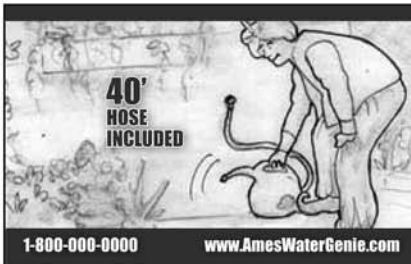
15) GENIE VO: ...time after time.

▼ TIME

:25/:39

16) PUFF OF SMOKE REVEALS BEAUTY SHOT OF WATER GENIE.

SUPER: *(logo)*
SUPER: 2 EASY PAYMENTS OF $19.99 PLUS $11.95 S&H *(super switches out)*
SUPER: 2-YEAR LIMITED WARRANTY
LEGAL: Allow 4-6 weeks for delivery.
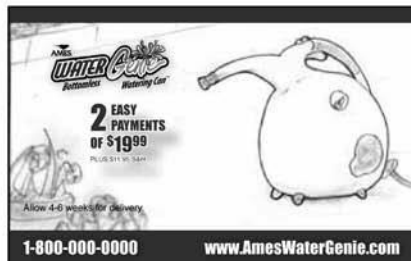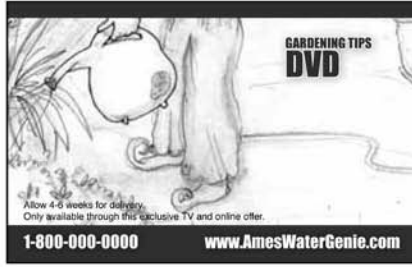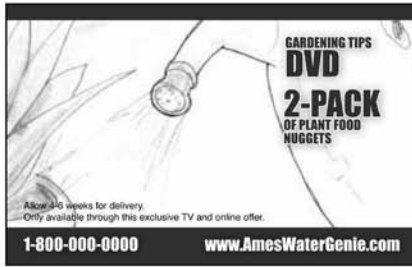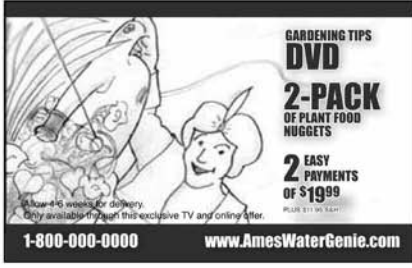
16) SFX: *Bwoosh!*

ANNCR VO: Call or click now to order the Water Genie. Just 2 easy payments of $19.99, plus shipping and handlling, with a 2-year warranty.

Exhibit 13.2. Rough Storyboard (continued)

17) CUT TO GENIE AS HE WATERS GARDEN.

SUPER: GARDENING TIPS DVD

LEGAL: Only available through this exclusive TV and online offer.

17) ANNCR VO: *Only* through this exclusive TV and online offer, get a gardening tips DVD...

18) DISSOLVE TO CU OF WATER GENIE NOZZLE.

SUPER: 2-PACK OF PLANT FOOD NUGGETS

18) ANNCR VO: ...plus a 2-pack of plant food nuggets, free.

▼ TIME   :15/:54

19) CUT TO GENIE \WATERING PLANTS WITH THE WATER GENIE.

SUPER: 2 EASY PAYMENTS OF $19.99

19) GENIE OC: Get your Water Genie now before they disappear.

20) CUT TO BEAUTY SHOT.

SUPER: (Water Genie logo)

SUPER: (The Home Depot logo)

20) SFX: *Bwoosh!*

ANNCR VO: Also available at The Home Depot.

▼ TIME   :06/:60

This rough storyboard for the Ames Water Genie helps both agency and client representatives envision the spot that will be created, frame by frame.

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for presentation. Specific copy is not usually necessary, since part of the format normally involves ad-libs and personal commentary from the announcer. For a direct response copywriter, watching home shopping salespeople at work is both an inspiration and an education. These individuals can find scores of ways to romance the features and benefits of even the simplest product through description, demonstration, modeling, testimonials, and personal stories.

Direct and digital marketers who are considering expanding their efforts into television can take an intermediate step by working with one or more of the home shopping channels. In this way, marketers can learn which products do best on television, and watch how the home shopping "pros" position and pitch their merchandise. What's more, with top channels like QVC and HSN frequently selling up to $1 million or more in merchandise per hour, some direct and digital marketers may choose to form an alliance with one of these channels as their main method of promotion via broadcast media.

Infomercials

Nearly 70 years after the classic 15-minute Vitamix commercials aired on tiny black-and-white TV sets, long-form television spots, or "infomercials," again hold an important place in broadcast direct marketing. The deregulation of commercial limits allowed stations to sell time for long-form television commercials, beginning in the mid-1980s. Since then, infomercials for everything from car polish to hair products to exercise equipment have become a dominant part of American popular culture.

According to Bruce Wexler, however, "Many large advertisers still view infomercials negatively. While they may be intrigued by the form, they also are wary because so many marginal companies use infomercials to sell marginal products and services. Though a few Fortune 500 companies have created infomercials, most prefer short-form direct response."

While many infomercials directly generate leads and sales for products and services, some firms also use this medium for education and relationship building, or to direct customers to "key outlet" retail stores for the purchase of kitchen and sporting products and the like.

In the early days of contemporary infomercials, sets were simple and formats were predictable: mostly in the guise of a talk show with a super-enthusiastic audience and a "guest" who just happened to be selling a product. Today many infomercials still use the talk show format, but production values are improving. Costs for a simple half-hour show now run from $125,000 to $500,000 or more, experts say. And if a well-known celebrity is involved, another six-figure or even seven-figure fee may be added on top of those prices. The start-up figures pale, however, in the face of the potential rewards of a successful infomercial.

Infomercials offer a fertile field for testing of everything from the total concept and format to specifics such as order of presentation, addition or subtraction of certain "real people" testimonials, different hosts and celebrities, and so on. Focus groups and "dial scan" graph measurement technology allow marketers to test reactions to existing infomercials second by second, with separate on-screen graphs for males and females. This helps determine where weaknesses lie—and often a more effective show can be created just by re-editing existing footage.

Products that shine in demonstration and those that can benefit by enthusiastic testimonials and endorsements are good candidates for infomercials. Price is also an issue, although items selling for as much as $300 can conceivably be sold directly from television, especially if they can be purchased using split payments. Another hurdle is informational: is there enough to say about this product to keep an audience attentive for a half-hour? Testing the viability of an infomercial takes about

two weekends and between 20 and 30 airings, which can be purchased for $50,000 or so in most cases. Smart infomercial media buying is an art in itself, and should be entrusted to a firm with a demonstrable track record in this specialized field.

In lead generation, it's important to track cost per conversion as well as cost per lead, and eventually to compare the lifetime value of infomercial-generated customers with that of customers from other media. Conventional wisdom would say that an infomercial lead should be stronger and more committed than one generated from a 120-second spot, because the infomercial watcher gained more product information up front. However, this may not pan out in all cases: careful monitoring is essential.

Writing infomercials can be compared to scriptwriting for television or film in that it often requires intense, on-site effort for an extended period of time. This is a potentially lucrative area of specialization for direct and digital marketing copywriters.

Videos/DVDs

Direct marketers' videos are not broadcast on television or cable—rather, they are created for a prospect's viewing on YouTube, on a marketer's Web site, or very occasionally still via DVD or CD-ROM at home or office. Videos can serve the same product demonstration function as a brochure in a direct mail package, with the added dimensions of sound and motion. While "video brochures" are no longer a novelty, this medium still provides more excitement than the typical, flat product brochure. What's more, today your customers will have broadband access to watch your videos on the Web, and it's also easy to create your own channel on YouTube. These advancements eliminate most of the old barriers that kept prospects from watching videos: they no longer have to locate a working VCR or DVD player, insert the video, and watch it.

John Scaletta, founder and owner of Motion Source Video Production., suggests that marketers can direct customers to the Web to view a video, and then be invited to subscribe and join their mailing list. As he says, "Video, which is the next best way to establish trust without a personal meeting, can be an essential tool to building the list. You actually build an online relationship with videos. And if you offer something valuable and deliver on the offer, customers will continue to subscribe to emails. Example: 'Enter your email address for a FREE video on '10 Trade Secrets to a Successful Email Campaign.'"

Scaletta adds that videos are highly attractive to search engines. He says, "Simply put, search engines love video because they know that that is what their users want to see. As a result, video is the best way to get to the top of search engines such as Google. Videos need to be optimized, compressed and tagged to be identified by the search engines. Similar to how a Web site needs SEO (search engine optimization), videos need VSEO (video search engine optimization)."

While some viewers use their computers to view videos, Scaletta says that "smart phones are the newest preferred viewing device, and the preferred delivery is video. These users want to watch, not read."

As for length, videos no longer than four to seven minutes should serve most marketers' purposes—and some may be much shorter.

Run longer than seven minutes and you risk losing the viewers' attention—especially in today's world of 20-second news stories and three-minute "extended features" on commercial television. Scaletta notes that determining the length of the video is similar to determining the length of a direct mail letter. "The short answer is: short as possible, long enough to cover the information needed to get your idea across in a substantive, compelling and entertaining way. Remember, a targeted audi-

ence asked for it in the first place. It's no different than a person choosing a book in a library: it doesn't matter how long the book is as long as the content is good. Of course, since many people choose a book by its cover, videos require effective design, as well."

While video producers used to quote anywhere from $3,000 to $20,000 per finished minute of video, John Scaletta says that his firm has created simple videos for clients for as little as $600. If you choose to have "hard copies" of your video made in addition to posting it online or for mobile viewing, you can get 1,000 DVD copies of a video of under thirty minutes in length for about $2.00 apiece. Prices may decrease to $1.00 apiece or even less in much larger quantities.

Radio

With the rise of online music, mobile marketing, and satellite radio, it's tempting to consider traditional radio a medium on the decline. Yet because today's radio stations are beautifully segmented by interest area and demographics, direct and digital marketers may be able to utilize radio cost-effectively for special-interest products and local support of campaigns on television or in other media. But since radio does not offer visual demonstration possibilities, its applications are limited to those products that may be sold by means of "word pictures" and sounds. What's more, music-format stations used as background noise by their listeners are seldom effective for direct response pitches. Direct marketers require a radio format that attracts attentive listeners.

With the dominance of all-news and all-sports radio stations and other talk formats that attract businesspeople during drive time, some marketers have found radio an ideal medium for reaching affluent executives with pitches for business and personal products—smart phones and plans, computers and copiers, automobile leases, news and investment publications, investment opportunities, and the like. Since most businesspeople have smart phones with them in their autos, they can complete direct response transactions even as they inch along the rush-hour freeway (at least in states that allow phones to be used while driving).

In addition, in recent years a strong cadre of syndicated radio talk show hosts have captured large and loyal audiences. Host/entertainers like Sean Hannity, Dave Ramsey, and Rush Limbaugh become authority figures for their listeners, and thus bring an extra dimension of credibility when they pitch products and services on their shows. Buying time on a top syndicated talk show can be costly, but the audience numbers are impressive: some boast cumulative audiences of 10 million or more in a week's time. The host's endorsement usually will cost extra: you may be wise to test your pitch with and without his/her voice-over and personal comments. Products and services generating leads on syndicated radio include foreign language learning programs, phonics and reading plans for children, financial services, and conservative newspapers and magazines.

Long-form radio formats are available as well, allowing for "radio infomercials" selling self-improvement plans, health products, and other products and services. In most cases, however, attractive time slots and affordable time for long-form radio are limited in availability except in smaller markets or on low rated stations in larger markets.

Here are a few hints for the creation of successful radio commercials:

- *Get the listener's attention up front.* Radio is largely a background medium, and even talk shows are often listened to with "one ear" while your prospect drives, cooks, works, and so on. To get the listener's attention, use a recognizable or unique voice, sound effects, stirring music that selects the audience, or an attention-getting statement at the beginning of any spots you produce.
- *Let the host do your commercial his/her way.* Unless the host of the show you're advertising on is a "shock jock" or has another personality quirk that may reflect poorly on your product, it is likely to pay off if you allow the host to use your script only as a guideline for his or her own "performance" of your spot. Also, make sure the host has the opportunity to use your product or service before the commercial is recorded. Thus his or her warmth and credibility will reflect on your product, including anecdotes and personal testimonials of the product in use.
- *Use repetition to your advantage.* Because radio is a fleeting medium, it's important to give your listener enough time and warning to get a pencil and paper and write down the necessary phone number or Web site, pricing information, and so on. Experts suggest that you repeat this information as many as three to four times in a radio spot. Look for ways to achieve this repetition with good humor and grace rather than rote recitation. Dialogue between two people helps a great deal, as do jingles with the phone number clearly sung to a memorable tune.
- *Set up your long-form radio spot like a show with commercials*. Instead of hard selling throughout, create informational segments with several commercials interspersed. This builds interest and credibility and achieves repetition of ordering information without becoming tedious.

Broadcast Production

Most direct response radio spots are simple enough to record in a local studio with voice-over talent and perhaps a few sound effects. But from storyboards or script to the finished product, television production may require a more specialized set of creative skills.

Circa 1950, a direct response "pitchman" would stand before a single camera and deliver his sales message from beginning to end. But even many of today's low-budget spots involve multiple cameras, computer graphics and animation, and other tricks of the trade. What's more, producing a quality spot is important in vying for inexpensive, available time on various channels—called remnant time. As John Stanphill explains, if a station has the option to run a spot or infomercial that is poorly produced or one with good production values, the well-produced spot will almost always get the coveted, low-cost time. This section will explain the basics of television production for direct response marketers, as well as some tips on selecting and working with a television production house.

Start with the Script and the Storyboard

In the early stages of the creative process, the function of the TV script or storyboard is to sell the commercial's concept. For production purposes, the script and storyboard become the control docu-

ments that ensure the creation of a spot that fulfills the client's expectations and stays on budget. Your storyboard renderings can help pin down such variables as background, costume, number of different shots, lighting, and camera positioning as well as details related to the presenter and other actors (see Exhibit 13.3 for an example). At this stage you should also be able to specify musical backgrounds, sound effects, and other needs for the audio portion of the spot.

Remember that simplicity is the key to success for most direct response spots: keeping the backgrounds uncluttered and the number of actors or presenters to a minimum helps retain the focus on the product you're selling.

Since production time is very expensive, having a script that details every shot including camera placement can save on costly experimentation. On the other hand, some directors prefer to leave the specifics a bit looser. What works best for you will depend on your budget and relationship with the director. Following are some of the video and audio terms commonly used as abbreviations in television scripts:

Video Terms
CUT—Move immediately to the next shot without delay
DISS—Dissolve: a slower change of scenes in which the old shot "dissolves" into the new
INT—Interior
EXT—Exterior
ECU—Extreme close-up
CU—Close-up
MCU—Medium close-up
MS or MED—Medium shot
LS—Long Shot
2-SHOT—Shot including two people
BKGRND—Background
FRGRND—Foreground
DOLLY IN/OUT—To dolly in is to move the camera toward the subject; to dolly out is to move it away from the subject
PAN—Camera moves across
TRACK—Camera moves with action
TRUCK—Move camera from side to side
ZOOM—Shot moves in or out
FADE IN/FADE OUT—Move slowly from black to the scene, or from the scene to black

Audio Terms
VO---Voice Over
ANNCR--Announcer
SFX—Sound effect
MUSIC UP—Music dominates
MUSIC UNDER—Background music
MUSIC OUT—Music stops

Exhibit 13.3. Final Storyboard

1

(MUSIC: sound design and music)
ONE: I am an artist. My car is my creation.

visual: actor #1 in large, open, empty space with a car on a lift/turntable in the background. Environment dictated by location scouting.

2

ONE/TWO: Side moldings, rear skirt, trick spoiler and chrome six spokes,

visual: Although actor #2 is depicted here, actor #1 and actor #2 will be filmed saying the same line to allow editorial freedom later. This will be repeated at certain times throughout the script.

3

ONE/TWO: all in the name of individuali-tee.

visual: actor #1 or #2 speaks to camera.

4

TWO: You may have the

visual: actor #2 speaks to camera.

5

same car...

visual: actor #2's car headlights - closeup seeing the brightness of SilverStars. This scene continues through frames 6, 7 and 8.

6

but mine looks better,

visual: panning across actor #2's SilverStars to another car with traditional halogens approaching.

7

drives better and sings a better tune.

visual: actor #2 looks over at the car that has just pulled up next to his. (perhaps at a traffic light)

8

Right down to the lights.

visual: closeup and drive away of actor #2's car. SilverStar's bright illumination demonstrated.

9

THREE: It's all about the lights.

visual: actor #3 working in a suburban family garage. Kids' props are evident (sports equipment, bike, etc.) He is working on his "weekend" vehicle - an SUV is parked next to it.

10

1-800-000-0000
sylvania.com

ONE: The brightest the whitest the

visual: actor #1 in space with car on lift/turntable. At certain times light from the vehicle's head lamps and other sources illuminate the actor.

11

1-800-000-0000
sylvania.com

oh so rightest Sylvania SilverStar.

visual: product grouping interestingly lit. Perhaps on a turntable, slowly rotating as beams of light cross the viewer's path.

12

1-800-000-0000
sylvania.com

TWO: The look of HID,

visual: actor #2 talks to camera.

Exhibit 13.3. Final Storyboard (continued)

13

1-800-000-0000
sylvania.com

like on high end imports, but nowhere near the price.

visual: night driving -actor #2. See light streaking across a downtown area, tunnel, etc.

14

1-800-000-0000
sylvania.com

THREE: And that is absolutely brilliant.

visual: actor #3 with SilverStar package in his hands - he will be installing them in his "weekend" vehicle.

15

1-800-000-0000
sylvania.com

ONE: My car is my temple.

visual: actor #1 crouches in front of the car in the empty space - the SilverStar headlights are on. (At certain points in the spot - actor #1 could interact with the car - example: deliver his line while standing on the car's hood, etc.)

16

1-800-000-0000
sylvania.com

ONE/TWO/THREE: My car is my castle. SilverStar burns crisp and white.

visual: this verbal line delivered by all 3 actors for editorial options.

17

1-800-000-0000
sylvania.com

ONE/THREE: Brightest, whitest, 100% street legal.

visual: actor #1 and #3 show the product box to camera.

18

1-800-000-0000
sylvania.com

ONE: Silver tipped,

visual: actor #1 to camera with the light bulb - possible use of lens flare, etc.

19

1-800-000-0000
sylvania.com

ONE: what a trip, you will flip

visual: actor #2 driving - night time.

20

1-800-000-0000
sylvania.com

at its beauty.
THREE: at its white hot intensity.

visual: actor #2 driving toward the camera - SilverStars shining on the view.

21

only $49.98
2nd set 50% off
plus S&H

1-800-000-0000
sylvania.com

ONE: You've got a phone, you've got the number. Ask for the Star that burns so bright in the night. Forty-nine dollars and change.
(other versions: "$39.98 - 2nd set 50% off" and "$44.98 - 2nd set 50% off")
visual: product grouping interestingly illuminated. Perhaps on a turntable, slowly rotating.

22

1-800-000-0000
sylvania.com

And get a second set for half-price. S-weet.

visual: actor #1 covered off saying the entire line. Most likely use actor #1 saying only "S-weet" to get maximum time on the product grouping.

23

1-800-000-0000
sylvania.com

THREE: Sylvania does lights.

visual: actor #3 right to camera.

24

1-800-000-0000
sylvania.com

ONE/TWO: Lights are the mania at Sylvania. SilverStar burns brighter. Brighter is better. Brighter is beautiful. Brighter and whiter than that dim crowd you've been hanging with.

visual: copy to be read by actors #1 and #2. SilverStars on #2's car, he's leaning against it. Possibility of another car driving up with halogen lamps.

Exhibit 13.3. Final Storyboard (continued)

SYLVANIA SilverStar :120
"Brilliant Poetry"
page 5 of 6

A. Eicoff & Company
A Division of Ogilvy & Mather

25

1-800-000-0000
sylvania.com

ONE: Yellow is history. White hot is cool.

visual: actor #1 delivers his line while walking from
a yellow-light-circle source (perhaps on the floor) to
a white and bright one.

26

1-800-000-0000
sylvania.com

THREE: The better the light, the better the
safety. And safe is cool, too.

visual: actor #3 talks to camera while still working
on his car - perhaps a SilverStar in his hand.

27

1-800-000-0000
sylvania.com

ONE/TWO: Call now call now.

visual: said by actor #1 and #2.

28

only $49⁹⁸
2nd set 50% off
plus S&H

1-800-000-0000
sylvania.com

ONE/TWO: Get one set at 49.98. And the
second set is half-off.

(other versions: "$39.98 - 2nd set 50% off" and
"$44.98 - 2nd set 50% off")

29

1-800-000-0000
sylvania.com

THREE: No wallets were harmed upgrading
to the look of HID.

30

1-800-000-0000
sylvania.com

ONE/TWO/THREE: Tricked out. Slammed. Tuned
to the max. Your car is your princess... Your
baby... Your angel of the night. And SilverStar is
the window to her soul.

visual: line said by all 3 actors to allow editorial options later.

This final storyboard for Sylvania's SilverStar headlights captures all the motion and bright lights of this two-minute "Brilliant Poetry" spot.

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Take Advantage of the Visual TV Medium

Television is an action medium, and creatives will be wise to take advantage of its visual possibilities. Just as a feature film director can open up his production much more than the director of a stage play, the direct response television marketer should use motion to help call the prospect to action.

Adding action to a television spot need not be expensive. Even still photographs can take on a vivid effect when the camera pans across them, or when they are dissolved, one into the other. Affordable computer animation software can bring your logo alive and move your price and phone number onto the screen in interesting and unique ways. When using actors, add some movement to the script: let the actors walk from one part of the set to the other, show the product in use, or change scenes for a before-and-after effect. In all that you do, make sure that your video and audio work together: if you are saying one thing and doing another, the prospect's confusion may well cause him or her to tune out.

To sharpen your video skills, watch commercials, television shows, and feature films from the director's point of view. Watching classic films can be most helpful because the incongruity of styles, manners, and dress will help keep you on your toes to notice the director's techniques. In addition, the directors of generations past did not have as many expensive technical tricks of the trade, nor computer-generated images, at their disposal as filmmakers do today. From them, you can learn how

to get a point across effectively and inexpensively.

Become familiar with the capabilities of computer software for video graphics and animation, but don't be seduced into overkill. The fast-paced, multi-element look of a general advertising spot may be good for image building, but a direct response spot still must sell or gain a lead in a matter of seconds. If in doubt about a flashy graphics technique, it's probably best to leave it out.

Get Bids For Your Television Production

Most broadcast experts suggest that you obtain several competitive bids for any spot you plan to produce. As a rule of thumb, *Response* magazine suggested that the cost of a short-form spot runs between $25,000 and $250,000, while the cost of a long-form spot runs between $100,000 and $800,000. In addition to comparing prices, it is important to check each production house's samples—in this case their previous direct response spots. Ask each prospective producer to show you a body of work that is comparable to the job you're planning in terms of budget, product type, generating sales versus leads, spots versus infomercials, production values, and so forth.

Make sure each firm you consider is well grounded in direct and digital marketing—don't be swayed by an impressive set of flashy general advertising spots alone. John Stanphill notes that broadcast editors with experience in tabloid TV (*Inside Edition, Entertainment Tonight,* and similar shows) have a deep understanding of how to make a story compelling and get considerable information across in a short time frame. As he notes, "The length of a tabloid TV story used to be up to six minutes, but now it's no longer than three minutes." Editors who are used to these time constraints are great candidates for direct response broadcast production—especially for products to be sold using a hot, high-energy presentation.

To be sure that your bids are exactly comparable, give each production house the same script or storyboard, and the same instructions. Production expense categories include such items s:

- Script
- Crew and Equipment
- Art Direction, Stylist, and Props
- Make-up
- Voice-over
- Talent
- Music/Audio
- Location/Studio/Catering
- Film/Editing
- Direction
- Animation/Graphics
- Mark-up

Firms may offer you a guaranteed price or a cost-plus price. With the guaranteed price, you warrant that the commercial you wish to produce is exactly what is presented on your script or storyboard. The production house gives you a firm price for creating that spot, and agrees not to charge you more if they incur overtime or added expenses. The cost-plus price allows for more flexibility if your script or storyboards are not completely firm, or if you want the producer and director to try some different possibilities in the studio. In this case, you should ask for an overall "ball park" price, as well as a breakdown of what hourly or daily charges you will incur during production.

Experts say that the pre- and post-production periods are crucial to the success of your spot— both in terms of its quality and keeping it on budget. Careful planning on your end is the best way to keep costs to a minimum. During the "shoot" itself, indecision is very expensive, since charges for everyone from the make-up person to the high-priced talent will keep adding up while you decide

what to do.

Pre-production includes the selection of costumes, props, location or studio space, music, dancing or other special talents if applicable, and personnel for everything from the on-air talent to the costumer, make-up person, camera operators, sound and lighting specialists, script person, and set designer.

Post-production focuses on the editing function, which once again may be simple or complex depending upon how tightly you plan your production, and how many customized elements you plan for various regions, seasons, or demographic groups.

Variables to Consider in Planning a TV Spot

If your budget is substantial, you may be able to plan on a celebrity presenter, original music, location shoots, and other extras for your direct response spot. But if your funds are limited, each of these factors needs to be considered very carefully.

Casting. Your producer may do your casting for you, or you may negotiate for the talent yourself. Some marketers try for a shortcut, or even massage their own egos by casting themselves, relatives, or employees in the role of the TV salesperson. However, this is seldom a good idea: to make a sale or obtain a qualified lead in 60 to 120 seconds requires the services of a trained actor or actress—preferably one with substantial on-camera selling experience. On the other hand, a good director often can develop excellent testimonials using "real people," by interviewing them and taping their natural reactions and comments, then editing the best into a spot. The time needed to assemble enough material to create such spots is difficult to estimate, however.

Music. Many direct response marketers do not require any music at all in their spots—especially those with a straightforward, "me-to-you" pitch. If music is required, you may be able to use stock tunes that your production studio can make available to you. A custom score may be less costly than you think, however. Consider contracting with a local source to develop what you need so that the music can complement the spot. Relatively few direct marketers have commissioned the creation of their own jingles, but the idea is worth considering. As direct response TV spots incorporate more image building as well as selling, having your own catchy jingle rolling around in consumers' heads may be a very powerful marketing idea.

Studio Versus Location. In general, location shooting is more expensive than using a studio. However, if you need a standard location like a homey kitchen or family room, you can save money by renting a suitable home from its owner rather than building a set for one-time use. Direct response marketers selling exotic travel services and other such concepts will need to strongly consider budgeting funds for the customized location shots that set their products apart. On the other hand, many products to be sold direct via TV can be displayed most effectively in a simple, in-studio demonstration.

Stock Footage. You may upgrade inexpensive spots with stock film footage that is quite reasonable in cost, according to John Stanphill. Stanphill recommends *www.digitaljuice.com* as a good source for the set-price purchase of such royalty-free stock footage. The firm also offers stock music and digital clip art for print production.

Film, Videotape, and Digital Formats. Film, videotape, and digital formats all have their proponents for direct response TV spots. Your own time factors, budget, and preference will help you make this decision, but here are some pros and cons to consider. Film adds depth and subtlety to a presentation because of its softness. It is considered a quality medium, and thus it may be used for TV spots by general advertisers of packaged goods. Film permits slightly less time for sound than

does videotape: 58 seconds out of a 60 second spot. Although 35mm film looks better and is easier to edit than 16mm film, the less expensive 16mm version may offer a compromise for some direct marketers who need the softer, romantic look of film.

Improvements in digital video and nonlinear, random-access digital editing offer marketers enhanced ability to create the look they want—including special effects—and edit their work quickly and easily. It also allows for easy adaptation of a basic spot to fit various target markets, geographical areas, specific local dealers, seasons of the year, Web site landing pages and toll-free numbers, and so on.

John Stanphill recommends a format called 24-frame video, which he says gives a much clearer image than traditional video—more like film. He notes, "For one campaign I simultaneously shot the most important spots on both video and film so I could determine later which gave me the best combination of quality and impact."

As in so many aspects of direct and digital marketing production, this technology is advancing rapidly. Make sure that the production houses you consider are up-to-date on their knowledge and application of cost-effective, state-of-the-art technology.

A Brand New Way to Use DRTV

by Rick Sangerman, **Senior Vice President Marketing & Business Development at More Media Direct**

"Brand DR" is the most important trend to emerge in the DRTV business in recent years, and if this trend evolves as expected, it will be even more important in the future. By "Brand DR," I'm referring to direct response television advertising that not only contains a selling message but also helps builds the brand.

To DRTV traditionalists, such a hybrid approach may seem unworkable—anything that isn't focused on motivating viewers to buy is superfluous. In fact, branding and selling messages are not superfluous but synergistic. DRTV spots that take the time to craft the right branding provide viewers with an additional incentive to buy—it reinforces what the product stands for, motivating viewers to respond not just to the offer itself but also to the larger concepts of value, quality, service, and so on. Similarly, a product demonstration or offer that's structured with the brand in mind not only elicits a response, but also reinforces an image viewers have about the company and its products. They see an impressive demonstration and think: "The product is incredibly durable; and the company has a reputation for building products that last."

Given that DRTV spots have been around for years, why has this DRTV-branding hybrid emerged recently? Let's look at three catalysts for this trend and some examples of advertisers who are making good use of it.

One of the most significant catalysts of the DRTV/branding hybrid is the growing number of blue chip advertisers in the business. While a branding message may have made no difference to a small, family-owned company selling a slicer-and-dicer, it makes a huge difference to a Fortune 500 company. In recent years, companies such as Procter & Gamble, Reynolds, Con Agra, Sears and many others have become significant DRTV advertisers. They see their DRTV spots not only as a way to generate sales and leads, but also as a way to build their brands. They recognize that a DRTV spot may reach a viewer they may miss with their other advertising; DRTV increases the number of people exposed to their brand message. They also know that a direct response commercial can reinforce that message among people who have seen their other advertising: the DRTV spot delivers the message in a different way and so provides a fresh branding "voice."

A second catalyst is an increasingly volatile economy. When industries or the entire economy experiences a downturn, companies are under increased pressure to improve

their ROI. This means that advertisers must sell harder, and this motivates them to test DRTV or expand existing schedules. As a result, large corporations that previously had little or no commitment to DRTV become more active users. These big advertisers have made a huge commitment to branding, and so they want their DRTV spots to build the brand as well as sell.

The third catalyst: the growing number of products and services that can't be sold in a traditional 30-second spot. Technological advances and other factors are helping companies create products and services unlike any others—their uniqueness requires a certain amount of explanation before people are willing to buy. When Procter & Gamble introduced their unique Swiffer cleaning product, they recognized that they required additional time to explain how this multiple-purpose mop/duster/sweeper worked. Using a DRTV couponing strategy, P&G capitalized on a longer-length spot to explain their new product. But they also made sure the P&G brand remained clear and compelling throughout the spot.

In recent years, A. Eicoff & Company has had more clients than ever before emphasizing the need for their DRTV spots to deliver both a branding message and sales. Sylvania, for instance, wanted a commercial for their high-quality automobile headlights that not only generated a good response from their market but that also branded the product as hip and cutting edge. A hip hop-themed commercial accomplished this objective.

True Temper, makers of lawn and garden tools, asked Eicoff to create a spot for the Ames Water Genie, a sprinkling can attached to a hose. The purpose of the spot was to reach an audience of gardening devotees with information about this new product's benefits and generate calls about it via an 800 number, as well as drive viewers to the company's Web site. But the spot also delivered a consistent brand message—it communicated the twin themes of innovation and fun throughout the spot, using a genie as the spokesperson in the commercial. We believe that all signs point to the continued evolution and growth of the DRTV-branding trend. The days of commercials being segregated into DRTV and non-DRTV are quickly fading. Many "general" spots now have a direct response vehicle—an 800 number or a Web site. While the purpose of these spots may be to create awareness and image, they also want to elicit measurable responses from viewers. More so than ever before, companies are demanding accountability from their advertising—they want to know what they're getting for their ad dollars. A measurable response is an excellent way to measure how the ad performed.

For the DRTV-branding trend to pick up steam in the future, it's not just up to mainstream, brand-focused advertisers to embrace DRTV, but for direct response advertisers and agencies to find ways to blend these two approaches seamlessly. This may mean veering away from some traditional DRTV practices—buying some prime time networks instead of late night or weekend slots, going with a 60-second spot instead of a 120. Given the numerous benefits of the "Brand DR" approach, however, it seems likely that even the most hidebound traditionalists will be willing to adapt their approach to the new realities.

Enhance Your Understanding: Learn by Watching TV

Next time you sit down to watch some television, take your remote control in hand and "channel surf" in search of direct response spots and infomercials instead of programs. Prime time is not the best time to do this: try Sunday mornings on most any channel or weekdays on cable. Create your own diary of direct response TV viewing, including an analysis of what you've seen in terms of the length of the spots or infomercials, formats used, celebrity endorsers, and production values. Note the prices charged for products being sold outright, and the types of products where lead generation is used. Try dividing spots into segments using Eicoff's TPS or his six-part formula. How long does the toll-free number and/or Web site appear on the screen? Is it on long enough? Is there a clear offer being made, or just a pitch for "more information"? Pay attention to what appears on TV over time: which spots do you see over and over (an indication that they're working!) and which seem to vanish after the first viewing or two? What is there about the spots you've seen frequently that makes them successful? Compare the best direct response TV spots you've seen with general advertising TV spots. What are the main differences? What are the similarities? What indications (if any) do you see that the two disciplines are moving closer together, as discussed in Rick Sangerman's "Brand DR" article? Special Note: If you do not have access to cable TV, spending some time watching QVC online (they stream their TV feed live) can be a good substitute.

14

Building Long-Term Customer Value Through Back-End Marketing

In nearly all direct and digital marketing transactions, the initial customer relationship is expensive to develop. Indeed, sophisticated marketers seldom try to break even on the first transaction with a customer. They know that finding a good prospect costs money. Turning that prospect into a customer, building a relationship, and then convincing the customer to buy again and again, are the keys to maximizing ultimate profit. Direct and digital marketers report that their best customer database segments respond to offers at a rate five, six, or even ten times higher than that of cold-list prospects.

Many marketers have a great deal to learn in the area of back-end creative strategy. They put their finest marketing minds to work establishing a solid relationship with the customer in their front-end promotions. Then, at the turning point, when the bargain is struck but the product not yet delivered, they make the mistake of turning the customer over to the "efficiency" of an operations department. These marketers are like a wealthy suitor who wines and dines his lady love for months before proposing. Then, when she says yes, he tips his hat and rides off into the sunset alone, entrusting her to his valet as a stand-in for the wedding and the honeymoon!

Thus it's vital to know: How much does your firm or client have to pay to turn a cold-list prospect or a loose lead into a customer? And what is the long-term value of that new customer to the company? Most direct and digital marketers expend considerable effort trying to shave the cost of bringing new customers onboard, but that's only part of the challenge. A carefully planned program of relationship building and back-end marketing can greatly improve each customer's long-term value to the firm while serving important customer service functions at the same time. Relationship building includes all efforts by the direct and digital marketer to gain customer loyalty and advocacy, enhance personalized two-way communications, and increase "share of wallet" over time. *Back-end marketing* is the direct and digital marketing term for the important set of tactics used to convert, keep, tradeup, and resell customers once you have their names.

In addition to the waste of identifying customers only to lose many of them before a second sale, consider the relatively small pool of potential customers available. The DMA's studies have indicated that only about half of American householders purchase even one item per year solicited by direct mail, and only two-thirds of householders with Internet access make purchases online. DMA research shows that the key to converting more Americans to this method of shopping lies in better treatment of prospects and customers. This chapter will explain the traditional functions of back-end marketing, and then explore the broader and more strategic applications of relationship marketing.

The Functions of Back-End Marketing

The way a prospect or customer is handled on the back end is crucial to the long-term relationship. Yet in addition to pure customer service functions, back-end promotions can also be used to maximize selling opportunities and effectiveness. Some of the traditional objectives of back-end marketing are to:

- Convert a lead into a buyer.
- Cut returns and reinforce the wisdom of original purchases.
- Promote good will for the firm.
- Sell products with better profit margins than those sold by front-end marketing.
- Ensure continued sales to the new customer.
- Pay for necessary mailings, such as premium notices, by offering additional merchandise or services for sale.
- Ensure outstanding customer service.
- Collect funds owed.
- Gain subscription and club renewals.
- Retain and upgrade donors to nonprofits.
- Enhance dialogue with the customer in order to improve future recommendations and service.

The creative concepts and ideas that follow can assist in fulfilling each of these objectives.

Converting Leads into Buyers

The objective of many front-end promotions is to obtain a lead for follow-up via mail, e-mail, phone, or personal contact. These leads may come to you through direct mail, space advertising, online inquiries, telephone solicitation, inquiries from publicity stories, unsolicited inquiries, social media, or customer referrals.

A quick follow-up is essential, no matter what the source of the lead. The moment the potential customer acknowledges interest in your product or service, he or she begins to "cool off." If you don't answer the lead in good time, the potential customer may not even remember asking about your offer by the time your mailing arrives.

Business-to-business author and expert Robert Bly insists marketers should respond to leads within 48 hours of receipt. Indeed, when you respond to an online request for information, it is possible to provide the promised white paper, article or brochure instantly. Bly's 48-hour deadline may be too tight for some firms to achieve if they are responding by mail, but it is imperative that you respond to a lead within a maximum of one to two weeks. Promptness is especially crucial in the case of leads that come to you by phone or online. The prospect knows exactly when you received their request—unlike mailed-in leads where the prospect may allow additional time for the foibles of the post office.

If for some reason your formal conversion package is not ready on time, communicate to your leads with a "keep warm" letter, e-mail, postcard, or phone call. Thank them and acknowledge their interest, give them a few teasers about the exciting information on the way, and let them know that the information they requested will be forthcoming soon. When you use a phone call in this way, you may also be able to gather some information to help qualify the prospect, or to serve him or her better in your response.

Keep Following Up Until a Promotion's Costs Exceed its Profits

The extent of your follow-up program should be determined by weighing the product's profit potential against the cost of continuing to promote it. If you are following up on a request for information on a $30 DVD, the cost and effort you'll want to expend will be considerably less than if you are answering leads for a $3,000 home entertainment center.

Many marketers try both one- and two-step programs on a given offer, to see which is more profitable in the long run. In the one-step approach, the marketer begins by sending a full-blown direct mail package to prospects, soliciting an immediate sale. In the two-step approach, the marketer might begin with a space ad or simple direct mail package or postcard, selling the "sizzle" of the product and inviting people to send for—or go online to ask for—more information at no obligation. Then the full-blown package would be sent only to inquiries, modified slightly to acknowledge their stated interest in the product. These modifications might include:

1. An envelope teaser stating "Here is the information you requested."
2. A revised letter thanking the person for requesting the information before launching the sales pitch.
3. Special wording on other pieces of the mail package that the lead-generation piece may have referred to, such as a premium slip, special-offer order form, and so on.

If you are selling a high-ticket item—like the $3,000 home entertainment center or an $800 online course—by means of a direct mail follow-up, one mailing package is generally not enough to maximize sales potential. Let's take the example of the $3,000 home entertainment center. You may well be able to spend hundreds of advertising dollars to convert just one sale on such an item, especially if you plan to follow up later with offers of accessories, DVDs, and other items with high margins. Thus, to stop after one follow-up package would be foolish. You can balance out the inexpensive sales you make on the first go-round with some harder-won sales generated by later efforts directed at highly qualified leads.

It is not advisable to simply re-mail the same package time and again to leads, hoping that they will eventually notice your mailing. Instead, come up with a series of mailings with varied appearances, appeals, and premium offers. You may save money through the use of standard components that you can print in quantity for use in several of the mailings. If you have obtained permission from the inquirer to send him or her e-mails, you may use this form of communication as a part of the solicitation series as well. But don't go into overkill with e-mail just because it's so inexpensive—you don't want to aggravate your inquiries to the point that they start to consider your messages "spam."

Exhibit 14.1 is an example of a possible mail-only campaign to convert leads.

Over a period of time spent selling items in a certain price/margin category, you will learn how many efforts you can make toward a list of qualified leads before the costs outweigh the rewards. In addition to possible e-mail tests, you may well want to test adding one or more phone calls as part of the conversion series to try to make the sale or at least find out why the customer is not responding. And if the customer does not end up purchasing this item, do not delete the name from your files. This may be a valuable potential customer for another offer you'll make in the near future.

A few additional points should be made about the conversion campaign described here. The reason for four-week intervals between mailings is to allow for orders to return in the mail and be noted on your records before the next mailing goes out. If you can accomplish this faster, the timing may

Exhibit 14.1. Direct Mail Conversion Campaign for Home Entertainment Center

Standard Components Checklist

1. 9" x 12" decorated outer envelope
2. #10 decorated outer envelope
3. Basic selling letter
4. 8-1/2" x 11" color brochure which can be folded down for the #10 outer envelope
5. Premium slip
6. Order form
7. Business reply envelope

Extra Components Checklist

A. Testimonial letter
B. Letter from an orchestra conductor who has tested the home entertainment center
C. Extra premium slip
D. Last-chance slip
E. Bulletin-format letter

Mailing	Timing	Contents	Mail class
#1	One week or less after receipt of lead	"Keep warm" letter with "sizzle" about package to come	First Class
#2	Two weeks or less after receipt of lead	1,3,4,5,6,7 (Outer envelope is stamped: "Here is the Information You Requested")	First Class
#3	Six weeks after receipt of lead	2,A,4,5,6,7	Standard
#4	Ten weeks after receipt of lead	1,B,4,5,6,7 (Outer envelope is stamped: "Inside: A Note to You from Famous Conductor (his or her name)")	Standard
#5	Fourteen weeks after receipt of lead	2,3,4,5,6,7,C (Outer envelope is stamped: "TWO Free Gifts: See Inside for Details"; letter has a handwritten message about the extra premium)	Standard
#6	Eighteen weeks after receipt of lead	2,E,4,5,6,7,D (Outer envelope is stamped: "Last Chance!")	Standard

be accelerated. Soliciting customers who have already responded is annoying to them, and costly for you. Initial mailings should go first class to make sure they are delivered promptly. To save money, later mailings in the conversion series may be sent by standard mail.

Another way to structure a conversion campaign is the one preferred by many online learning schools. They make sure that the initial follow-up kit is loaded with all features and benefits that might appeal to the student: the glamour of the new career, or the chance to learn at home on one's

own time schedule, for example. Then, each subsequent mailing highlights one benefit as the theme of its letter, supplemented by a brochure that covers all the positive points about the course.

To learn more about follow-up mailings, e-mails, and phone calls, send inquiries to a wide range of firms making two-step consumer and business-to-business offers. Save all of the follow-ups you receive by mail, e-mail and phone, noting the dates as they arrive. Then you will be able to reconstruct the creative approach and timing of various firms to spark ideas for your own efforts.

Reinforcing the Original Purchase

Put yourself in the place of your customer for a moment, and imagine that the product you ordered by direct response has just been delivered to your home. Better than imagining, make sure that you order products from your own firm or clients on a regular basis, as well as from major competitors. In any case, when a package arrives you open it and find the product inside. There it is: the dress or baseball glove or decor item you ordered days or even weeks ago, all by itself, without the "sizzle" that was provided on the front end when you made the decision to buy it. This can be a letdown at a crucial moment when the customer needs reinforcement most.

The letdown doesn't have to occur if you, as the creative marketer, provide your customer with some materials to complement the purchase. You can do something along these lines for way less than a dollar per package, although some marketers spend considerably more to reinforce big-ticket purchases. Here are some ideas on what you could include in the package to make customers feel good about their purchases on receipt:

1. *Make the packaging attractive and appealing*. Use crisp tissue paper, elegant seals, reusable storage bags, elegant gift wrap, and other accoutrements that help present products with flair.
2. *Restate the reasons for buying*. Include a short letter or promotional piece that re-tells the story of the product and reminds customers of all the features and benefits that convinced them to buy it in the first place.
3. *Restate the guarantee and other terms of the offer*. Remind customers of their opportunity to put the item to use before deciding whether to keep it.
4. *Testimonials*. Include a few quotes from satisfied customers, especially those who have reordered the product many times. Each testimonial might discuss a different reason why the purchaser has found the product so useful, including ideas on various ways to put it to use.
5. *"How-to" information in easy-to-use form*. Even if it seems completely obvious how to put the product to use, remember that your customer is not as familiar with it as you are. A few step-by-step instructions, even on a simple item, will move the customer to start using the product right away. If your item is more complex, how-to information is essential. Before writing these how-tos, of course, you must have a thorough understanding of the product in use. Once you have prepared the material, share the product and instructions with some people who fit your customer profile. See if they find them understandable and usable. If they are confused at any point, your instructions need modification.
6. *Certificates and other documents that customers can save*. This could be a Certificate of Authenticity for a limited-edition art piece or jewelry item, a warranty statement for an appliance, or a small flyer providing an interesting historical background on the product.

7. *Clear instructions on how to return merchandise*. To make life easier both for your customer and you, tell them step-by-step how to return merchandise—and make the process as painless as possible for them so that they don't hesitate to order in the future. Providing a pre-paid mailing label as part of the packing slip makes things easiest for the customer.

8.. *A small thank-you gift*. This could be anything from a sample of skin cream to an inexpensive piece of jewelry—just a little something extra to surprise and delight the customer.

Achieving Better Margins on Sales

Because many direct and digital marketers invest money to gain a new customer on the front end, actually going into the red on the first sale, it is essential that their back-end efforts yield a profit from that customer as soon as possible. This can be achieved in a number of productive ways. Here are several:

1. *Sell an accessory*. Nothing could be more appealing to the proud owner of a new product than something that is custom-made to enhance that prized possession. A red leather purse might be packaged along with an invitation to acquire a matching wallet and key holder. Or how about an attractive, protective cover, custom-made to fit the new e-Reader or smart phone? Such items can sell well even at hefty margins, and the profit is all the better since the offer is riding along for free with the shipment of the original purchase.

2. *Sell more, or sell better-quality items*. This tactic works best on items that are in need of quick replacement or replenishment. For instance, when you send the invoice for a magazine subscription, you can offer customers a bargain rate if they will pay for two years right away instead of just one. If you're delivering custom stationery, offer the customer a special deal on a larger quantity re- order, or a better-quality item.

3. *Send along package inserts*. Even if you offer customers something totally un-related to the item they bought, you stand to do well if this second item is ap-pealing to the same target market. When you have just delivered the main item the customer wanted, the timing and atmosphere for selling a second time are ideal. The customer has a good feeling about your firm, and now trusts you to deliver what you promise. Selling items of your own is one way to take advan-tage of this opportunity, but you may also consider allowing other direct and digital marketers to buy package insert space in your shipments on a per-thousand or per-sale basis. It is essential, however, that you screen the package inserts that will ride along with your mailings to ensure that they are not com-petitive with your product line, and that they are in keeping with the image of your firm. If you sell $500 ladies' dresses, for instance, you would not want to allow a package insert for $19.99 lime green polyester slacks.

4. *Ask for referrals*. Getting a referral from a current customer won't help the margin you make on sales to him or her, but it may gain you a new customer very inexpensively. Your customers' friends are likely to be good prospects for you as well, since they probably share the same interests and socioeconomic

level. Indeed, you might offer your current customers an incentive for referring potential new customers, the so-called member-get-a-member plan. Music and book clubs give free merchandise to members who deliver friends or relatives as new, paying customers. Frequent traveler programs might provide bonus credits to their plan members who do the same. Other firms with unique product lines are able to succeed using a low-key approach, not offering any incentive other than the opportunity to share a good buying source with a like-minded friend.

Ensuring Continued Sales

After the sale and delivery of a first package to a customer, you'll need a way to keep up communications and sales. You'll want to set up a schedule of mailings (and e-mails, if you have permission to do so) to the customers on your list to keep your name on their minds and—more importantly— to keep bringing in more and bigger sales from them.

The more complete the information you can record on your database, the better a job you can do at targeting future promotions to individual customers. Send high-ticket offers to high-ticket buyers, for instance, and book offers to previous book buyers. Within these categories, high-ticket jewelry buyers might be broken down into those who prefer sapphires, amethysts, or rubies. Book buyers might be categorized as those who enjoy romance novels, the classics, or history texts.

Ever since Maxwell Sackheim and Harry Schermann started their Little Leather Library and Book-of-the-Month Club, direct and digital marketers have been ensuring continued response by means of a front-end offer that helps win guaranteed sales on an ongoing basis. Here are some front-end offers you can make to improve the chances of regular, continuing sales from new customers.

Continuity Series. Offer the first of a series of books, movie DVDs, collectibles, food items, or how-to lessons on a front-end basis, with the promise of more to come in future mailings. You'll find that obligating customers to buy a number of items later on will probably cut the percentage of your original responses, but will also help avoid attrition as the program continues.

Testing will help you determine whether a tight or loose continuity pitch brings you the most net dollars over the life of the program. A tight continuity offer would explain very specifically to customers that they are expected to purchase x-number of items over a given period of time. A looser pitch would tell them of the existence of the additional items, but give them the option of continuing or not as they please. Loosest of all is the offer that sells the first item only, and then approaches the customer with the news that there are more items in a series that they may acquire if they so choose. If you want to gain the greatest possible number of new customers but still have a continuity series over which to spread your cost of customer acquisition, try a loose front-end sale followed by a load-up offer, or a strong follow-up or "efforting" program on the back end.

The Load-Up Offer. The load-up offer comes after the customer has received the book, DVD, or other item he or she originally ordered. You offer the customer the opportunity to receive all of the books, DVDs, or whatever you're selling in the series, but to pay for them in convenient monthly installments over a given period of time. This cuts your shipping costs, because you'll send all of the remaining items in a single shipment. If you opt for this system, provide your customers with a coupon book so that they can make their monthly payments easily, or send them a monthly invoice/

/reminder by mail or e-mail. Also, test the offer to make sure you aren't stuck with too many uncollectible accounts.

The Efforting Program. This is another way to bring in additional sales from customers who were offered products on a continuity basis but with no obligation to buy. This is usually a multi-step correspondence plan. Here is how a typical efforting program might work:

1. *With the original shipment*, send the customer a selling letter, a small brochure with a picture of the next product, and an ordering device.
2. *After four weeks*, mail again to those who have not ordered the product. Send a different letter, the same or different brochure or picture, and once again an ordering device.
3. *After four more weeks*, send a more urgent message to those who have not yet responded. A telegram format with a "last chance" order form is one idea.
4. If the economics of your program allow for it, you might test adding a *telephone follow-up* after the first or second solicitation to see if it converts at acceptable levels.
5. If you have obtained permission from the customer to do so, you might add one or more *e-mail follow-ups* as well.

The number of mailings, calls, and/or e-mails in your efforting program will depend on their relative effectiveness and the price of the item you are selling. A big-ticket, high mark-up item may still yield acceptable results with a fourth or even a fifth effort, while a low-end product may merit only one or two efforts.

Negative Option. Many direct response clubs and monthly box programs are run on a negative-option basis: customers agree to receive the monthly book, clothing box or food selection unless they make the effort to return a card or go online to make an alternate purchase, or direct the club to send nothing at all that month. This is a proven way to gain new customers and make them profitable over a given period. Customers are brought in under a "Four Books for $1" type of offer, with the marketer making an investment to gain the customer's name and his or her promise to make at least a minimum of future purchases. The customer agrees to buy X number of books, clothing boxes, or other merchandise over a specified period and also has the option to buy a number of other items via monthly mailings. The key here is to learn by testing how loose or tight the front-end offer must be to yield enough customers, at acceptable sales per customer, in the long run.

Positive Option. The positive-option program works exactly the same as the negative option, except that the customer will receive no shipment unless he/she returns a card, goes online, or makes a phone call to initiate it.

Ship 'til Forbid. This is the ultimate in a continuity series: the customer gives the marketer the right to continue shipping products on a monthly, bimonthly, or other basis unless the customer expressly tells the marketer to cease. This can be a smooth way of obtaining nearly guaranteed sales, especially if customers provide their credit card numbers so that the marketer simply ships the product at regular intervals and puts the charge on the customer's account. The same can be done with "provide service 'til forbid"—for example, online services like Netflix provide ongoing movie streaming opportunities to customers and bill them monthly by credit card.

Another option is to ship the item with an invoice enclosed or sent separately, but here the marketer must keep careful records to make sure an acceptable number of items is paid for before additional shipments are made. In the case of all of these offers for ensuring continued sales, it is important to make sure that the offer and follow-up sales information are worded according to legal requirements as well as sales requirements. The services of a seasoned direct mail copywriter, followed by a careful reading by a lawyer with experience in direct and digital marketing, will avoid problems later.

Pay for Necessary Mailings with Ride-Along Offers

While many marketers have convinced their customers to receive invoices and pay bills online, there are still many millions of invoices and payment reminders sent monthly to customers by mail. Retailers are masters of the ride-along offer, sending stuffers as well as return envelopes with selling messages and tear-off coupons—called "bangtails"—with most every monthly statement to customers. Whenever you send an invoice or other communication to a customer, why not take a cue from the retailers and include some type of offer to help pay for the mailing? The premium-due notices of insurance companies, for instance, often include stuffers offering information about other policies. An invoice on a continuity program could have a brochure of seasonal merchandise "riding along" with it. Customer-service notices, order acknowledgments, and other correspondence often allow space for a selling message within the one-ounce limit for the lowest rate on first-class mail.

Ensuring Outstanding Customer Service

Simmons Research indicates 37 percent of those Americans who bought by mail in a one-year period experienced customer service problems. Many of these points fall under the heading of fulfillment and operations, but it is essential that any direct communication with customers carries a marketing orientation. Here are some examples of customer service activities you can carry on to reinforce the customer's positive impression on the back end:

1. *Acknowledge orders*. Sending an immediate order acknowledgment by e-mail (or first-class mail if the customer does not disclose an e-mail address) is vital in today's world. Customers are used to clicking the "confirm order" button and immediately seeing a confirmation e-mail appear—if you do not meet this standard, customers will become anxious . . . and you will receive a raft of customer service inquiries that would have been unnecessary if you had met your customers' expectations. A simple e-mail that reviews the order information, or elaborate enough to contain other offers, the acknowledgment eases customers' minds, letting them know that their purchases are on the way. If you can provide them with an estimated shipping time along with the acknowledgment, so much the better. Many marketers also send additional e-mails to let the customer know that their order has been processed, and that it has been shipped. Ideally the shipment e-mail will contain tracking information so that the customer knows when the package(s) will arrive and what carrier will bring them.

2. *Let customers know how to reach you*. Provide a specific toll-free customer service number, e-mail address, and physical address. Have a chat box on your site as well. Don't make the customer who has a problem hunt too hard to find you. He or she can shop with plenty of other direct and digital marketers who are highly accessible and responsive, and therefore you will need to be as well.

Exhibit 14.2. Amazon Order Acknowledgment

Thanks for your order, Susan K. Jones!

Want to manage your order online?
If you need to check the status of your order or make changes, please visit our home page at Amazon.com and click on Your Account at the top of any page.

Purchasing Information:

E-mail Address: sjones9200@aol.com

Billing Address:	**Shipping Address:**
Susan K. Jones	Susan K. Jones
251 Plymouth SE	251 Plymouth SE
East Grand Rapids, MI 49506	East Grand Rapids, MI 49506
United States	United States

Order Grand Total: $61.88

Get the Amazon.com Rewards Visa Card and earn **3% rewards** on your Amazon.com orders.

Order Summary:

Shipping Details : (order will arrive in 1 shipment)

Order #:	102-4188401-5027465
Shipping Method:	FREE Super Saver Shipping
Shipping Preference:	Group my items into as few shipments as possible
Subtotal of Items:	$61.88
Shipping & Handling:	$8.83
Super Saver Discount:	-$8.83
Total for this Order:	**$61.88**

Shipping estimate for these items: May 27, 2010

2 "Brown Ram Wrought Iron Coaster Holders - Style h25"
$11.99

Sold by: Allen Marketing International inc.

2 "Set of Four Fleur de Lis Thirstystone Coasters - Style ts2141"
$18.95

Sold by: Thirstycoasters.com

Need to print an invoice?
Visit www.amazon.com/your-account and click to view your orders. Click "View order" next to the appropriate order. You'll find a button to print an invoice on the next page

Where can I get help with reviewing or changing my orders?
To learn more about managing your orders on Amazon.com, please visit our Help pages at amazon.com/help/orders/.

Please note: This e-mail message was sent from a notification-only address that cannot accept incoming e-mail. Please do not reply to this message.

If you ever need to return an order, visit our Online Returns Center: www.amazon.com/returns

Thanks again for shopping with us.

Amazon.com
Earth's Biggest Selection

Prefer not to receive HTML mail? Click here

Amazon.com acknowledges orders instantly once they are placed, sending an e-mail to the purchaser that recaps the order in detail.

Reprinted from an e-mail received from *www.amazon.com*.

3. *Send a letter with each shipment.* The so-called ship letter provides a perfect opportunity to thank the customer for the purchase and avoid post-purchase letdown. The ship letter should also welcome brand-new customers, and thank seasoned customers for returning with another order.

4. *Send a welcome package*. In addition to the welcoming ship letter, some firms greet first-time customers with a special package that acquaints them with the product, the firm, and the benefits of buying in this way. To help pay for the mailing, the "welcome kit" can contain buying opportunities for accessories and related products.

5. *Give the customer a "thank you" gift, or discount*. With every order over $100, you might, as an example, provide a surprise thank-you gift tucked into the package with a note. Or include another offer in the package with a very special discount for preferred customers only. Some firms establish their personalities by providing something special or free with each order. A firm in maple syrup country might tuck in a small package of maple sugar candy with every order. A cosmetics company might provide a free sample of the latest skin care treatment or eye shadow.

6. *Send a newsletter or other chatty correspondence*. Make the customer feel like a preferred member of your "family" with a newsletter in the product package announcing special offers or discounts for preferred customers only. This may be a great way to clear out small-inventory items and please your customers at the same time. Many firms send newsletters via e-mail, and feature both informative articles and product offers.

7. *Provide "preferred customers only" benefits.* These might include advance notices when sales or special values are available; a specific, extra-helpful telephone salesperson whom only your regular customers know is available; a password-protected Web site area with benefits available only to best customers; monthly discounts on various items available only to customers who are sent special coupons; quantity discounts; free gift wrapping; or some other "extra" that you offer and deliver only to persons on your present-customer list. Don't make the mistake of offering any of these extra services on the front end—at least not free or at the same discount your preferred people are getting. The service or item must be an exclusive, special-treatment one that makes customers want to continue being considered part of your firm's "inner circle."

8. *Make it simple to return goods*. Because clothing merchants traditionally have very high return rates, you might think they would shy away from telling customers directly how to send back unsatisfactory merchandise. But to get customers to buy something as personal as sized clothing by mail or online, it is essential that they feel no obligation to keep an unsatisfactory item. Thus, sellers of clothes have learned to build the cost of returns into their pricing structures, and to make it easy for their customers to accomplish a return or exchange. They may include a return-shipment label in the package and offer a step-by-step guide to returning the item. A simple form for the customer to fill out will also help, and enable you to find out the customer's reason for returning the item, which is valuable market research information.

9. *Send a thank-you note or card at year's end*. Thanks are appreciated any time

Exhibit 14.3. L. L. Bean Return Page

L. L. Bean makes it easy for customers to return merchandise, explaining everything step-by-step on this Web page and also including full information with each shipment.

Reprinted from the L. L. Bean site at *www.llbean.com*.

of year, but a letter or e-mail to preferred customers on an annual basis is a nice gesture. If you can personalize the letter so that it mentions items or categories the customer purchased, so much the better. A thank-you gift or dis- count for customers at certain purchase levels is a nice gesture, too.

10. *Make sure your inbound telephone functions are state-of-the-art*. Today's best marketers serve phone-in customers with database functions that streamline ordering and customer service processes and provide customers with valuable information on product availability, shipping times, gift shipments, etc. Best of the lot are the systems that can identify an individual using a customer number that appears on each catalog or mailing. Next best are systems that identify customers using their zip codes and names. It's always a good idea to "order from yourself" by mail, phone, and online, and make customer service calls regularly as a spot check to make sure customers are being treated promptly, efficiently, and with courtesy and care.

Collection Letters for Overdue Accounts

A well-written series of collection letters is a necessity for many direct and digital marketers who send out merchandise before it is paid for. This back-end function is often neglected, put off, or given half-attention, when it can be taken care of very simply.

Keep in mind that the function of a collection letter is quite different from the function of a sell-ing or efforting letter. In the case of collections, the customer has already committed to the product. You need not sell him or her on the product, but only on the concept of paying for it.

Begin with an invoice and a "thank you for ordering" letter. Restatement of benefits is appropri-ate here, to reinforce the wisdom of the purchase decision and smooth the way to a payment.

Four weeks later, start your collection series to those who have not paid. Lead off with a gentle reminder. Then in subsequent efforts, become a bit more urgent and terse with each letter, using your treasurer or accountant as the signer. Depending upon the dollar amounts involved, your collection series might range from two letters to six or more. In the final letter, take a "last chance" tone and note that you will be forced to turn the matter over to a collection agency if you do not receive pay-ment immediately.

At this point, do turn delinquent accounts over to a good collection agency. It is not wise for your firm or client to write harsh or threatening letters to customers who may once again become valued buyers at a later date. For specific pointers and model letters for a collection series, check one of the standard business-letter reference books.

Gaining Renewals for Periodicals and Clubs

The big money in selling periodicals and club concepts by direct mail is in the renewals. The $12 or $25 paid the first time around is unlikely to cover both the cost of obtaining the name of a customer and a year's order-fulfillment activities. For each additional year for which the customer can be per-suaded to remain a reader or club member, the profit of dealing with him or her improves. Thus it is worthwhile to prepare and implement an aggressive subscription- or membership-renewal pro-gram—one with four, six, or even eight steps in all.

Most renewal series begin several months before the renewal date, with a special incentive for re-newing early. This might be a discount, a premium, or several free issues of a publication. On the other hand, some marketers hold off on special offers until later in a series because they have found that a good percentage of their customers will respond to a straight offer right away. The marketer

can therefore save the more costly offers for the purpose of convincing the less eager segments of their customer lists to respond. Over the series of mailings, a number of formats may be used, and an extensive testing program is advised to make sure you are optimizing response and cost-effectiveness. Here are several format ideas:

- A simple, double postcard with a tear-off half for the customer to return by business reply mail. All the customer then has to do is check off "Yes," and he or she will be billed for the subscription or membership.
- A bulletin-type letter warning that the customer may lose valuable issues or membership benefits unless he or she responds in time.
- A traditional envelope mailing with a feature/benefit letter touting the exciting, specific events and articles coming up for those who renew. This mailing might also include a brochure, premium slip, and reply card.
- A contest offer, giving those who respond either "Yes" or "No" an equal opportunity to win. (Human nature tells the customer that he'll have a better chance of winning if he says "Yes," even though by law that isn't the case.)
- An "action device" tipped onto the letter, such as a sticker that looks like the cover of the magazine, to be transferred to the order form and sent back with the order.
- For membership pitches, a temporary membership card that the customer can keep until the permanent card is sent after the customer sends in the renewal.
- A wrap-around piece bound onto one of the last issues before cancellation to encourage prompt action with its built-in reply device.

Retaining and Upgrading Donors to Nonprofits

According to the National Philanthropic Trust, Americans give more than $390 billion annually to charity. And although the power of personal persuasion should not be overlooked in fundraising, direct and digital marketing offers a number of attributes that help nonprofit organizations maximize their resource development efforts.

Direct and digital marketing methods provide:

- A cost-effective, measurable way to target and reach a large number of donors, all at the same time—not when volunteers or staff can get around to it.
- The means to develop a database that is not dependent upon the personal knowledge, special relationships, and individual biases of funds solicitors, and which is readily available for use.
- The opportunity to take advantage of sophisticated predictive modeling techniques that draw upon demographic and psychographic information as well as donor actions.
- The chance to highlight appeals for specific groups of donors based upon age and stage of life, income, special interests, wants and needs, previous donor history, etc.
- The ability to provide donors with "the whole story" about your program in written or video form—with materials that can be saved or printed out for reference or passed along.

Meeting the Needs of Donors via Direct Marketing. As Abraham Maslow explained in his book *Motivation and Personality*, each of us has a never-ending supply of needs to fulfill. Just as we sometimes satisfy these needs through the purchase and use of products and services, contributions to nonprofits can assuage our needs in various ways.

As the low-level *survival* needs of food, water, clothing, and shelter are satisfied, the human animal begins to crave *safety*, security, and the avoidance of pain. Once these basic requirements are covered, people desire *affiliation*—warm social interaction with like-minded people. Higher yet on Maslow's Hierarchy of Needs is *self-esteem*, developed by means of personal achievement, and the recognition of others. The ultimate need is for *self-actualization*—developing in all areas of life to become an independent, well-rounded person.

Direct and digital marketers can make use of their databases, research, and demographic data to determine the "need levels" of their various donor groups, thereby providing attractive benefits to donors.

- *Survival and safety needs.* Most desirable donors have the education and money to move beyond the low levels of the Hierarchy of Needs. But even so, "fear" appeals with the theme "there but for the grace of God go I" can sometimes be effective. Donors may believe that giving to your cause somehow lessens their own chances of family tragedy, losing the power to control their own destinies, or contracting a deadly disease.
- *Affiliation.* In his book *The Membership Mystique*, the late fundraising impresario Richard P. Trenbeth quoted the observation of French philosopher Alexis de Tocqueville that Americans are inveterate "joiners" who enjoy associating with like-minded individuals. Thus many nonprofits cultivate relationships with donors by offering them membership in museum groups, symphony societies, college and university alumni groups, political action committees, and organizations devoted to animal rights. The "transaction" becomes complete when the organization provides various perquisites to its member/donors, including social, educational, and material benefits.
- *Self-esteem and self-actualization.* If a donor has basic physical and safety needs under control and already feels comfortably affiliated in home and community, he or she may well respond best to fundraising appeals that feed the need for self-esteem and self-actualization. Benefits proven to motivate such donors by developing self-esteem include those which provide praise and recognition for a job well done. Self-actualization benefits might include opportunities to do specific good toward meeting altruistic goals, and the chance to achieve immortality by leaving something important behind.

Creative Tips for Direct Response Fundraisers. Many of the proven back-end and relationship-building methods developed for profit-making ventures are used with great success by fundraisers. Here are a few specific tips that are especially helpful in creating effective fundraising solicitations:

- *Focus on the results of your work.* Don't tell donors about your wonderful new building or your dedicated staff. Tell them how you are saving lives, overcoming threats, inspiring youth to new heights.
- *Play upon human interest.* Use success stories about individuals whose lives

have been changed for the better by this nonprofit, not generalizations about how many people have been served.

- *Use the database to address donors personally.* Send customized communications to donors segmented by donation size and potential donation, specified area of interest, age and stage of life, etc.
- *Use celebrity endorsements where appropriate.* The same caveats apply here as in for-profit marketing: celebrities must be credible and likable to your target market. Ideally they would be known for their hands-on involvement with your cause—for example, former president Jimmy Carter and his wife Rosalynn, who have spent considerable time building houses for Habitat for Humanity.

Exhibit 14.4. Jimmy Carter and Habitat for Humanity

Habitat for Humanity showcases the commitment of former President Jimmy Carter on its Web page. Mr. Carter's commitment to the Habitat cause provides a powerful endorsement for potential donors and volunteers.

Reprinted from the Habitat for Humanity site at *www.habitat.org*.

- *State your position clearly.* A strong position statement is essential, because donors need to perceive a compelling and specific need before they will be motivated to respond. Thus, fundraising solicitations can and should be outspoken. They should take a definite stand, even if it may alienate some readers who are not part of the target market.
- *Ride the crest of public opinion.* Strike while the iron is hot during political campaigns and times when your issue is in the news. Your supporters may be especially likely to respond if their position is being publicly assailed, or if disaster strikes and the need for support is crucial.
- *Test involvement devices and action techniques.* Consider the full arsenal of direct marketing techniques as potential winners for your fundraising campaigns. See Chapter 10 for a host of ideas to test in direct mail.
- *Use urgency and ask for specific action.* In the fundraising arena, urgency often comes quite naturally because of a pressing problem or crying need. It is also important to ask for a specific action, including a suggested contribution amount that gently and appropriately challenges the donor to a higher level.
- *Acknowledge and thank donors promptly.* Immediate turnaround with a personal thank-you from an appropriate staff member or volunteer is essential. Fundraising expert Daryl Vogel says that organizations should "find seven ways to thank donors before asking them for more money." These ways might include thank-you notes, progress updates, e-mailed or paper newsletters, invitations to events and site visits, membership credentials, and so on.
- *Find ways to upgrade donors.* The existing donor base is the best source of future money for most all fundraising organizations and thus these donors should be cultivated carefully to maximize their lifetime values. A good database will allow the organization to guide donors along a gradual path of increasing involvement and monetary investment by suggesting manageable yearly upgrades and "holding out carrots" involving status, special events, and opportunities. Today, many organizations also spend a good deal of time educating their best donors about matching-grant opportunities, bequests, trusts, and other long-term programs.
- *Consider sales opportunities and catalogs.* In recent years, scores of cultural institutions have begun to explore merchandising opportunities aimed not only at their donors, but also at a wide range of potential customers. Museums, public broadcasting companies and individual nonprofits all have gained additional revenue—often by creating catalogs that carry the same merchandise as their on-site gift stores.

Enhance Dialogue With the Customer to Improve
Future Recommendations and Service

Hugely successful online marketers including *Amazon.com* and Netflix.com encourage their customers to rate every purchase or streamed program, and to provide candid feedback to sellers and fellow customers. Such engagement methods help bond the customer to the company—and the information gained through ratings and comments help these marketers provide increasingly more relevant suggestions.

Amazon.com sends out periodic e-mails to customers inviting them to "Improve Your Recom-

Exhibit 14.5. Chicago Symphony Orchestra Store

The Chicago Symphony Orchestra gains incremental revenue from patrons and others all over the world through this online store at *www.cso.org*.

Reprinted from the Chicago Symphony Orchestra site at *www.cso.org*.

mendations" on recently purchased items. Items can be rated from one star (I hate it) up to five stars (I love it). Amazon cleverly allows raters to note that "this was a gift"—in other words, the customer bought it for someone else and this item should not be used as part of the algorithm for his or her future recommendations. Like eBay, Amazon also invites customers to rate their experience with the site's affiliated vendors.

Netflix asks viewers to rate the movies and shows they view and also encourages them to post detailed reviews. In addition, Netflix invites viewers to "rate movies you've seen to discover movies you'll love"—including movies seen years ago, on the big screen, and through other means besides Netflix. Then when visiting the site, Netflix offers up rows of suggested titles that seem to embody the rater's interests. For instance, Netflix has presented your author with a large quantity of offerings based on a demonstrated preference for "critically acclaimed quirky comedies," "romantic movies," and "understated dramas with strong female leads."

Exhibit 14.6. Netflix Recommendations
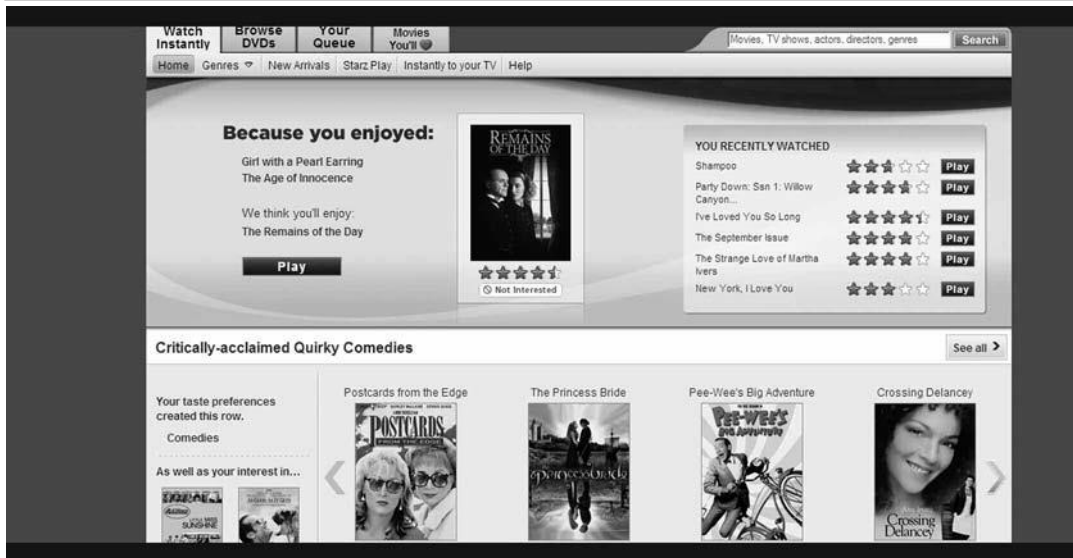
Netflix invites viewers to rate movies they have seen via Netflix and other sources in order to categorize customers' preferences and present them with options for upcoming rentals.

Reprinted from the Netflix site at *www.netflix.com*.

Building Long-Term Loyalty Through Relationship Marketing

In 1981, American Airlines launched its AAdvantage program as a means of cultivating customer loyalty. Other airlines soon followed American's lead, offering points toward free flights and other benefits to customers based on miles and segments flown. In the present day, most every airline, hotel chain, financial services firm, telecommunications company, and retailer boasts one or more "relationship" or "frequency" marketing programs. Many of these programs were started as defensive measures—"because the competition is doing it"—rather than as well-planned, strategic initiatives in keeping with the firm's long-terms goals. In retrospect, many firms locked into ongoing relationship marketing plans may now regret it, because their customers have come to view such programs as "parity entitlements" instead of "unique, value-added perquisites." This section will provide a framework for informed decision-making on relationship marketing, as well as some creative ideas on how to structure and administer a successful program.

Turning Customers into Advocates

A relationship marketing model from a division of Experian emphasizes the importance of moving from traditional mass marketing to what the firm calls "segment of one" marketing—meeting the individual customer's needs and thereby enhancing his or her lifetime value to the company. When the proper database is developed to do this effectively, the firm's experts argue that first-time "customers" can be turned into valuable, repeat-purchase "clients." Ultimately, the highly satisfied client may become an "advocate"—one who buys repeatedly from the firm across multiple categories, and actively refers others to become customers.

Michael LeBoeuf, author of *How to Win Customers and Keep Them for Life*, said that clients become advocates because they feel "rewarded." As he notes, "It's the rewarded customer who tells others just how wonderful your products or services are, which, in turn, creates more customers. The rewarded customer buys, multiplies and comes back."

Marketing expert Regis McKenna has asserted that "service" is the key to relationship marketing. In a world of parity products, customers need to receive exceptional "information, assurance and comfort" to remain loyal.

Direct marketing expert Jeanne Garrett noted that "meeting needs" and "providing service" need not be costly activities to the firm. Indeed, customer needs are often best met by providing tailored and timely buying opportunities. Ms. Garrett says:

> I happen to have a copy of the current *AARP—The Magazine* (from the American Association of Retired Persons—for people over age 50). As I leaf through it, I see they have maximized opportunities to deepen the customer relationship, gather information, and generate revenue by providing opportunities to:
>
> • Sign up for their credit card
> • Sign up for group health insurance by using a personalized insert
> • Gather information regarding exercise habits by using a survey. (Obviously, this can be used for future marketing or even list rental opportunities)
> • Sign up for AARP Life Insurance
> • Sign up for AARP's Investment program and so on

Nonetheless Ms. Garrett cautions firms to "think long and hard about whether to begin a loyalty program. Do they really work? Can the cost be justified? Who should be targeted?"

Formal Loyalty Program Versus Ongoing "Customer Delights"

While many firms have already invested heavily in formal programs for "relationship building," "frequency," or "loyalty," this is not the only way to approach the strategic issues of "long-term value" and "share of wallet." In addition to or instead of such a formal program, many firms have seen the wisdom of "delighting customers" with unexpected personal service, gifts, and opportunities.

A marvelous example of "customer delight" was recounted by a car buyer who picked up his new vehicle from the dealer after leaving his trade-in a day or two before. When he turned on the new car's radio, he was surprised to hear his favorite FM station. He pushed the pre-set buttons for both FM and AM and to his *delight,* they were already programmed for the same stations he'd had on his trade-in car. The technician who performed the new car's final prep work invested a few minutes to provide this unexpected, personal service. As a creative marketer, you could create the same sense of delight in your individual customers by mail, phone, e-mail, or online by using communication, intuition, and good database information.

The "customer delight" concept helps overcome the problem of "entitlement" that has diminished the strategic effect of many formalized loyalty programs. When many of the airline frequent flyer programs raised their basic "free ticket" miles from 20,000 to 25,000, some program members became aggravated if not incensed. Keep in mind, they were still being offered something of real value

absolutely free—but they perceived that something was being taken away . . . something they felt entitled to for going by the rules of the airline's structured, formalized program.

Combining "Hard" and "Soft" Benefits

Richard G. Barlow, founder of Frequency Marketing (now part of Epsilon), defines the function of relationship or "frequency" marketing as follows: "To identify, maintain and increase the yield from best customers through long-term, digital, value-added relationships." While a formal program with rules and specific benefits and rewards may help fulfill these goals, many firms have yielded even more long-term loyalty by combining both formal and informal perquisites based on knowledge of the customer.

Barlow calls the formal offers "hard benefits"—products or services for which the customer otherwise would have to pay and which the seller pays for. He calls the informal offers "soft benefits"—something emotional and unexpected, special recognition, or insider information and opportunities. *Colloquy* (http://www.colloquy.com), the online newsletter, offers specific examples of ongoing loyalty programs as well as strategic how-tos for frequency marketers.

Effective Relationship Marketing Requires a Corporate Commitment

A Michigan-based bank introduced its own affinity credit card and offered miles toward airline travel based on customer usage. Within months, the bank pulled the program, citing "too much success" as the reason. Customers had overwhelmed the bank with their usage of the card and resulting demand for airline tickets. Rather than rejoice in their success and adjust to the demand, the bank backed away. Their initial effort to win customer loyalty did them more harm than good, as the media, customers, and non-customers alike talked about the failed program for months.

This painful anecdote underlines the importance of pre-planning and ongoing support for any relationship marketing program. Unless your firm is willing to make an ongoing commitment to the program, whatever the results may be, it is better to avoid such a dramatic undertaking. Indeed, successful relationship marketing must become a way of life for the firm and all its service, operations, and communications personnel—a facet of Customer Relationship Management (CRM) rather than an encapsulated "promotion." Experts suggest that every new relationship marketing program even include plans for a "graceful exit" if the program should ever need to end—preferably an exit that includes "farewell perquisites" for loyal customer participants.

Moving Beyond "Programs" to Serve the "Segment of One"

It is essential to recognize that relationship marketing programs cannot be "set and forgotten." The marketplace is such that new and better benefits appear almost weekly in many competitive frames. To maximize participation and profits, you must constantly monitor the success of each program facet and test new opportunities for your participants. What's more, this work must be done on a customer-by-customer basis, not on the averages. If a customer stops using your airline as the number-one choice, stops pulling your credit card "first from the wallet," or changes incentive plans on his or her phone/Internet/TV bundle, you must be aware of these changes and react with prompt, appropriate, and courteous incentives to return.

As the sophistication of databases and CRM software increases, and as companies come to a true understanding of the power of "one-to-one marketing," it is likely that formalized relationship-building programs that are open to anyone will continue to fade in importance. They are being replaced by individualized communications and opportunities based on what specific customers value and

appreciate. The individual customer must become and remain the focus of all our relationship-building efforts.

As the late Betty Warden of Betty Warden Direct Marketing once said, "We've all heard of the GE Answer Center and how its *raison d'être* is customer service. Through working with GE Supply, a client of mine some years back, I was privy to attending a training session for new inside sales reps at their customer service center in Indianapolis. To stress the importance of the customer, the organization chart began with 'The Customer' on top, not the CEO as in most other places. Needless to say, that left a *very* strong impression."

Enhance Your Understanding: Cultivating the Long-Term Value of Customers

Your firm sells flowers and other gifts via mail, phone, and online services. You want to maximize the value of each new customer and gain as much "share of wallet" from each customer as possible. Outline a program that you believe will turn your new customers into repeat customers—and eventually, positive advocates for your firm and its products and services. Include your thoughts on orienting new customers, ongoing communications, privileges for customers, special offers, etc.

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Other Consumer Direct and Digital Marketing Media

Smart marketers today are embracing multichannel marketing: the combination of traditional, awareness-building media like network TV and big-circulation magazines with precision-targeted media such as direct mail, e-mail, sponsored search ads, social media, and mobile marketing.

For that reason, depending upon the client, budget, and marketing situation, a direct and interactive marketing creative person may be called upon to develop anything from a television spot to a mobile text message. Many direct and digital marketers concentrate their integrated marketing plans on direct mail, space advertising, broadcast spots, catalogs, and digital media including Web sites, e-mail, and social networking. That said, there are a number of other media that may be added to the mix and stimulate a direct response from the consumer.

In most cases, a good understanding of direct and digital marketing techniques will serve the writer and designer well as they produce work for these diverse media. In addition, the creative person should take two essential actions before beginning any assignment in a new medium: obtaining live samples through personal experience with the medium, and calling upon the vendor for advice.

Obtaining Live Samples

Whenever possible, the creative person should decoy the new medium. Ask the vendor to put your name on the mailing list for co-ops and card decks. Order products from firms known to include package inserts in their shipments. Pull the co-op Free-Standing Inserts of Red Plum and other sources from your Sunday newspaper. Save the samples and coupon packs you receive in the mail from Valpak and other sources. Don't be too quick to sign up for the telephone "Do Not Call" list. Listen to the pitches of the telephone solicitors who call you, from beginning to end, absorbing their techniques. You can always decline at the end of the offer, and then see what methods they use to try to overcome your objections. Take advantage of opportunities to text offer codes to mobile marketers and see how well they respond with targeted and timely offers. Download mobile apps and see for yourself which ones bring you back again and again with compelling content and offers, and which you end up deleting for lack of relevance.

Study the samples you receive in their own environments. Which card seems to pop out of the card deck? Why? Which package insert in the group of six or eight seems to make the most impact? Of all the telemarketing pitches you listened to, which sold (or came closest to selling) you the product or service? Which companies used mobile marketing the most respectfully, and made you the most

compelling offers? Begin to analyze for yourself what the success factors are in each medium. And watch for the cards and inserts and ads and mobile offers that show up month after month in these media. They may not be barn burners, but they must be effective enough to merit repeat runs. What do you think is the key to their success?

Asking the Vendor for Advice

Sales representatives who make their bread and butter from co-ops, package inserts, telemarketing, or mobile marketing can be among your best sources of advice on how to create the most effective product. Some vendors are better at this than others, so you should always take their words with a grain of salt. Many vendors offer how-to booklets, white papers, webinars, or reprints of articles that can help you pick up on the appeals and techniques that work best in each new medium.

This chapter will discuss creative approaches toward the following media: telemarketing, mobile marketing and apps, co-ops, card decks, co-op Free-Standing Inserts, package inserts and ride-alongs, supermarket take-ones, and unique ad media.

Telemarketing

Telemarketing (also known as teleservices or contact and call center marketing) can be a highly lucrative field, but it has been under fire from regulators and legislators for some years. With both the Federal Trade Commission and the Federal Communications Commission inviting consumers to place their names on "Do Not Call" lists, and many states posting regulations of their own, prospecting by phone has become quite challenging. However, telemarketers still have the opportunity to communicate with willing consumers who are inquirers or buyers, so long as they comply with all appropriate rules and laws. What's more, most of the "Do Not Call" regulations exempt nonprofits and political organizations as well as most business-to-business calling. Before embarking on a telemarketing campaign, smart marketers will seek guidance on rules and regulations from the Data & Marketing Association, the American Teleservices Association, or a proven telemarketing expert-consultant.

Undaunted by the regulations that make telemarketing challenging, direct and digital marketers continue to use it quite extensively. According to the Data & Marketing Association, telemarketing advertising expenditures reached $41.5 billion in a recent year, with consumer sales driven by telemarketing projected at nearly $148.5 billion, and business-to-business sales driven by telemarketing projected at nearly $194.9 billion in that same year.

The boom in database marketing has allowed telemarketers to approach prospects with a great deal more selectivity than they could in the past. On one end of the continuum is the automatic dialer that calls every number with a recorded pitch. Even if such a technique pays out financially with short-term sales, it undermines the legitimate, targeted functions of telemarketing and encourages consumers to support further legislative restrictions. On the other end of the continuum is the sophisticated telemarketer who calls proven customers or well-qualified prospects with an appealing, well-tailored offer.

Telemarketing is divided into two main segments: inbound and outbound. *Inbound telemarketing* allows customers to order or make customer service inquiries. Inbound telemarketing usually involves providing toll-free numbers for customers and prospects to use. *Outbound telemarketing* takes place when the marketer calls a customer or prospect with an offer, announcement, proactive customer service message, or request for payment.

Most direct marketers report a net increase in sales when a toll-free number is offered as an alternative for ordering. What's more, many customers appreciate the opportunity to speak to a human

being and get clarification and reassurance about their purchases. This helps explain the popularity of "call me" and live chat features on Web sites—opportunities for the customer to ask for immediate help from one of the company's sales representatives.

Another plus for inbound ordering is that the operators may offer callers an upgrade on their purchases, a daily special, or a telephone-only sale. This technique can increase average order size, help sell out small lots of merchandise on hand, and build the relationship with the customer. If the buyer can find out immediately from the phone rep which items are in stock and when they will be delivered, the firm reaps another positive customer relations benefit. Some firms ask a database-building question or two of customers who call them, offering an additional benefit to the call.

Most direct and digital marketing firms now consider a well-staffed telephone customer service operation essential. The best of these operations have customers' ordering histories and current orders readily available through their CRM systems so that a status report on back orders and shipments can be made in a matter of seconds. Their staffers have immediate access to the firm's Web site, and can speak to questions about items offered only on the Web. Such a customer service department also can keep a firm up to date with the pulse of the marketplace, and understanding customers' changing wants, needs, and concerns. What's more, some firms use all inbound customer service calls as an opportunity to try to "upsell" the customer after his or her problem is solved.

Outbound telemarketing is considerably more expensive than direct mail, yet for firms with offers well-suited to the medium, it can be just as profitable if not more so. The key to success lies in targeting the right prospects or customers, and developing a suitable script and approach. Although some firms consider consumer telemarketing a primary medium for following up leads and/or one-step selling to consumers, others use outbound calling only as a supplementary tool. An example of supplementary use would be calling established magazine subscribers who have not sent payment for the next year's subscription by renewal time.

The Creative Approach to Telemarketing

Effective telemarketing to consumers begins with a well-written script. Scripting is important to ensure uniformity of approach as well as split-second timing. Most consumer scripts are written verbatim, while many business-to-business scripts list only the essential points to be covered.

To prepare for scripting, the writer needs the same background material that is necessary for a direct mail package or space ad. Total familiarity with the product or service and its features and benefits is essential. The competitive environment is important, too. Consumers will know whether your offer stacks up, and may compare your offer to others they have seen. A talk with salespeople can be very helpful in clarifying typical consumer reactions and objections to this product or service. Since telephone prospects may terminate the conversation at any point, it is essential that benefits be presented in order of importance to the consumer. For the same reason, make your script concise. Avoid phrasing and superlatives that might have worked for you in direct mail. Remember that the sales representative and the prospect are having a one-on-one phone conversation, and eliminate stilted promotional language like "this amazing two-for-one offer."

It is legally imperative that the script begin by identifying the caller and the company behind the call. Telemarketing experts suggest that you load your script with two or even three offers, each keying in to a different product benefit. When framing the offer, draw upon the classic sales approach of "closers"—give the customer an either/or choice rather than a yes/no choice. Examples of this might

be a one-year *or* a two year subscription . . . an appointment for a free estimate on Tuesday evening *or* Wednesday evening.

Every sales pitch draws certain standard objections from prospects. Anticipate these and have standard answers ready for sales representatives to use. For example, if the prospect objects to a product's cost, you might script in an answer that explains that the real cost is only 95 cents a day— less than the price of a bottle of soda from a vending machine. Then compare that small cost to the benefits of the product, and restate one or two of them briefly. To avoid wasting time with prospects who will keep objecting rather than saying no, top telemarketers suggest that you terminate the call if the sale can't be closed after you have answered two objections.

Avoid background noise. Make sure that your telemarketers are working in an area that is as soundproof as possible so that customers don't overhear a roomful of other sales representatives delivering the same "exclusive" offer.

The real test of any telemarketing script comes when it is used for practice calls. Have several experienced telephone sales representatives look over your script, suggest changes based on their experience, and then try the script on 10 or 20 prospects apiece. Then meet to determine where the "stoppers" occur in the script, and revise it until you and the sales representatives are satisfied that it is as effective as possible.

The creative person who is interested in telemarketing would be wise to spend some time as a part-time telephone sales representative. There is nothing to compare with the hands-on experience of learning what works and what doesn't when you are in the hot seat, talking to consumers on the phone.

Another must for telemarketing creatives is familiarity with Federal Trade Commission and Federal Communications Commission requirements for conducting calls and accepting requests to be placed on the firm's internal "Do Not Call" list. The Data & Marketing Association publishes a great deal of how-to material on this score, and information is also available direct from the FTC and FCC in Washington, D.C.

Mobile Marketing and Apps

eMarketer.com projected that U.S. mobile e-commerce sales would $102.14 billion in 2017, rising sharply to $333.65 billion by 2021. Just as impressive, about 95 percent of Americans now use cell phones, and 77% owned smart phones as of 2017, with that figure rising month by month (*pewresearch.org*).

In a world with more than 7.4 billion people, there are approximately five billion cell phone subscriptions. Third-world countries and developing nations are leading the growth in cell phone use, with hand-held devices representing the most portable and affordable option for Internet, phone, and text messaging services. Nielsen Mobile reports that Americans have texted more than they talk on the phone since 2008, and most mobile users in the U.S. have Internet connectivity.

It is interesting to note that Hispanics in the United States are on the cutting edge when it comes to mobile devices. Lisa E. Phillips, senior analyst at eMarketer, says, "Hispanics cannot imagine daily life without their mobile phones and credit the technology with strengthening relationships and keeping them connected to their social world, not just friends and family. Marketers who are just turning to mobile will find a market well ahead of them." More than half of Hispanic mobile

phone users are between 18 and 34 years of age, and 55.6 percent of them are male, according to eMarketer.

AERA Mobile Marketing defines mobile marketing as "Brand and/or content communication, directed to a mass audience, a targeted group, or an individual that is designed to add value and create an action or response using a mobile phone." Types of mobile marketing include Mobile Web (Internet access), Short Message Service (SMS) texting, Multimedia Messaging (MMS), Mobile Video and TV, and Mobile Applications (apps).

This unique and powerful marketing channel lets consumers instantly connect, engage and interact with content delivered to them wherever they are, whenever they want it. That said, many consumers are wary about providing their cell phone numbers to companies— and firms will be wise to adhere to strict opt-in policies to avoid disgruntled consumers who complain of "message overload."

Examples of Creativity in Mobile Marketing

Two important hurdles for the mobile marketer are getting consumers to opt in to receive text messages, and providing them with compelling, unique reasons to engage with your firm via mobile device. All of this must be accomplished in a medium that allows for only 160 English characters per message. (Larger messages are broken down into chunks before they are sent.) Here are a few examples of ways smart marketers have used mobile messaging to positive effect.

Jack Philbin, co-founder and president of Vibes, recounts these three successful, U.S.-based mobile campaigns:

- The Dallas Cowboys joined forces with a TV manufacturer and a retailer to offer coupons for a discount on plasma-screen televisions. While only 330 coupons were sent out to mobile devices, a total of 362 plasma TVs were sold with the program's coupon code—thus demonstrating the power of viral marketing in the mobile space.
- The Pittsburgh Penguins offered a Student Rush Club for local students interested in last-minute hockey tickets. On one occasion, a text message to 3,000 students resulted in 2,000 responses. A random drawing provided tickets to 100 of those students for the game.
- The TV show *Deal or No Deal* invited viewers to text in as program participants, at a cost of 99 cents per text. The average episode yielded $500,000 in text message revenue—more than selling another 30-second spot would garner for NBC.

Steve Snyder, formerly with Consent Media and now with Dun & Bradstreet, offers these two compelling examples of American mobile campaigns:

- Giant Eagle Supermarket asked people to opt in to receive mobile messages, with signs at the deli counter. The market then sent out a one-day-only offer on 2-for-1 rotisserie chickens. This measurable campaign delivered an average market basket of $30 per customer in addition to each 2-for-1 chicken purchase.
- Radio Shack initiated a mobile campaign aimed at its best customers: urban African-Americans and Hispanics. The firm was successful in bringing large

> number of these customers back to the store for three weeks in a row, while the
> average sale stayed steady at $70.

An oft-quoted comment about Internet marketing is that it moves at the pace of "dog years"—seven years' advancement in technology and applications for every calendar year. Steve Snyder says that "Mobile years are even faster than dog years." He suggests that marketers "do something" in mobile, integrate it as part of each multichannel marketing campaign, start testing with small programs, and scale up as successful methods are identified.

For daily inspiration and updates on this dynamic field, subscribe to *Mobile Marketer*, an e-mail newsletter delivered every week day via e-mail. The Web address for sign-ups is *www.mobilemarketer.com/*.

Marketing with Mobile Apps

With upwards of 2 million mobile apps available in the Apple app store, and 3 million available for Android users, the challenge to make your app stand out is obvious. Here are some tips from successful app developers and marketers.

On Entrepreneur.com, guest writer Rahul Varshneya suggests an eight-step approach to developing your first app:

1. **Get an idea or problem.** The best apps solve a problem for the user; preferably one they'll need solving often in daily life. Examples: weather apps, traffic apps.
2. **Identify the need.** Varshneya suggests using the Google Keyword Planner Tool to see how often the problem you've identified is searched.
3. **Lay out the flow and features.** Use a wireframing tool (used to plan web site flow) or even a simple layout to show how the user will navigate your app.
4. **Remove non-core features.** "Nice to haves" can be added later – start with the basics which will help you get to market quicker and make your problem-solving benefits more apparent to users.
5. **Put design first.** It's all about user experience. If a user finds your app clunky, there are likely other options out there. What's more, app stores include user reviews, so if your app only gets a star or two out of five, it won't be a favorite download.
6. **Hire a designer/developer.** Make sure your developer has a proven track record. Check out apps they have created for others to see if you like them.
7. **Create developer accounts** with Google Android and Apple.
8. **Integrate analytics.** This will help you track downloads, user engagement and retention. Varshneya suggests Flurry and Localytics as good tools for new app developers.

Once your app is developed, you'll want to find ways to create buzz about it, get people to download it, and encourage its regular use. On *socialmediatoday.com*, Leeyen Rogers notes that paid Facebook and Twitter ads are the most dependable way to drive app downloads. That said, in order to increase downloads of your app, there are some other techniques you can try.

1. **Offer something for free.** Give people an incentive to download your app such as a free meal, free ride, or cash reward. Keep in mind that you'll still need to find ways to bring these people back again and again – develop a plan to make them repeat users.
2. **Market your app prior to launch.** Use Internet forums, face-to-face groups, subreddits and other avenues to let people know your app is coming. You can also get people to sign up in advance with an attractive landing page.
3. **Keep an active blog.** Provide meaningful content on your blog and offer your app as a

download that will keep your readers in the know.

4. **Contribute to other blogs and publications.** Contact the editors of blogs with major influence in your field, and provide them with unique content. Remember that blogs get high positions in Google searches, which will serve you well in gaining more visibility.

5. **Leverage your online influence.** Be active with meaningful posts on communities including Reddit, Hacker News, Quora and others – especially where people in your target audience tend to go for credible content.

6. **Get press.** Contact journalists in your field with a personal approach and a unique angle to interest them in covering your app.

7. **Make a video.** Show how your app delivers value and how it works. This can be a great door-opener for all of your efforts, and the video can be posted for free on YouTube.

8. **Gain endorsements from influencers.** Who are the opinion leaders that your target market respects? Show them your app and see if they will use and endorse it.

9. **Utilize social media channels.** A few promotional posts are ok, but you should spend most of your time on social media providing valuable advice and information that encourages your prospects to download and use your app.

Of course, another tried-and-true way to gain buzz for your app, according to Leeyen Rogers, is to build word of mouth. If your app is exciting to your users, they'll be happy to share that excitement with their friends and family, and even show them how to download and use the app.

Now that your app is up and running, your next challenge is to keep people returning to it time and again. Various experts suggest the following as good ways to optimize app engagement:

- Add gaming elements, points, incentives and rewards
- Make sure your app loads and responds quickly (two seconds or less)
- Offer frequent updates to add new features and eliminate bugs
- Use push notifications strategically to stay top-of-mind with your users
- Personalize and customize the user experience
- Use analytics to gain user insights and make improvements
- Let people use as much of the experience as possible when they are offline

Co-Ops

The concept of the co-op mailing is simple: by mailing their offers together, marketers can save on postage and test a list of consumers or businesspeople at minimal cost. Many marketers find co-ops profitable, even though the medium is by nature quite cluttered and competitive.

Some firms utilize co-ops as a means of extending the reach of a successful offer—one that they are already playing out to the limit in direct mail, space, and other media. Others are able to utilize specialty co-ops targeted to specific markets like working women, sports enthusiasts, or people interested in learning more about personal finance.

Inherent in the co-op medium are certain limitations. First, even though sophisticated targeting is available through co-op vendors, the co-op comes across to the recipient as a mass medium. Because your offer arrives in a package with many others, the private and personal aspects of individual direct mail are lost. Most successful consumer co-op users, therefore, are firms that sell products with broad appeal and affordable price tags: items such as clothing and accessories, books, collectibles, home decor accents, family photography, checks, and photo finishing.

Today perhaps the best-known consumer direct mail co-op is the "Valpak" coupon mailing and online coupon Web site. Valpak's familiar blue envelope arrives in nearly 40 million households and businesses in more than 150 designated market areas in the U.S. and Canada. Valpak pinpoints audiences using geo-demographics, and offers marketers selections based on demographics, proximity to retail shopping locations, traffic patterns, and postal carrier routes with segments as small as 10,000 names.

Another renowned direct mail co-op is the Valassis Shared-Mail Program, RedPlum. Valassis reaches about 100 million homes weekly through its Sunday newspaper inserts and mailings to U.S. homes. It contains local and national retail ads with insertions for grocery circulars and other solo pieces. RedPlum coupons also are available online.

For more specific audiences, marketers might also consider developing their own co-op mailings, grouping sets of their own products or services in mailings aimed at segments of their own lists. What's more, Internet coupon suppliers such as *CoolSavings.com*, and *SmartSource.com* are worth a look for marketers interested in affordable co-ops that may uncover new sources of customers.

Creative Considerations for Co-Ops

Co-op pieces are more like space ads than they are like direct mail packages. In a limited format, amid a great deal of clutter, they must capture attention in a second or two and move the prospect to action. The standard Valpak co-op format is four color, and sized to fit in a #10 outer envelope. Some co-ops may accept folded pieces, which opens the possibility of modifying a direct mail flyer or a space ad to save production costs. If your piece folds, it should have one closed side on its wider dimension to make it machine insertable.

To facilitate ease of reply mailing and eliminate the need for a reply envelope, some direct marketers print their co-op pieces on high-bulk stock which is heavy enough to meet postal requirements for a Business Reply Card. This type of heavy, uncoated stock is less ideal for color photo reproduction than a coated stock would be, however. The business reply element is less and less necessary as most respondents now will go online to respond.

Before creating a design, check with the co-op for its size and weight specifications. For an extra fee, you may be able to include a sample or swatch, use a slightly different size, or insert a booklet or other heavier piece. Before testing any of these special applications, however, you will do well to test the general viability of the co-op for your product or service.

An effective co-op piece is one that attracts the prospect's attention by means of striking graphics and visuals and a "grabber" headline. Use all possible means of streamlining response: post-paid reply card, Web site landing page, "send no money now," free trial period, strong guarantee, and so on. Check Chapter 11 of this book for print ad creative concepts that may also be applied to co-ops. For specifics on the types of co-ops available, check the SRDS *Direct Marketing List Source*.

Card Decks

Both consumer and business-to-business mailers have discovered the profit potential of one specific type of co-op, the card-deck mailing. This co-op style evolved from an earlier format in which post-

cards were printed together in bound booklets with several postcards to a page. Then the concept was simplified so that a stack of individual same-sized postcards could be mailed in a transparent or decorated plastic outer wrapper. Each mailing typically includes 30 to 100 postcard offers. Some-times the card deck comes with an introductory piece from its sponsor, which often is a magazine or trade publication.

Some innovative card deck marketers allow for miniature four-color catalogs featuring a company's "hot seller" in their mailings, thus increasing the impact of a card deck insert. The little catalog fits right in with the postcards in the deck, but enhances the opportunity to attract new buyers because of its excellent color reproduction, attractive format, and choice of appealing products. The same piece can be used for other supplementary applications as well, such as billing statements and package inserts.

Creative Tips for Card Decks

Like other co-op mailings, card decks present a considerable challenge to the writer and artist because of space limitations and surrounding clutter. In addition, studies show that each card receives no more than one or two seconds of attention from prospects before being placed in the "discard" or "save" pile. This means that the principles of good space advertising must be observed scrupulously for card decks. For instance:

- The headlines must be short, attention-getting, and intriguing.
- The offer must be simple, specific, and hard-hitting.
- Focus on one to three main benefits only—preferably one principal benefit. Flag the benefit(s) using bold subheads or bullets.
- Strong graphics can grab the eye. Try a four-color piece in a deck that has mostly one or two-color pieces. Consider a diagonal design element or other unique "grabber." But don't design a vertical card for a horizontal deck. As direct marketing expert Bob Bly points out, your prospect may not slow down long enough to turn your card upright and make it readable.
- Use urgency and a specific call to action.
- Make your reply device as visible as possible. Try offering a toll-free number and Web site address to capitalize on impulse buyers or inquirers.

Once you have designed and written your card, make up a dummy and place it in a stack of typical cards from the co-op where you have reserved space. Rifle through the cards and see for yourself: is your piece an attention-getter, or just another candidate for the wastebasket?

Co-Op Free-Standing Inserts (FSIs)

On Sundays, your local newspaper may well contain one or more colorful, fold-over inserts filled with coupon offers and direct response ads, such as those of Red Plum and News America Marketing (Smart Source). These inserts are primarily known as sales promotion vehicles for grocery products. But direct marketers of clothing and accessories, home decor and tabletop items, giftware, checks, and collectibles are all regular advertisers. Catalog marketers solicit new customers in this medium as well.

The co-op FSIs are the ultimate mass media, reaching tens of millions of homes via weekly newspaper inserts. Rather than try a full run in one of these co-ops, of course, the direct marketer should first schedule a test. Remnant space is readily available at attractive prices, and the sales reps of

these firms are quite helpful in devising an effective testing schedule for your proposition. You may also focus your efforts on cities of a certain size, certain regions of the country, etc.

Creative Pointers for Co-Op Free-Standing Inserts

Co-op FSIs are splashy, colorful media, so you should plan on a four-color ad. When purchasing remnant space, the advertiser must be prepared to run in any configuration, with the coupon appearing left or right, top or bottom. Final art must be provided to fit each of these configurations, as the ads are slotted at the last minute. A one-half page ad is your best bet for an initial test of a product offer. Catalog marketers soliciting leads may opt for a one-fourth page slot. Ads in co-op FSIs are similar in format to space ads in magazines. As with magazine ads, the printing of a co-op FSI is in the hands of the publisher, so results may vary. FSI production specifications differ from those of magazines, so be sure to check with your sales rep for details and hints on preparation for successful printing before you create final art.

Package Inserts and Ride-Alongs

A package insert is a direct response piece that is inserted along with a shipment of product to a consumer. A ride-along is a direct response piece that accompanies a company's regular communications with a customer, such as a mailing to book club members or monthly box subscribers.

These inserts may arrive loose, or gathered together in a folder or envelope. They may or may not be accompanied by "house offers"—similar pieces that come from the originating company. They may or may not come along with an introductory note from the sender—a piece with the theme, "We have selected these special offers because we thought they would be of interest to you, a preferred customer of the XYZ Company."

One of the positive points for package inserts is the fact that no competitive offers are allowed. In addition, the advertiser is assured that the recipients are proven direct response buyers: in fact, since they are just receiving a purchase, they are hotter than the most recent hotline names on the sending firm's list. For this reason, and because a package insert program may be initiated rather inexpensively, some direct marketers use this method to test the viability of a list before renting it for a direct mail test.

The Creative Challenge for Package Inserts and Ride-Alongs

Like co-ops, package inserts and ride-alongs compete in a rather busy environment. They need to stand out from the competition by "calling out" to the reader with an offer and graphic look that entices him or her. An insert no larger than 5-1/2″ x 8-1/2″ is usually acceptable to most companies. Some inserts and ride alongs, however, must fit into a statement-sized envelope, which means they are limited to a folded size of about 3-1/2″ x 6″.

Within certain constraints, marketers may try various enhancements to the basic package insert, incorporating a Business Reply Envelope or Card, for example. Before developing designs, it is wise to obtain specifications, weight limitations, and costs from the sales representative. A good deal of this information is also available in SRDS's *Direct Marketing List Source*.

Unique Media for Direct Response Marketers

There are a few other media worth mentioning for consideration by marketers. Although they may be applicable only in a few select cases, they may bring incremental sales on some offers. It is wise for creative people to keep alert for unique media opportunities that may prove to have applications for various current or future clients.

Television Product Placement

With ever-increasing ad clutter on television—not to mention the ability of DVR users to eliminate ads from their viewing experience and more and more young consumers cutting the cable cord—marketers are stepping up their use of product placement within shows as well as movies. While some product placement deals cost their sponsors millions of dollars—witness Pepsi's major role in Fox's *Empire* and Coke's long-time placement on *American Idol* – there are less expensive avenues available to direct marketers with niche customer bases. Creativity can cut the cost as well. Here's an example.

Brad Fritz, then the seating unit business manager for Holland, Michigan, office furniture maker Trendway, used persistence to land a spot some years ago for his elegant Xantos executive office chair on *American Idol*. After calling every week for months, offering to provide Xantos chairs for the show's judges, Fritz hit pay dirt. For the cost of the chairs alone, Xantos appeared on each episode of *American Idol.* Then Fritz persuaded each of the judges to sign his or her chair, and he made the signed chairs available for charity drawings in New York, Los Angeles, and West Michigan. Fritz's tenacity led to the Xantos chairs' exposure to up to 33.7 million viewers per *American Idol* show, and gained him publicity worth millions to his firm as unsolicited leads poured in to Trend- way headquarters.

In-Transit Television and Other Media

Direct and digital marketers may supplement their media plans for certain target markets by advertising on various in-transit television outlets. Examples include televised information on big-city hotel elevators, in malls, on public transportation platforms, on buses, in taxis, and in lines at supermarkets. BlueLine Media (*bluelinemedia.com*) is a good starting point for ideas on this score.

Viral Marketing

Internet marketers have found they can build awareness and referrals for next to nothing by implementing simple-yet-effective viral marketing programs. Like a sneeze that can spread a virus from person to person, viral marketing uses pre-existing social ties to increase brand awareness or achieve other marketing objectives like product sales—either through word of mouth or online via e-mail, text messages, or social networking sites. Here are a couple of examples:

- Visitors to Omaha Steaks one summer evening might have noticed a hot new Ford Mustang in the parking lot. The car was there as part of a joint-venture viral marketing event between Ford and Omaha Steaks. With a radio conglomerate in a nearby building, a remote broadcast was fairly easy to arrange while Omaha Steaks employees and folks from the surrounding industrial park gathered to feast on steak sandwiches and admire the new Mustang model. Some marketers might write off such an event as "too local, too small in impact"— yet when firms like Omaha Steaks take advantage of these opportunities wherever they present themselves, the long-term "word-

of-mouth" effect can be powerful.

- Online grocer Peapod created programs that had customers and employees selling memberships for them. On the back of each employee's business card is a special, individual code. When a Peapod Employee convinces a friend to sign up, buy online, and enter the code, the employee gets a financial reward. Customers can get similar referral fees when they invite friends to use Peapod. In addition, Peapod will donate a certain percentage of sales to the school of the customer's choice. The school program can be promoted at the local school level through simple flyers, meetings, and social network pages sponsored by parent-teacher organizations.

Conclusion

Understanding the various direct response media in advance of any assignment will stand the creative person in good stead. Increase your file of samples from various media, and familiarize your- self with them. By studying your samples and understanding the marketing concepts that make each medium a good bet for certain types of offers, you may soon find yourself suggesting unique ways for your firm or clients to expand their horizons in direct and digital marketing.

Contact and Call Centers

by Mitchell Lieber, President, Lieber and Associates

CUSTOMER CONTACT

Customer contact is one-to-one individualized communications with a company representative via telephone, Web chat or e-mail. The term *contact center* encompasses both call centers that handle telephone calls only, and operations that also handle e-mails and Web chats.

Types of One-to-One Customer Contact

Type of Contact	Description
Inbound telephone calls	Via toll-free or local telephone number
Inbound e-mails	Via an e-mail address or Web form
Inbound Web chats	From a company Web site
Outbound calls	Dialed manually, by a computer or predictive dialer
Account service	Inbound and outbound calls to service and sell accounts, such as stockbroker clients or business-to-business sales reps with specific account assignments

Customer contact has a variety of business purposes. These include responding to customers with customer service, technical support, and order-taking services. Sales activities also belong under this large umbrella. Sales activities range from lead generation and lead qualification, to sales cultivation and multi-step sales, to consultative sales, up-selling and cross-selling.

HOW CUSTOMER CONTACT AFFECTS RESULTS

Companies that give the contact center little attention often sabotage their programs' results, for this area can make or break many programs. Here's why. Whether prospects contact your business to order or with questions, via chat or e-mail or phone, one thing is certain for most companies. The most personal and intimate communications a prospect or customer will have with your brand will be at the contact center. It is where the *brand promise* that underlies your advertising comes true or is proved false. Which will it be? The attention you give this area determines the answer.

Will your brand be everything the caller expects? Will reps be accessible, knowledgeable, confident, and customer focused? Or will they be difficult to reach, poorly informed, unsure or indifferent? Whether 10 percent, 20 percent, or 50 percent of your prospects or customers contact you in this personal medium, you want to win them over rather than write them off. Similarly, if you place outbound calls to prospects, you are doing so to win them over.

A DIFFERENT TYPE OF CHANNEL

There are a number of questions to ask when developing a contact center program. Can the selected organization handle the volume of calls, chats, and e-mails in or out? Will the reps be ready to respond to customers and prospects, and do so properly? If the answer is an immediate and unqualified *yes* as it almost always initially is, there's a follow up question: *Who is taking responsibility if that turns out to be inaccurate and sales are lost?* Ask that question, and *yes* may become *maybe*. Dig further, and this may become *maybe, but . . .* or *we didn't know that . . .* or *that will cost $ more*. When conducting contact center programs, the devil is nearly always in the details.

Why? Effectiveness in the telephone channel may be trickier than in any other channel, because it is controlled differently.

Channel	Control of Message Delivery	Duplication and Distribution
Web	Agency, copywriter, Web designer	Reproduced by computers
E-mail	Agency, copywriter and designer	Reproduced by computers
Broadcast /Web TV and Radio	Producer, director and scriptwriter	Recording is played
Print Ads	Copywriter and graphic designer	Printing
Direct Mail	Copywriter and graphic designer	Printing
Telephone	Script or call guide writer	Telephone reps
Web chat /e-mail response	Template copywriter	Contact center reps

The contact center is the *only* channel in which individual human beings dynamically interpret and deliver the creative for *each individual impression*.

There is an upside to this complexity. If a program is carefully designed, it is possible to tailor communications to each prospect or customer, engendering positive feelings about the company's responsiveness. There is a downside as well. A one-size-fits-all approach sticks out like a sore thumb in this most personal of channels, as do sophisticated

approaches that fail because they are over ambitious and implemented poorly or inconsistently. Which occurs is determined by a series of strategic and creative decisions. These decisions are made by program managers in the following areas:

- Purpose or goal of the call or contact
- Days and hours of operation
- In-house or outsourced
- Rep (or outsourcer) selection
- Selection of a top level manager for the program
- Method for accurately sourcing media for inbound contacts
- Database design and, if applicable, outbound calling list selection criteria
- Scripting or call guides including FAQs, and e-mail and Web chat response templates
- Rep training on the product/service, market and call guide/script/templates
- Computer system programming for script branching, data capture, and reports
- Metrics for inbound calls, e-mail, Web chat and, if applicable, outbound calls
- Regulatory compliance, especially for outbound consumer sales calls
- Use of IVRs and voice recognition on inbound telephone calls
- Monitoring calls, e-mails and Web chats, including objective evaluation criteria

While the gap between a quality and poor contact center program is often a result of design and structure, it is also seriously affected by the quality of contact center management, organization and staff, and the degree to which they are a match for your program.

CONTACT CENTER PROGRAM SUCCESS

So how does one decide what's appropriate and what won't cut it in the contact center? Experience helps a great deal. The best is experience designing, implementing *and measuring* contact center programs. The proof of the effectiveness of strategic and creative choices is usually in the numbers.

Secondarily, rely on your personal experience as a business-to-business prospect or customer, and as a consumer. What engages you in contact center programs? What turns you off? Instead of thinking about a market as an abstract mass, put yourself in each of your prospects' or customers' shoes. Would that offer appeal to you? Would you like speaking with that telephone rep? Would you answer the question if it were worded that way? What would make you interested in discussing the product or service? Simply thinking about your program through the filter of the golden rule, *do unto others as you would like done unto you*, will help make your contact center program more customer- focused, successful and profitable.

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Common-sense Dos and Don'ts of Mobile Marketing

By Mickey Alam Khan, Editor-in-Chief, Mobile Marketer

From the noise generated by the myriad mobile conferences, blogs and publications, most brands, advertising agencies and publishers just want to know a couple of things: What's working and what's not working in mobile marketing? Here's a stab at that.

First, it's important to dispel the myth that marketers don't get mobile. They do—ask Colgate-Palmolive, Unilever, Gap, adidas, M&M/Mars, NBC, Kodak, Heineken, ESPN, McDonald's, American Airlines, Sherwin-Williams, Microsoft, AOL, MGM Grand, Johnson & Johnson, Dairy Queen, Jaguar, Skyy Vodka, Ford Motor, The Weather Channel, Discover Card, Procter & Gamble's Gillette, Brita, Jim Beam and Chase.

These aforementioned brands have run mobile campaigns, sites and applications or launched mobile commerce operations. Some of these efforts have morphed into longer-term programs that integrate mobile into overall multichannel outreach initiatives within these Fortune 500 and Fortune 1000 brands.

No doubt mobile will have to work harder to get a larger chunk of marketing budgets. But marketers surely are getting the message that mobile is where they need to be. Consumers—their customers—wouldn't expect any less, not with their newer phone models and better data plans.

KNOW YOUR AUDIENCE

This leads to the first observation about what's working in mobile marketing: *Understanding the audience and targeting* with appropriate mobile banner and video ads, sites, applications or SMS campaigns—all opted-in, not once but twice by the consumer.
This rule is not exclusive to mobile. A targeted mailer sent to a household has proven to generate sales online, in-store or via telephone. Online banners or e-mails that sync with the site audience's interests inevitably generate click-throughs and responses to calls to action.

So mobile's not any different. A relevant movie trailer banner ad on an entertainment mobile site will serve both the advertiser and consumer well. Requesting that existing customers opt-in to the marketer's mobile alert programs will also work to great advantage. Ask casino giants such as Harrah's and MGM Grand.

Not surprisingly, it is critical to research the targeted audience's mobile habits. What is it that they consume on the smart phone? How much time do they spend on mobile? What is it that they would like to initiate elsewhere but complete on mobile or vice-versa?

Visiting a well-thought out mobile site is such a pleasure. Consider *The New York Times's* mobile site at http://nytimes.com. It is hard to admit this, but the mobile site beats the wired Web site simply because the scroll-down interface is easy to navigate and the articles easy to read.

The only casualty about the mobile *New York Times* experience is the advertising. While the banner ad units are quite visible, the *Times* needs to work harder on convincing some of its current online advertisers to add mobile to their mix.

It seems almost strange to see a mobile site without ads—not ones that interrupt the experience, but ones that enhance the overall reading experience by offering a window into commercial applications.

At the risk of sounding audacious, perhaps the *Times* should offer sampling opportunities to key advertisers such as Tiffany, Macy's, Cartier and local auto dealers. And if these advertisers don't have a good mobile presence, then the *Times* should work with mobile firms to mobilize their client base. Imagine the brownie points scored if mobile gains significant leads and sales for these firms.

Knowing the audience also includes knowledge of their propensity or willingness to receive permission-based communications on their phones. Mobile may not be for everyone, just like the wired Internet isn't.

But it seems quite obvious that marketers offering value through the mobile site, application, banner ad, coupon or text message will find a welcome reception. Training the customer base to expect quality in mobile marketing communications is a corollary to knowing what makes the marketer's target customer tick.

While many industry observers are waiting for a flash of light to let them know mobile is the new tableau for marketing, those already with toes in the water know where the fish are.

MOBILE WORKS FOR DATABASE AND LOYALTY MARKETING—ABSOLUTELY

One of the most astute uses of mobile—besides employing mobile advertising for branding—is the channel's ability to expand a marketer's loyalty program. And the humble foot soldier of loyalty marketing is SMS text messaging. Yes, text messaging is to mobile what e-mail is to the Internet—the choice tool for communicating one-on-one with the customer. Marketing need not get too complicated if the goal is to convince the targeted consumer to consume the advertiser's product or service over the competitor's. SMS is the easiest way to communicate that message.

It takes some legwork to get fully SMS-enabled. The tools required are a common short code, keywords, approval of mobile campaign from wireless carriers and another channel to get the consumer to text in to opt into a program.

Marketers and retailers can use stores, direct mail, television, radio, print, online and billboards to get the consumer to opt-in—not once, but twice—to receiving coupons or alerts from the company.

Once the consumer is signed up, moderate the communications to anywhere from two messages to four messages a month, maximum. And be up-front with the opted-in consumer about the frequency of messages, company privacy policy and option to opt out at any time.

Remember, it's a land grab right now. At some point, the consumer will not agree to sign up for any more mobile loyalty programs or alerts. So it is best to start work on incorporating mobile into the company's overall loyalty program.

LEGS TO OTHER CHANNELS

Here's another point to remember: mobile's place in the multichannel context. Mobile is not an island unto itself and contrary to what its most ardent fans would like to believe, the channel's best use is in giving legs to other channels.

Mobile has the potential to drive traffic to retail stores, as has been amply proved with campaigns from restaurant chains such as Papa John's, McDonald's, Burger King, Starbucks, Jiffy Lube and countless others with a physical footprint.

The *American Idol* show on television was proof that text messaging can elect winners simply by action of keyword and short code.

Shows such as *American Idol* and *Deal or No Deal* are said to generate as much revenues for the programmers from texting as they do from advertising. Maybe it's exaggerating it a bit, but the point is that mobile brings interactivity to TV.

Now here's something that agencies don't want to hear about: actual tracking of brand commercials. Imagine a keyword and short code on spots—not just at the end of the 30-second spot, but in every frame—that invites the consumer to text in.

No, it need not turn into a direct response TV ad, but the texts could give the advertiser an idea of the consumer's engagement with the brand's TV advertising.

Ditto with radio. And it's proved to have worked. Oil change giant Jiffy Lube has gone on the record to acknowledge SMS marketing's role in driving traffic to its locations. In most cases, the

SMS call to action was run first on radio spots targeted to drivers in certain areas.

What about direct mail and inserts? How about placing targeted keywords and short code on mail and inserts sent to consumers' homes and offices? Ask them to respond via text for prompt fulfillment of the desired call to action.

The examples can go on and on. Keep an open mind and a sharp eye on the consumer's needs and market trends.

WHAT NOT TO DO IN ANY CIRCUMSTANCES?

It's mostly a bunch of common sense. Don't abuse the privilege. When mobile consumers opt into receiving communications from brands, they are giving access to their most personal medium.

Err on the side of caution when sending text messages—twice a month, instead of four, for example—or make sure that the banner ad doesn't disrupt the viewing experience on mobile.

It's been said before, and bears repeating here: familiarity breeds contempt. Don't inundate the consumer with messages. Space them out and make sure each message is targeted.

Sensitivity is the watchword here. And privacy. In fact, privacy threatens to snowball into one of the biggest issues threatening online and mobile advertising.

Privacy advocacy groups and consumer watchdogs are chomping at the bit to restrain marketers from crossing a fine line. They are doing their best to convince the Federal Trade Commission of the need to regulate behavioral and location-based advertising on- line and on mobile.

These groups' worries, while legitimate, will affect marketing based on data and knowledge of consumer actions, even on an aggregate basis. So give no excuse to these groups or to the FTC or to the various attorneys general nationwide who want to make their name on marketing's back.

Finally, be realistic. Mobile's not a cure for what ails other channels. While it's not even realistic to call it a channel—it's a phone, TV, radio, MP3 player, video player, gaming instrument, camera, computer, e-mail tool, SMS enabler and pathway to the Internet— mobile still works best when matched with other channels.

Mobile thankfully does not enjoy the same degree of hype as the Internet did in the late 1990s. Yes, every agency, conference organizer or publisher has tacked on mobile as the new accessory to their offerings, but the venture-capital money inflow has been measured and realistic.

Those in the field know that mobile victories come hard-fought. It is their job now to communicate that mobile has its advantages and its limitations.

One of the truths is that mobile will not replace other channels, but complement them in a manner that no other channel has.

But mobile requires time to show results, and consumers need time to work out their relationship with the mobile device—is it a phone, entertainment channel, business tool, news source, video, camera, advertising vehicle or shop? All eight, as time and smart mobile marketing campaigns and programs will prove.

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Enhance Your Understanding: Evaluate a Card Deck or Co-op Mailing

Get hold of an unopened card deck or co-op mailing that is targeted toward you as a consumer or businessperson. Open it as if you had just received it in the mail. First, flip through the cards or ads as any recipient would, giving each item just a second or two of attention. Decide which pieces intrigue you enough to respond and which you would reject as a consumer. Then take a closer look at each card or ad. Which elements of a good card deck or co-op—discussed in this chapter—do they exemplify? Which seem to break the rules? With a few changes in copy and art, which of your rejected pieces could have enticed you to respond?

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Business-to-Business Direct and Digital Marketing

Up until the U.S. recessionary period that began in 2008, business-to-business direct and digital marketing grew much faster—both in dollars spent and revenues generated—than consumer marketing. Indeed, even during the recession, business-to-business marketing held its own better than consumer marketing, both in advertising spending and sales revenue. The reasons behind this remarkable rise are simple: as the cost of a personal sales call continues to increase, direct marketing and other forms of marketing communications become more and more attractive as pre-approach and relationship-building media. In addition, with sophisticated research methods available online, today's business customer does up to 90% of his or her decision-making on purchases before contacting a single potential vendor. To facilitate this process (and enhance their chances of being chosen to bid), marketers can satisfy many of their potential buyers' needs online with the immediacy those buyers want and the cost-efficiency sellers crave.

Expert reports say that business-to-business direct marketing advertising expenditures are in the range of $130 billion in the U.S. alone. In addition, a study by OutFront Marketing Research for *Advertising Age* showed that ever since the mid-1990s, firms selling business-to-business have spent more than one-third of all dollars invested in marketing, including expenditures on sales force management, advertising, direct marketing, sales promotion, trade shows, and other marketing communications efforts and incentives. As for Internet marketing, business-to-business sales revenue is on target to reach $1.18 trillion by 2021.

Time was, firms believed they could afford to send salespeople on "fishing expeditions," making cold calls on businesses to look for likely customers. But according to Reed Business, in the current era it takes an average of 4.08 personal sales calls to close a sale, with a range by industry of 3.35 to 6.60 calls. At an average cost of $1,200 per closed sale, that makes the average cost of each individual sales call about $300. Other sources set the range in price of a single personal sales call from $100 to $500. This being the case, firms are looking for ways to cut down their sales costs, and leverage the valuable time of their highly trained sales specialists.

If direct and digital marketing can be used to eliminate one or more of those $100-$500 sales

calls, profits-per-sale to the company may improve substantially. What's more, if direct and interactive marketing can help qualify leads for the salesperson, he or she is free to pursue only the best prospects, enhancing efficiency even more. In addition, many firms have discovered that direct and digital marketing can replace personal sales altogether for certain customer categories. Telemarketing, online marketing, and direct mailings can streamline both initial orders and reorders for small-to-medium-sized customers.

Some relatively high-ticket products that used to be marketed via personal sales can now be 100 percent mail or Internet sold: for example, computers, smaller photocopiers, and office furniture and supplies. What's more, with sophisticated Extranets available to business-to-business customers online, they can manage their own accounts and inventories. This is a "win-win" situation in that it is highly cost-effective to the seller and also empowering to the buyer.

Bigger Budgets, Fresh Challenges

Business-to-business is an area of real excitement and challenge for direct and digital marketing creatives. On the one hand today's businesspeople still receive way too many amateurish mailings in #10 outers, written by the company president and printed on limp stock. There's a challenge inherent in convincing these firms that marketing done well can increase results many times over. On the other hand, a number of sophisticated firms already have made business-to-business direct and interactive marketing the most forward-looking area of our field.

The reasons behind this business-to-business revolution are several. First, in recent years there have been remarkable improvements in list segmentation and database management for business-to-business marketers. It is now possible to target business and industrial audiences with precision, and to keep valuable information about customers and prospects accessible on the database.

Second, as business giants discover the power of direct marketing, budgets allocated for Web marketing, telemarketing, mailings, and catalogs have increased. Selling sophisticated, big-ticket customers by Internet, phone, or mail calls for exceptional creativity and customization. And when the product's price tag is in four, five, or even six figures, the dollars-per-prospect that can be allocated to direct and digital marketing are much more substantial than in most consumer markets. Third, business marketers have shown a remarkable openness to innovation that goes hand-in-hand with their ability to spend more per prospect than most consumer marketers can. Robust Web sites, three-dimensional packages, fulfillment packages complete with flash drives, image-building mailings, customized trade show booths, virtual trade shows and online seminars, social media campaigns, and sophisticated public relations efforts are just a few examples of today's typical business-to-business applications.

Fourth, many firms have learned that certain customers actually prefer to have more contacts by Web, phone, and mail and less via personal sales. Direct and digital marketing methods centered on a top-notch database allow companies to tailor contact strategies that better meet the needs and wants of their customers—often at a lower total cost than past efforts with more personal sales calls in the mix.

Fifth, the transition from industrial direct marketing to business-to-business direct marketing has broadened the field over the past few decades. Today, traditional industrial direct marketing is a subset of the overall business-to-business field, complemented by exploding growth in the sale of products and services aimed at a "nation of office workers." These newer business-to-business categories include financial services, computers and computer services, office products and services, telecommunications products and services, and business auctions and exchanges, just to name a few. What's

more, the Small Office/Home Office (SOHO) revolution has put tens of thousands of new businesses in the market for everything from broadband Internet access to office furniture. These firms are often too small to be sold cost-effectively face-to-face, but there is much profit to be made in serving their needs via direct response channels.

How Business Buyers Compare with Consumer Buyers

An understanding of the business buyer's motivation is an essential starting point for direct and interactive marketing creativity. In many ways, the business direct response buyer is simply a consumer making purchase decisions from an office desk instead of a home easy chair. But there are a number of crucial differences to note—differences that will help shape the most effective creative approach for business-to-business marketing.

Similarities of Business and Consumer Buyers

When making business/industrial purchases, individuals behave the same as they do when making consumer purchases in that:

- *They are regular people* with the same problems, emotions, hopes, dreams, and fears that they exhibit on their own time.
- *They are busier than ever before in their work lives*, just as they are in their home lives. They are much less disposed to tolerate the interruption of cold calls from unknown sources than were previous generations of buyers.
- *They are subject to telemarketing and direct and e-mail clutter at the office*, just as they are at home. In self-defense, they sift out the interesting from the uninteresting with little more than a second's glance.
- *They are part of the "show me" generation*, brought up on ever-present television and video games and likely addicted to social media, smart phones, and the Internet. Pictures, demonstration videos, interactivity, and lots of color and action will draw their attention. Long, uninterrupted blocks of black-and-white copy probably will not.
- *They are masters of using the Internet for research*, sizing up potential sellers based on what they can learn online before even thinking about a first conversation with a salesperson.

How to Attract the Consumer Within the Business Buyer

Just because business buyers sit behind desks being paid to make purchase decisions, they do not become emotionless robots. To ensure that your ads, direct mail solicitations and online messages will be noticed, read, and considered, you must avoid being dull, overly serious, or prematurely fact oriented. Although business buyers need the "steak" about a product in order to sell it to management, they must first be attracted by the "sizzle" of enticing packages, easy-to-read copy, premiums, gifts, and enhancements.

Understand that business buyers are swamped with demands and don't annoy them. Save them time and money with streamlined approaches: a quick phone call or e-mail instead of a formal sales call; a highly trained customer service staff available by direct phone line at a moment's notice; a robust password-accessible Web site and/or Extranet with full information forthcoming with just a few keystrokes; a postcard instead of a phone call, a well-monitored company social network site, and so on.

Consider attention-getting promotions to cut through the clutter: entertaining and enlightening

videos on a company YouTube channel, direct mail packages that stimulate involvement, use of overnight delivery service, highly relevant e-mail messages, white papers, blogs, and Webinars, and so on. Read over the material in this book's general chapters on offers and formats. There are many ideas to be gleaned from consumer marketing that can be adapted for use in business-to-business direct and digital marketing in addition to the concepts put forth in this chapter.

Differences Between Business and Consumer Buyers

Although many of the business purchaser's personal buying habits carry over to professional buying activities, there are some very specific differences that marketers should keep in mind. Here are some points to remember about business/industrial buyers:

- *They are spending someone else's money*. As a private consumer, the buyer is fairly free to purchase items on impulse, without making even a mental list of reasons to justify the expenditure. But when the same buyer makes a purchase for the company—even a purchase as simple as paper for the copy machine or replacement parts—he or she must have a rationale for the purchase based on price, service, quality, and other factors. By the same token, he or she is sometimes freer with the company's money—for example, choosing a more expensive hotel or airfare for company business than they would for personal use.

- *They are likely to go through a formal purchasing process*. Although some consumers do extensive comparison shopping, few actually go so far as to evaluate formal bids in a committee. Industrial buyers often are required to use a step-by-step purchasing process of identifying needs, establishing budgets, selecting possible vendors, sending out requests for proposal (RFPs) or getting bids, and making a group buying decision.

- *They may be "specialist types" or "purchasing types."* Lumping all business buyers together can be a big mistake. The engineer, mechanic, or other businessperson who will actually use the product is likely to be more focused on quality, ease of use, cutting-edge technology, and such personal concerns as enjoyment and status. The purchasing agent is generally interested in getting acceptable quality and service at the lowest possible price.

- *They may make decisions according to their personality styles*. Engineers and accountants tend to be analytical, CEOs tend to be driving and controlling, advertising people tend to be expressive promoters, and social workers tend to be amiable supporters.

These statements sound like stereotypes, and not everyone in a particular line of work fits the personality "norm." But the fact is that certain personality styles are attracted to specific fields of endeavor. Your knowledge of these styles and what they like and dislike can help guide decisions about both copy and design. Analytical types like charts, graphs, and lots of rational proof, for instance, while drivers/controllers want to cut to the bottom line. Promoters want to see photos of people and read human interest-type case histories, while amiables want to perceive that they are buying products that can help them be helpful to or make connections with others. For much more on this concept, read *Business-to-Business Direct Marketing* by Bernie Goldberg and Tracy Emerick.

- *They may be influenced by company politics.* Business buyers must be prepared to justify their decisions to their superiors, as well as to influencers whose posi-

tions make them anti-spending by definition: chief financial officers and rival peers, for example.

- *They may welcome contact with you as part of the job*. Even though many consumers enjoy buying by mail, phone, or online, they often complain about the volume of calls, e-mails and direct mail they receive at home. That's because buying products for personal use is a leisure activity for them, not their livelihood. But to some extent at least, the mail, e-mail, and phone contacts a purchasing agent receives are a vital part of the job. In addition, the white papers, authoritative blogs and fact-filled Webinars that you offer may become a vital part of your prospect's professional development. Your communications can help the buyer keep on top of innovations in the field, transmit news about price breaks, new products and seminars, and much more.
- *They may be making complex and costly decisions*. Although some business buying decisions are almost as simple as purchasing toothpaste at the drug store, others are highly technical. Buyers look to the seller for back-up information. They also want to be reassured that the company they are buying from is a solid, stable one to be trusted.
- *They may be insulated by a mail room and an assistant.* Depending upon the title of the person you are reaching and the size of the firm involved, your recipient's mail, phone calls, and even e-mails may go through one, two, or more layers of screening before they get to his or her desk. What's more, some large firms have altogether eliminated delivery of what they perceive as unsolicited standard mail addressed to their employees.

What is the Best Approach to the Business Buyer?

Because of these differences between the business buying mindset and the consumer buying mindset, direct and digital marketers must adjust their strategies and appeals to maximize opportunities for success. Here are some proven ways to do so.

Use Lead Generation Programs That Sell the Sizzle First—Then the Steak. Rather than send a complex and expensive mailing package filled with statistics and facts, it is often more effective to qualify prospects first with a preliminary mailing, space ad, telephone call, or combination of these elements. Lead generation begins by getting prospects to express some level of interest in the product.

If leads are to be followed up by mail, e-mail, or phone, you can determine for yourself what makes a good lead, and gear your program to attract "tight" or "loose" leads as you prefer. Chapter 8 explains creative approaches to lead generation and follow-up. You can also use a phone call to ask some specific questions that help qualify a lead before the next mailing piece or sales call.

If leads are to be followed up by salespeople, ask the sales manager what he or she considers a good lead, and tailor the lead-generation program to suit these requirements. Some sales organizations require little more than a warm body to follow up on, while others demand a prospect prequalified right down to the credit check.

One simple way to determine a prospect's level of interest and qualifications to buy is to use check-off boxes (see Exhibit 16.1) on a mailed-in reply form. A similar format may be used with a Web response form on your Web site.

You might also ask the prospect to indicate the size of his or her business, either by number of employees or sales volume. Asking the prospect to confirm his or her title also provides valuable information for the salesperson and the database.

Exhibit 16.1. Check-Off Boxes

WHEN DO YOU INTEND TO SELECT A COLOR PHOTOCOPIER?

❏ No immediate plans—please send literature for my files

❏ Within six months to one year

❏ Less than six months from now

❏ Immediately

Please rush information ❏

Please have a salesperson call me at _____

(Telephone number)

Information gathered using check-off boxes like those in Exhibit 16.1 can be used to follow up at the most likely time as indicated by the prospect, since reaching the business buyer at the time of the purchase decision is crucial. Such later follow-ups should be in addition to an immediate follow-up to the lead. Business-to-business marketers should consider customized follow-ups like this, since reaching the business buyer at the time of the purchase decision process is crucial.

For more on the nuts and bolts of operating business-to-business lead-generation programs, your author suggests *The DMA Lead Generation Handbook* by Ruth P. Stevens (excerpted at the end of this chapter).

Because Prospects Crave Plenty of Back-up Material, Give Them a Fulfillment Package Worthy to Keep on File. Once you have attracted a prospect with the "sizzle" of your initial ad, mailing, or phone call, make sure he or she receives a package from you that is substantial enough to encourage its retention. Some mailers offer their fulfillment kits in a file folder format that looks important enough to keep on hand for future reference. Others use presentation folders or binders to achieve that "keep me" look. You may be tempted to abandon elegant fulfillment packages in favor of online downloads. Downloads are a fine additional method of providing immediate information, but they do not necessarily replace the handsome materials you create as a tangible presentation of your company's capabilities and style.

Because Other Vendors May Be Bidding Against You in a Formalized Purchase Decision, You Need to Establish Your Company Image. Business buyers must justify their purchase decisions to their bosses, to financial officers, and often even to their peers within the company. All things being equal, the business buyer will probably choose an established firm with a famous name rather than a "no-name" competitor. Even if your price is lower and your product quality is superior, you'll have a hard time making the sale unless you can prove to the buyer that your company is worthy of trust. Thus building and maintaining a good company image is an important goal for most business-to-

business direct and digital marketers. There are a number of ways in which to do this—and perhaps break even or turn a profit in the promotional process. You may choose to combine several of these methods with a unified look and message.

- *The house organ/promotional newsletter.* One method of image building is to develop and mail—or more likely today, e-mail—a well-designed newsletter that serves both company employees and customers. The newsletter might contain information about the firm's recent activities and promotions, focus on the functions of a different department each issue, and so forth. Customer testimonials and case histories make excellent material for such a publication, since both internal and external audiences will find them of interest. The newsletter might also cover the firm's contributions to the community and to nonprofits, fostering its image as a caring corporate citizen. General-interest feature material should also be included, as well as how-to articles related to the firm's field of endeavor, and/or links to relevant articles online.

- *The paid-subscription newsletter.* Service businesses often solicit paid subscriptions for informative newsletters that offer the firm's principals a forum in which to display their expertise. Some companies that began such newsletters as promotional vehicles have been pleasantly surprised that the publications can function as profit centers on their own. Another idea along these lines: the firm's principal might write a regular column in a trade magazine or business newspaper, or in an online newsletter, in exchange for a free or reduced-cost direct response ad in the publication.

- *Seminars—for service only or for profit.* Another way to build up your firm's image for expertise in the field is to develop informative seminars and promote them online, by mail and/or e-mail. Some companies offer their seminars free to qualified prospects and customers, while others charge competitive rates, hoping to break even or make money while getting out the word that this is the firm with state-of-the-art expertise. Another way to promote such seminars is to partner with a respected trade association or trade publication with a built-in audience for your information. The seminars can be in-person, or online via a Webinar format.

  As for a topic, Geoff Nichols of Nichols & Associates Business Consultants suggests that "People do more to overcome painful problems than to seize opportunities." He says that finding the right topic is crucial. "People come because they have a problem and you have a solution," he notes. For best results, hold your face-to-face seminar at a hotel or other public place that is centrally located with easy parking. Provide breakfast or lunch—good, free food is always a draw and having the seminar at meal time helps justify the time away from the office. Have credible outside experts speak as well as your company's salespeople—the experts' talks will serve as third-party endorsements for your product or service.

  To promote your seminar beyond your present database, begin with a mailing piece targeted by geography, industry, job title, company size, and/or other parameters you deem important. Such compiled lists are readily available to purchase online through various vendors such as Dun and Bradstreet—now called simply D&B (*www.dnb.com*)—and Info USA (http://www.infousa.com). When potential attendees respond, confirm their attendance by phone or e-mail. To assure

the best possible attendance, call or e-mail a day or two before the seminar date with a reminder, and again confirm the individual's intention to attend. At that point, e-mail a map and other pertinent information about parking, food provided, timing, etc. Even with this level of follow-up, experts say that only about 50 percent of confirmed attendees may actually show up at a free seminar.

A "seminar special" on your product or service may encourage attendees to become customers right away. If your product is too complex to lend itself to a specific discount offer, make sure to follow up with qualified attendees and request time for a sales consultation promptly, while the "glow" of your successful seminar remains. More and more firms are using online seminars (Webinars) to replace or enhance their face-to-face seminar efforts. You will find more on this later in the chapter.

- *The space advertising campaign*. Use appropriate trade and business publications to tell your story simply and clearly, with testimonials or case histories where appropriate. A series of ads with the same graphic look may be utilized to showcase different product benefits or company services. Since many narrow-niche trade publications have abandoned or cut back their print editions in favor of Web-based versions, consider advertising in these highly segmented online publications as well.

- *Mail or e-mail space ads to prospects and customers.* Business-to-business direct marketers can gain extra image mileage from their space advertising programs by mailing clippings of the ads along with a selling letter and a notation on the clipping such as, "In case you missed our ad in XYZ Magazine." Or, some firms mail their list of prospects and customers early copies of space ads as a sort of "preferred sneak preview." The same can be done with an HTML e- mail to customers and prospects, assuming you have obtained permission to e-mail them.

Because Prospects are Insulated by Mail Rooms and Secretaries, Cut Through the Clutter of Mail They Receive with Strategies to Get Your Offer on Their Desks—Then Opened and Read. In general, mail rooms and assistants are unwilling to spare the boss any piece of mail that looks as if it is important, personal, social, or valuable. Here are some ideas on how you can make your mailings secretary-proof.

- *Use "bundling" to capture attention and make a memorable connection*. It's clear that a bulky package comes across to both mail room workers and assistants as something with valuable contents that should not be discarded. Just as important, according to business-to-business guru George Cohan, is the phenomenon of "bundling." If a bulky package includes one or more items that engage any combination of hearing, touch, smell, and taste as well as sight, it provides a "layered learning" aspect that makes the solicitation more memorable. Thus in addition to items of novelty value, consider sending your prospect one or more items that engage multiple senses in relationship to your product or service.

A campaign used by *Cuisine* magazine some years ago illustrates this concept. *Cuisine* wanted to reach a relatively small circle of media buyer prospects

who might wish to advertise in the magazine. The theme of its campaign was, "If You're Not in *Cuisine*, You're Not in the Kitchen"—meaning that *Cuisine* readers were highly influenced by the magazine's ads when they chose items for their kitchens

The first of a series of mailings in this campaign was actually a shipment: a box containing a handsome crock filled with wrapped candies. Printed on the crock was the theme message, while the crock itself was an attractive piece that could be used and displayed in the prospect's home or office. Each crock was accompanied by a selling letter.

About a month later, each prospect received another selling letter along with another type of candy to fill the crock, which presumably had already been emptied by the hungry media buyer. Throughout the series, each letter was accompanied by a different food item—in an amount just sufficient to fill the crock. A series like this is likely to have prospects awaiting the next delivery—and in a positive mood to talk to the sales representative from *Cuisine* when he or she calls on the phone.

- *Send a product sample.* If your product is something that can be sampled easily, consider sending one or more samples in your mailing package. Something of obvious value—even an item as simple as a pencil, a holiday card, or color chart—will probably survive the "mail cut" and also draw the attention of the recipient. In addition, some product samples can fulfill the "bundling" concept as well: food items, industrial carpet samples, and promotional products, just to name a few.

- *Here is the information you requested*. Every lead fulfillment package should have these magic words—or something very similar—stamped or printed on the front. This wording shows the mail sorter that the boss has solicited the material inside. What's more, this phrase should trigger the recipient's memory about sending or calling for the material. You cannot count on the return address alone to spark recognition.

- *A plain outer envelope*. A fine quality, closed-faced outer envelope with an address that appears individually prepared may appear important and personal enough to make it directly onto the boss's desk. Don't ruin the illusion by using a label or an addressing mechanism that looks computerized! Another illusion-shattering problem: a standard mail indicia on a letter that is supposed to appear unique and personal. Use a meter or stamp instead, or mail first class if budgets permit. Some mailers have tried hand-addressing closed-faced outers. This appears personal and social, but it can be prohibitively expensive for high-volume mailings. A font that looks like handwriting, printed in medium-blue ink, may be a better alternative.

- *The invitation look*. Many offers can be developed in an invitation format with a squarish, top-quality outer envelope in white, buff, gray, or another neutral tone. Take a look at wedding invitations for size and paper stock ideas. Once again, a promotional look is a tip-off that the contents are not what they seem, so keep the invitation-look outer envelope plain. The mail screener may fear that he/she is tossing out the boss's invitation to an important party, and therefore will pass your mailing on.

- *Appeal to the mail screener.* A mailing addressed "To the Assistant of John Doe" meets the problem of mail screening head-on. Such a package might outline the great advantages of the seller's product to the assistant—i.e., time saving, easier to use, more attractive. It could encourage the assistant to suggest the purchase to the boss, even offering a premium geared to the assistant's interests. This should be handled discreetly, however, so that it does not appear to be a bribe. It is best simply to describe the premium, and not state in the promotional copy for whom it is meant or what should be done with it.

Because Your Prospects Must Justify Their Purchases and Deal with Office Politics, Position Yourself as a Safe Bet from Every Angle. Especially if you are pitching a high-ticket item, it may be worth your while to develop mailing packages, blogs, Webinars, white papers and e-mails aimed at people with different job functions within the firm. For instance, let's say you are selling computer systems. Material aimed at financial officers might emphasize the money-saving qualities of the system, while marketers are told about database enhancements and ways your system gets them information faster and easier. Another idea: put the chief executive officer on your mailing list in hopes that his or her recommendation in your favor will filter down to the actual buyer of your product.

Ways to Use Direct and Digital Marketing in Business-to-Business Communications and Sales

Some firms can use direct and digital marketing to meet a number of business-to-business objectives. Here are several possibilities.

As an Alternative to Some or All Sales Calls for Certain Prospects and Customers

Customers who are not profitable when serviced mainly by personal sales can become profitable when serviced partly, mainly, or completely by mail, phone, e-mail and online. Many smart business-to-business marketers take the time to divide their prospect lists into groups by sales volume and potential. All of these groups receive brand-building impressions from the firm's space ads, Web site, content marketing, and public relations activities. What's more, they may all take advantage of certain digital functions on the Web site for independent management of their own accounts. In addition, they receive customized contacts according to their group in a set-up like this:

1. Smallest potential volume: Mail/e-mail only (catalogs, e-mails, newsletters, and one-shot offers)
2. Next highest level of volume: Mail/e-mail with occasional phone calls
3. Next highest level of volume: Mail/e-mail, phone, and occasional sales calls
4. Highest potential volume: Mail/e-mail, phone, and regular sales calls

A very large company could group its customers in even more categories, while a small one might have only two or three groups. The key here is strategy: nothing is left to chance. Every contact is made according to a carefully orchestrated plan, taking the customer's needs and preferences into consideration. Contact data is recorded on the database for future reference, both for tailoring communications and better serving the customer's needs.

Studies by top business-to-business expert Victor Hunter indicate that many customers prefer less face-to-face contact and more communication by phone, e-mail, Web site interaction, mail, etc. His research indicates that customers often perceive they are actually being served better and receiving

more personal contact when such a strategy is undertaken. Indeed, customers have come to value having access to specific information when they want it—in a reference catalog, by phone, or online—instead of having to wait for the salesperson to arrive for a face-to-face meeting.

For Promotions to Dealers and Distributors

The first "sale" many direct and digital marketers must make for a new campaign is to get their dealers and distributors on the bandwagon. Direct mail, phone, Web landing pages, and e-mail are excellent ways to communicate a program's goals and tactics so that field representatives know what to expect. The immediacy of e-mail adds excitement to your offer without tying up either the buyer's or the seller's time on the phone. Social media sites can build excitement about the program, invite participants to share their progress, and offer tips and updates. Sales contests and incentives can be explained by these means as well. In addition to e-mail, broadcast voicemail may also be helpful in communicating the same timely message to hundreds or even thousands of dealers/distributors at the same time. The recipient can pick up the voicemail message on his or her own time schedule. Some multi-level marketers use this voicemail technique along with or instead of e-mail to provide daily messages of inspiration and news to their "downline" associates.

For Promotions to Individual Salespeople

When a sales contest is underway, it's important to keep salespeople informed. Many marketers have had excellent results mailing to salespeople at home to get the spouse and children involved. For a successful contest, try selecting a range of awards that appeal to the family as well as the salesper-son. Keep each salesperson posted on individual progress every week or so during the contest to en-courage momentum building. Never make mailings to a salesperson's home and/or family members without his or her permission, however.

For Promotions to Specifiers

Often the target of a business-to-business campaign is not the product's ultimate user. Rather, target audiences such as doctors and architects make recommendations to their patients and customers. The aim of communications to specifiers is to give them the facts they need to make an informed recommendation. In addition, it is important for you to establish your firm's image, perhaps with ads in appropriate print or online trade publications, or by creating and distributing a regular newsletter or magazine with articles displaying your knowledge and expertise.

Tips on Business-to-Business Formats and Media

The basics of direct mail formats and catalogs are discussed in other chapters of this book. The tips offered here for business-to-business applications will provide additional idea starters.

A Letter Alone May Suffice

Whereas consumer buyers usually need the reinforcement and "flash" of a brochure and other sup-plementary mailing inserts, the business buyer may react well to a mailing containing only a letter and a reply card, a toll-free number to call, and/or a landing page (personalized or general). Make sure that the letter and envelope are printed on the highest quality paper to look like a one-to-one business letter. This format is especially appropriate for:

1. Asking the prospect for a sales appointment
2. Introducing the sales rep who will then call the prospect by phone
3. Soliciting a lead to be followed up with free information

When a Traditional Envelope Mailing is Used, Don't Try to Combine Pieces

Often, new business-to-business marketers use "logic" to try to save money—with disastrous results. They'll try combining a brochure and letter, or incorporating a reply device as part of a brochure instead of using a separate piece. These tactics are cost-saving, but they fly in the face of direct mail experience.

A separate letter serves the personal sales function. It should be addressed by name and title if at all possible, and written in a person-to-person style. The brochure is the "leave-behind"—a demonstration piece for capabilities, features, and benefits. The reply device closes the sale, so it should be prominent, visible, and valuable looking—not buried somewhere in the brochure.

Keep the Elements of Your Mailing Program Fresh

Another money-saving ploy of some business-to-business direct marketers is to keep using a standard brochure or mailing package long after it is outdated. Remember that the mailing you send gives the prospect a first impression of your firm—an impression that may be impossible to turn around if it's unfavorable. Update your literature at regular intervals using new product shots, attention-getting graphics in keeping with your firm's overall image, and recent staff photos.

Try Solo Mailings and E-mails Even if Catalogs Are the Backbone of your Direct Mail Business-to-Business Efforts

Introducing a new product or providing extra support for top-selling or high-margin products are two applications to consider for special offers of one item or a line of related items.

Consider Self-Mailers and Postcards: They're Good for Pass-Along Readership

Many consumer direct marketers say they have a hard time making self-mailers beat the control format of a traditional envelope mailing. But self-mailers carry an extra dividend for business mailers: their pass-along value. Studies show that managers are more likely to drop a self-mailer into the inbox of a peer or subordinate than they are an envelope mailing.

Postcards are used more and more by business marketers who use them to provide the "sizzle" about an offer and then lead the prospect online to a Web site with more information, white papers available for download, videos, etc. A postcard may include a Personalized URL (PURL) that takes the prospect to a Web site that greets him or her by name and offers information tailored by industry, company size, and other factors.

In Business-to-Business Catalogs, Be Informative, Organized, and Authoritative—But Not Boring

Don't ignore good promotional language and graphics simply because you are selling a business product. Don't bog yourself down in an explanation of the features at the expense of "sizzle" about the benefits of a product. Avoid using jargon and focusing on technicalities. Nontechnical buyers may be turned off, concluding that your product is way beyond their understanding.

While only the largest consumer catalogs provide a merchandise index, this component is a must

Exhibit 16.2. New Pig Materials

The New Pig catalog illustrates the point that buying business-to-business does not have to be deadly dull. The firm uses a piggy theme in its catalog and even plays "pig theme music" while callers are on hold. In the midst of the fun, however, New Pig beautifully illustrates some of the best practices for business-to-business catalogers. These include top-notch service functions, technical assistance, and guarantees; use of case studies and testimonials; a robust Web site that exemplifies the same look and feel as the paper catalog; and even product endorsements from the "New Pig" himself!

Reprinted with permission of New Pig.

for the business customer. In addition, keeping similar products together will help your business customer make direct comparisons of costs, features and benefits.

To emphasize your firm's expertise in the field, provide testimonials and product-in-use information along with the products themselves. Adding how-tos to the copy makes your catalog presentation more lively and helps customers visualize using your products.

Make ordering easy by following these procedures:

1. Provide a phone number and customer service Web site the customer can access to expedite matters.
2. Make it clear whether the customer needs to provide a purchase order.
3. Make it clear whether a down payment is necessary or if billing can be done upon shipment.
4. Explain how long shipment takes.

All of these specifics are more important than ever in a business situation, especially when the customer is evaluating you against a competitive catalog or personal-sales representative.

Consider Card Decks

Card decks may be an inexpensive source of loose leads for business sales propositions—and loose leads can be especially valuable for business-to-business operations that can afford follow-up phone calls to qualify the prospect, then personal calls to the best prospects to clinch the sale. Card decks may be sponsored by trade publications or sent to compiled lists of individuals in certain fields of endeavor such as marketing, law, medicine, or engineering.

Airline Books May Be Good Sources of Leads

While business magazines and trade publications can be fruitful media choices for space ads, it's well worthwhile considering a test of airline magazines as well. Even with Wi-Fi at their disposal, business travelers are something of a "captive audience" in the air, and they're away from the office and its multiple distractions when they read your ad. Self-improvement materials, computer equipment and training plans, telecommunications products, luggage and briefcases, sales incentives, and educational products are among the many categories that may sell successfully via airline publications.

Try Offering a Product-Centered DVD or Download

Some lead-generation programs include a DVD presentation as part of the follow-up package. With the dramatic drop in the cost of reproducing such pieces, they are most often offered at no charge to qualified prospects. The cost of such a follow-up seems steep until it is compared with a $300 or $400 personal sales call. Watching a DVD may pre-sell the prospect to the extent that he or she is almost ready to buy when the salesperson calls by phone or in person. Some firms now offer a choice of materials for the respondent to choose from by checking off a form: a portfolio of product information, or a DVD, whichever they find more intriguing and/or convenient. Or they may offer an immediate download of videos, white papers, and other information from the company Web site in exchange for some basic information from the prospect. Putting your video right on your Web site and/or on YouTube lets your prospect see this information immediately with a simple click-through.

Make Your E-mails Respectful and Relevant

Because e-mail is such an inexpensive medium, it is easy for business-to-business marketers to abuse. Here are some tips on developing an e-mail program that your prospects and customers will appreciate:

- **Send e-mail only to prospects and customers who have opted in to receive it**—And ask them what types of information they want to receive from you and how often they are willing to receive it. Some business and publication newsletters are welcomed by their recipients on a daily basis—but only those that are perceived to include well-researched, timely information. Most marketers will need to temper the frequency of their e-mails if the offers they contain are mainly product focused.
- **Every e-mail you send should have an opt-out opportunity at the end**—This element of e-mail etiquette also serves as a built-in edit function for you as the sender. Think about the recipient's likely reaction to the e-mail you are sending. Will they find it relevant and helpful, or just another time-waster? Will your message tempt them to opt out of receiving more messages from you?
- **Make sure that every e-mail answers the question "What's in it for me?"**—Keep the customer or prospect's wants and needs at the center of your e-mail messages. Make an offer that provides real value to the recipient: an authoritative white paper or report, fresh information on industry trends, or product-related information that is customized to their industry and needs.

Use Trade Shows to Reinforce Your Brand Image and Message

Because trade shows are costly in both time and money, savvy marketers will make sure that the image they present is in keeping with their other promotional efforts. Careful planning is essential to ensure that customers and prospects know you'll be at the show, that literature is available to suit the needs of booth personnel, and that leads are followed up promptly and appropriately.

Use e-mail to your customer list to make them aware of your trade show presence and any speakers from your firm who will be presenting. Send an invitation to prospects as well— you can usually get the list of pre-registrants from the trade show management. Discuss the trade show line-up on social media sites—and encourage your customers and other attendees to talk about the show in advance. Work with the niche publications in your field to get pre- and post-show coverage of your new product introductions, your presentations, and any tips and trends you can provide in advance of the show.

Provide an incentive for customers to stop by—a drawing, special event, or the like. A contest or drawing will gain names for your mailing list, but there is no guarantee that the new names you receive are viable prospects. Some phone follow-up after the show will help establish your entrants' qualifications to buy or influence sales. Many firms create both a "take one" piece available to anyone who stops by, and a more complete and costly package to be kept under wraps and presented only to prospects pre-qualified by the booth worker. Instead of voluminous literature, some smart marketers now give their best prospects a flash drive bearing the seller's company logo and containing all their relevant brochures, catalogs, and other materials in PDF form. The flash drive is much easier for prospects to transport, and it also serves the purpose of a premium with good perceived value.

Even seasoned trade show salespeople lament that they often lose or misplace business cards of "hot prospects" they were intent on following up. Prior planning again is the key. If booth workers have a simple procedure for logging in each day's prospects, follow-up can be accomplished in a smooth and organized manner. Nothing is more impressive to a prospect than returning home from a conference to find the information they requested from you already on their desk. Many trade shows

today provide attendees with swipe cards that can be scanned at each booth the prospect finds inter-esting. The swipe card data can be used to send these prospects more information, enter them in con-tests, and put them on the company's mailing list.

Virtual Trade Shows

To supplement or in some cases even replace face-to-face trade shows, many marketers have now embraced Internet events of many kinds. Rather than expecting busy prospects to travel to a venue, everyone can "meet" at a URL hosted by proven companies like Cisco's WebEx, Go to Meeting, or Cvent. It is possible to set up an entire trade show that takes place online—either as a replacement for the face-to-face event, or as an option for those who choose not to attend. According to Dr. Allen Konopacki, President of the INCOMM Center for Trade Show Research in Chicago, "Only about one-third of interested people actually attend a show, so virtual shows [can potentially] reach 66 to 70 percent of the people who don't actually attend." The ultimate online trade show event is an ex-perience that takes place in a virtual world with avatars attending in place of their human doppel-gangers. Such virtual shows are offered via 6connex (*http://www.6connex.com*) for clients including Cisco, WebEx, Procter & Gamble, and Intel.

For much more information on trade show marketing, see *Trade Show and Event Marketing*, by Ruth P. Stevens.

Remember the Back End

Take advantage of available space in package inserts and invoice stuffers to sell accessories and sup-plies and help maintain your firm's positive image. Send along your company newsletter, if you have one. Create flyers promoting replacement parts, sales on supplies, service contracts, service check-ups, or free audits of existing systems. Large business and industrial marketers who underwrite tele-vision and sports events might stuff their customer correspondence with reminders to watch upcoming shows under their firm's sponsorship. Local businesses that sponsor parades, sports teams, regional television shows, and the like can take advantage of this same stuffer concept.

Leveraging the Internet for Business-to-Business Marketing

The Internet offers a number of cost-saving, profit-building opportunities for business-to-business marketers. Some of these are supplementary to more traditional promotional methods while others are quite revolutionary. Supplementary measures include:

- Offering customers an online response mechanism for lead generation
- An e-fulfillment option for responding to leads
- Online customer service functions
- Sending a regular company newsletter or new product introduction notice via e-mail instead of or in addition to the usual paper format
- A password-protected, customized Extranet that lets buyers check order status, shipping status, and inventories with a few clicks of the mouse, and may allow for collaboration and teamwork online
- Leveraging social media to develop customer relationships, gain leads, and learn what customers and prospects are saying about your company and your products
- Using content marketing methods such as blogging to establish credibility in the field and gain leads based on valuable information provided to prospects

All of these provide "win-win" solutions for buyers and sellers as they may save time, paper, and postage on both sides. What's more, when a prospective buyer visits the seller's Web site to ask for information or get a more in-depth report from a click-through on a newsletter or blog, this provides

a great opportunity to gain more of his interest and move him toward a sales call or a purchase. The following are some of the more dynamic concepts for business-to-business marketers online.

E-Commerce

Selling products online has a number of benefits to business-to-business marketers. It allows local operators to go national if they have products or services of wide appeal, and it allows national operators to gain international exposure. It provides a cost-effective way to offer almost unlimited breadth and depth of assortment without the space limitations inherent in a paper catalog format. It provides an opportunity for customers to take control of the buying process and to cost-effectively pre-sell themselves by doing online comparisons and customization. It may also expose your company and its products to new markets that would not be practical or available to serve with face-to-face or traditional direct marketing methods.

Selling effectively online, however, requires marketers to perfect their infrastructures so that they can take orders and payments electronically and deliver products swiftly, safely, and accurately, with the seamless customer service functions buyers have come to expect. Top business-to-business e-commerce marketers such as Dell (http://www.dell.com), Cisco (http://www.cisco.com), and Quill (http://www.quill.com) have set the bar high for online efficiency and service.

Webinars

While face-to-face seminars show no signs of disappearing from the business-to-business marketing horizon, buyers and sellers alike have long complained about the costly and frustrating problems inherent in such events. Logistics of travel, hotels and venues, arranging for reliable and inspiring speakers, fears of bad weather and tied-up traffic often have meeting planners losing sleep for weeks before the big event. Face-to-face meetings represent a substantial investment for promoters and attendees alike. This is a high-stakes game in which a beautifully planned seminar can nonetheless be sabotaged by freakish weather that cancels flights and brings traffic to a stand-still, illness/lateness/poor performance on the part of the main speaker, or last-minute belt-tightening or office emergencies on the part of attendees. What's more, even when all goes well, no-show rates of 50 to 60 percent are common for free promotional seminars offered at a specific time and place.

Many of the benefits of face-to-face seminars can be realized online with considerably less cost in time and money to both buyers and sellers. Online seminars (better known as webinars) take away most of the barriers of travel time and cost, bad weather, and time away from the office.   At the participant's own computer, he or she can learn much of the same material that used to require a trip across town or across the country to acquire.

These Internet events offer much better quality control than most live events, with the help of a trusted vendor like Cisco's WebEx or its competitors. For seminars and speeches, attendees only have to invest an hour or so, and they can even multi-task while monitoring the event off their desktop. Alternately, employees can gather together in a conference room to watch and discuss a seminar as a group. Senior executives who are unlikely to take the time to travel to such an event in person may log on individually or with their employees, as well.

For best results, free online seminars hosted by vendors should not be mere commercials for the vendor's product. Featuring an outside author, expert, or other speaker as the centerpiece of the webinar will likely gain you more enthusiastic attendees. Your product information can certainly be shared during the seminar, but in the context of more general learning.

The downside of webinars is that they do not allow for the type of personal relationship building and networking inherent in face-to-face seminars. Nor do they isolate participants from their day-to-day work for a concentrated period of learning. Thus it is unlikely that online events will completely replace these traditional events—especially for senior management.

A successful online seminar does not necessarily have to include high-tech streaming video or

flashy effects. Indeed, many such webinars combine a simple online Power Point presentation with an audio feed. Live seminars allow participants to feel a sense of community, participate in real-time polls and chat, and get clarification and answers to questions in real time. The seminar presentation can gain additional life and usefulness, however, if it is posted on the presenting company's Web site with streaming video and audio, for prospects and customers to view at their leisure.

A number of firms have emerged to provide turnkey services for online events and seminars at reasonable prices. Services they provide include online registration, targeted and personalized direct mail and e-mail event marketing, automated confirmations and reminders, survey capabilities, secure online fee collection, and instant reporting and data analysis. Check Cisco's WebEx (http://www.webex.com) or Cvent (http://www.cvent.com) for Web sites that tell you more about how these services work.

Communities, Auctions, and Exchanges

Business-to-business guru Victor Hunter inspires his readers and clients to "create a community of customers." He suggests that instead of the old-style model of sellers relating only one-to-one with buyers, the seller's value to the buyer increases if that seller provides a framework for a buyer community. Such a community is about more than buying products: it's about networking, sharing insights and ideas, and developing collaborations and partnerships.

Building a business community can be challenging in the offline world, but with buyers congregating online, a seller may develop a virtual community with its Web site as the hub. Or a seller may participate in what is called a "vortal"—a vertical portal that combines search engine and community features in a specific field like PlasticsNet (http://www.plasticsnet.com).

Online auctions and exchanges move past the relationship-building aspects of a community and into buying and selling. Auctions such as eBay's Business & Industrial section offer a powerful opportunity for businesses to buy or sell new or used merchandise to other businesses.

Partnerships, Sponsorships, and Affiliations

Like consumer direct and digital marketers, many business-to-business firms have found banner advertising problematic in terms of cost and accountability. Thus they seek less risky and less costly methods of promoting their companies and Web sites online. Some of these methods include partnerships, sponsorships, and affiliations.

- *Partnerships* allow non-competitive business-to-business marketers to combine their strengths and provide each other with opportunities that would be prohibitively costly to develop alone. Even competitive firms may engage in online "coopetition"—forming joint ventures or alliances where it makes sense to do so.
- *Sponsorships* on search engines and Web sites and for online or e-mail delivered newsletters provide a way to get a company's name in front of potential buyers in a less flashy, less promotional, less financially risky manner than "screaming banner ads."
- *Affiliate agreements* allow business-to-business marketers to place banners on appropriate Web sites and pay only a percentage of resulting sales rather than less controllable cost-per-thousand or cost-per-click banner deals.

E-Fulfillment and White Papers

Customers and prospects appreciate the opportunity to download information that they want or need immediately. Offering them product literature, instruction manuals, software product trials and white papers for instant access can win their appreciation and consideration for purchases.

B2B marketing guru Bob Bly (http://www.bly.com) has introduced a book on this subject: *The White Paper Marketing Book: How to Generate More Leads and Sales by Offering Your Customers*

Free White Papers, Special Reports, Booklets and CDs (RACOM Books). Bly says that, "In the 21st century, brochures have been replaced by a new, yet less understood, marketing medium, the 'white paper.'" A *white paper* is a promotional piece in the guise of an informational article or report.

Bly explains, "The white paper serves the same purpose as a brochure . . . to sell or help sell a product or service . . . but reads and looks like an article or other important piece of authoritative, objective information." Unlike a sales brochure, however, Bly notes that a white paper "must contain useful 'how-to' information that helps the reader solve a problem, or make or justify a key business decision (e.g., whether to install a new firewall or build a facility instead of leasing)."

Bly offer four quick tips for successful white paper authors:

- **Be concise.** Say what you have to say in the fewest possible words.
- **Write for scanners and skimmers.** Use heads, subheads bullets, numbers, tables, charts, and graphs.
- **Make the content relevant.** Eliminate extraneous information and facts that are interesting but not germane to the main message.
- **Use a value-added approach.** As Bly says, Americans today are "drowning in information but starved for knowledge." What your white paper can best provide is ideas, tips, guidance, wisdom, advice and solutions.

Social Media

While there is some general information about Social Media in Chapter 17, this section focuses on how business-to-business marketers can use such communities to improve brand recognition, build credibility, and stay up-to-date on what customers and prospects have to say about them and their companies.

LinkedIn is the most prominent business-to-business social network, and it has gained mainstream credibility with articles in *Fortune* and other major publications recommending that businesspeople create a LinkedIn profile and use it for job advancement, networking, and hiring. As John Hill, Michigan State University's former director of alumni career services, says in comparing the major social media for business purposes, "LinkedIn is like the corporate office. Twitter is like the water cooler, and Facebook is like the bar. You have no idea what conversation is going to come out of the bar so I'm not going to take people interviewing me to the bar." The same would be true for carrying on business conversations.

Twitter can be used as a business-to-business reputation builder—but only if you or your company spokesperson uses Twitter as a serious information-sharing tool. Comments about what you had for breakfast, your personal or political observations and the like are better reserved for your personal Facebook account.

Michael Della Penna, co-founder of the Participatory Marketing Net- work, offers four main reasons why business-to-business marketers are embracing social media.

1. **"Leverage the power of the crowd to drive innovation."** Della Penna cites Salesforce.com's IdeaExchange, Oracle's solicitation of customer feedback on its homepage, and SAP's developer community of 2 million users. These firms are cultivating their own social media presences and using them to "interact with clients and prospects, and to generate new ideas to improve product/service offerings in real time."

Exhibit 16.3. Inside CRM White Paper

INSIDECRM

Avoid a rocky CRM rollout with this checklist.

10 Steps to a Successful CRM Implementation

By David Claus

CRM has proven its ability to enhance business performance time and time again. However, the path to effective implementation is not always easy — complexities often arise as a result of trying to align an entire company behind the concept. You can find the success that comes from leveraging customer knowledge to the fullest measure by following these 10 steps:

1. Calculate the value. Exactly how will CRM benefit your business? Strive to answer this question in terms of measurable ROI (return on investment). Don't focus too much on how the software will help customers — what will really improve your bottom line is how CRM helps your employees use customer data more effectively.

2. Work closely with key departments. Good planning is critical to your success. Use members of the call center, sales force and marketing departments as parts of your CRM planning team, because these departments can be affected to the greatest extent by a new solution. Let them tell you the business processes that need improvement. Then hammer out agreeable objectives mapped to new business processes. It's often a good strategy to place some easy ones on top of the list so you can celebrate some victories early on.

3. Budget realistically. Be a bit pessimistic when it comes to the budget to avoid the painful process of increasing cost estimates. CRM customization and integration with existing software present two big expenses. It can cost two to three times the price of software for implementation and ongoing maintenance. Make sure you factor in all of these expenses from the early stages of your CRM deployment.

DM News offers a daily white paper in cooperation with advertiser-sponsors. This example from "Inside CRM" covers "10 Steps to a Successful CRM Implementation."

Reprinted from *DM News* free-download White Paper section.

2. **"Build and grow influential relationships."** Della Penna says that in the informal world of social media, marketers have an opportunity to cultivate "leading analysts, journalists, bloggers and influencers to get these people to start talking about their companies." Twitter often is used for this purpose—especially with live Twitter feeds seeking questions, comments and "re- Tweets" during events.

3. **"Become a resource."** By providing authoritative advice and answering questions, bloggers can win friends and earn a reputation for helpful advice. Della Penna notes that American Express does a good job of this with its Open Forum.

4. **"Extend the brand and bring it to life."** Della Penna cites the "fearless executives" of firms including Oracle, Cisco, IBM, Boeing, and Ernst & Young, who "have embraced social media and added a little personality to the brands they represent" while meanwhile "extending their brands' reach and influence."

Before embarking on a business-to-business social media campaign, here are some questions to consider:

- **Who is the voice of your company?** Some firms allow and even encourage many employees to blog and to label their online presences with the company name. It is wise to have some guidelines for doing so, since these unofficial "spokespeople" may inadvertently make comments that are detrimental to your firm or off-putting to customers. Other firms have an official "voice of the company" who is charged with blogging in the company's name and updating the firm's LinkedIn presence and other social media sites.

- **Can you commit to keeping up your social media presence?** Setting up a LinkedIn account and blog space is easy enough, but allocating the time and energy to regular and meaningful updates is much more demanding. Make sure your firm's designated social media "voice" has the commitment and accountability to follow through on a regular and consistent basis.

- **Are social media important to your target market?** Rather than assuming that allocating time and money to social media make sense for your company, do some investigation to see if this investment is important to your customers and prospects. Are they regular social media participants, or do they prefer more traditional means of communication? This is likely to vary both by industry and by the age of your typical customer.

- **Are your social media messages "you oriented" to the customer?** Make sure that your social media messages are in keeping with the rest of your marketing and advertising messages. Before posting, ask yourself: does this information answer the customer's question, "What's in it for me?" Offer your customers and prospects useful facts, special deals, insider information, or learning opportunities.

- **Can you use social media for customer intelligence and customer service purposes?** Make sure you sign up for Google Alerts, Twitter Alerts, and any other services you can find that let you know when customers and prospects are commenting about you and your company via social media. This can provide you with valuable insights on customer likes, dislikes, and concerns. If you choose to, you can respond with thanks, advice, or more information—and help solve your customers' stated problems in the social media forum. Just make sure that you come across as helpful and appreciative of comments and critiques—not

defensive.

The social media marketplace is changing rapidly, and top sites such as Facebook, LinkedIn and Twitter alter their rules and policies quite often. You will be wise to sign up for seminars offered by trade associations and credible vendors to be sure you stay up-to-date with best practices. Ask your business customers what social media they use and find credible as well, to make sure you are investing your time in the most productive social forums for your industry.

Copy Tips for Business-to-Business Creative People

There are several traps that are all too easy for the business-to-business writer to fall into—especially the in-house copywriter who lives and breathes the same product line for a long period of time. Here are some dos and don'ts designed to help keep your copy fresh.

1. *Don't allow yourself to become production oriented.* Keep the focus of your copy on benefits to your buyer and the ultimate user—not on the latest break- through of your research and development department. It may be big news to you and your company president, but that product enhancement means nothing to prospects until you tell them what's in it for them: time savings, money savings, better quality, or whatever.

2. *Don't slow down the sale with product specifications.* Granted, some of your prospects won't make a purchase decision without extensive spec sheets and technical material. But don't bog down your feature-benefit copy with too much detail: if you do, you'll lose the buyer who is strictly results oriented. Put the specifications on a separate web page or brochure panel.

3. *Make sure that buying your product looks like a safe bet for someone who believes his or her job is on the line.* Emphasize the safety and security of dealing with your stable and established company. Talk in terms of the satisfaction of the product's ultimate user. For example, tell an architect how pleased the homeowner will be with your roofing tiles or greenhouse windows—and why.

4. *Make sure both writer and graphic designer understand the product or service through and through.* Some industrial products are so complex that it's tempting to do a "surface job" of promoting them—pulling out the obvious features and benefits without coming to a full understanding of the product's innermost workings. Resist this temptation. Corner the product manager or the firm's engineer and keep asking questions until you comprehend every aspect of what you are selling. Only then will you be able to write convincingly to professionals in the field about the product's most important features and benefits.

5. *Be specific about benefits.* Don't speak in general terms about time or cost savings. Instead, use case histories and examples that put the product's attributes into perspective. Consider how much more effective it is to have a customer say, "A job that used to take me three full days was cut down to just a day and a half the first week I used my XYZ paint spray gun," rather than to have promotional copy say, "The XYZ paint spray gun saves you time and money."

6. *Copy may be long and complex, but keep it easy to read.* In a thorough presentation of a technical product, it is all the more important to use short sentences, short paragraphs, readable typefaces, and subheads.

7. *Use a good graphic designer, and maximize production values.* Don't cut the effectiveness of your carefully prepared copy with a quick and dirty printing job at your local speedy outlet. Invest in the services of an experienced graphic designer

Exhibit 16.4. Mcloone Folder with Inserts

Mcloone (La Crosse, Wisconsin) sells image-building graphics for company and product identity. The firm used this handsome folder as a fulfillment piece for leads, as an introduction to the company at trade shows, and as a leave-behind piece for sales calls. This type of folder can be customized inside with a personalized letter, modular flyers appropriate to the prospect's needs, and the sales representative's business card in slots at lower inside right.

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and take the time to create materials that positively reflects your firm's image
And are in keeping with the "look" of your overall marketing effort.

8. *Keep reading everything you can about consumer direct and digital marketing*. Many of the action devices, personalization techniques, offers, formats, online concepts, and production methods used first in consumer markets can be adapted to good advantage by business-to-business marketers as well.

Setting Business-to-Business Lead Qualification Criteria

by Ruth P. Stevens, President, eMarketing Strategy

One of direct marketing's most important contributions to business marketing is generating leads on behalf of salespeople. Lead generation can be defined as identifying prospective customers and qualifying their likelihood to buy, in advance of making a sales call. In other words, it's about getting prospects to raise their hands.

For salespeople, a qualified lead provided by a marketing department allows the sales rep to spend valuable time in front of a prospect who is likely to buy, instead of squandering the salesperson's skills on cold calling. In short, lead generation programs make a sales force more productive.

The most important approach to setting qualification criteria is to follow the needs of your sales force. After all, it is they who will be handling the lead and taking it to closure. They know better than anyone the nature of the sales process and what kind of buying characteristics are most likely to be workable for them. Qualification criteria will vary by company and by industry. However, as a general rule, most criteria involve the following categories:

- **Budget.** Is the purchase budgeted, and what size budget does the prospect have available? You will want to set up categories or ranges, for easier scoring. Some companies request information about the prospect company's credit history here.
- **Authority.** Does the respondent have the authority to make the purchase decision? If not, you should try to capture additional relevant contact information. Also find out what role the respondent does play, for example, influencer, user, or product specifier.
- **Need.** How important is the product or solution to the company? How deep is their pain? This criterion may be difficult to ask directly, but it can be approached by roundabout methods. "What is the problem to be solved?" "What alternative solutions are you considering?" "How many do you need?" "What product do you currently use?"
- **Time Frame**. What is their readiness to buy? When is the purchase likely to be? Depending on industry and sales cycle length, this can be broken into days, months, or even years. Also be sure to ask whether they would like to see a sales person.

Taken together, these key variables are abbreviated as BANT (budget, authority, need, and time frame), and are widely used in industrial and technology markets. Other common criteria in business marketing include:

- **Potential sales volume**. How many departments in the company might use this product? How much of, or how often, might they need the product?
- **Predisposition to buy from us.** Are they past customers of ours? Are they

similar to our current customers? Would they recommend us to their col-
leagues? Are they willing to call us back?

- **Account characteristics**. What is the company size, whether number of
  employees or revenue volume? What industry is it in? Does it have a parent
  company?

Excerpted with the permission of the Data & Marketing Association from *The DMA Lead Generation Handbook*.

Enhance Your Understanding:
Create a Business-to-Business Catalog and Web Site

Two of the main strategic purposes for business-to-business catalogs are to:

1. Supplement a company's personal selling and/or outbound telemar-
   keting efforts. (Example: a catalog offering mailing lists segmented
   from 16+ million North American businesses)
2. Fill a niche (market segment) with materials/supplies etc., that are not
   readily available via personal sales or outbound telemarketing to
   businesses and businesspeople. (Example: a catalog offering elegant,
   personalized business greeting cards)

Based upon your reading about business-to-business direct and digital marketing, develop a
positioning concept for an industrial or business-to-business catalog and Web site including:

1. Name of Catalog/Web address
2. Parent Company (if sponsored by an established firm)
3. Rationale for Catalog (e.g., supplement sales force, fill an unmet need)
4. Target Market (business type, company size, SIC codes targeted,
   number of employees, etc.)
5. Benefits to the Target Market
6. Product Mix—a list of at least ten products or product categories that
   will appear in your paper catalog and its online version
7. Any special features that will enhance the catalog's Web site scoring.

17

Digital Marketing

In all the excitement surrounding the growth and development of digital marketing and e-commerce, creative people may lose sight of two important and comforting facts. First, digital media are just that: *media* that direct marketers can approach with the same critical eye and strategic wisdom they use to create and evaluate mail, broadcast, and space ads and telemarketing campaigns. Second, unlike our general advertising cousins, traditional direct marketers were born to go online: cultivating dialogues has always been our stock in trade. Who better to close the loop on the Internet than we who have been "asking for the order" in other media for generations?

There *is* something inherently new and challenging about the Internet, however—a concept that has changed the advertising paradigm sharply and forever. Up until the proliferation of the Web, advertisers have always decided how long a message each prospect will be exposed to: 120-second broadcast spot or infomercial . . . small-space ad or double-page spread . . . postcard or jumbo spectacular mailing package. Granted, the *prospect* has always decided whether he or she would pick up on that exposure—and whether they'd read or watch the whole message or just focus on bits and pieces.

What's different with online media is that prospects aren't exposed to much of anything they don't *choose* to see or hear. They take much more control over their own experience. Our challenge is first—to get them to look at our material initially; second—to entice them to voluntarily delve deeper and deeper into our message; third—to engage them in an online dialogue and potential relationship and/or sale; and fourth—to intrigue them to communicate with us and return again and again.

Over the past 25 years or so, digital marketing has graduated from a high-tech medium focused mainly on young male computer geeks to a central and strategic element of most every firm's marketing plan. Scores of texts, trade books and seminars on e-business, e-commerce, Web site design, e-mail marketing and social media have cropped up in recent years, as academics and practitioners alike strive to capture and share knowledge about this rapidly advancing field.

Statistics from various credible sources attest to the impressive growth of digital access during a time period where traditional media like newspapers and broadcast radio have faced daunting challenges. According to Internet World Stats, 88.1% of North Americans have Internet access comprising 330 million individuals. *Retailing Today* reports that 81% of consumers conduct online research before making big purchases. Various sources estimate that between 8% and 15% of all retail sales already take place online, and that number is growing quickly.

Even during the great recession that began in 2008, online sales continued to grow—to a great extent at the expense of brick-and-mortar retail sales, according to the U.S. Department of Labor. That said, there is still plenty of room for more expansion. This chapter first sets the stage for digital/

e-commerce marketing with a brief historical review. Then it provides a framework for direct and digital marketers' decision-making on how to maximize their opportunities online and overcome barriers to success. Finally, it offers some guidance for creative marketers on maximizing the impact of Web sites, e-mail, social media, and Web site promotion.

Digital Media: "The Fourth Communications Revolution"

Online marketing expert Mike DeNunzio has called the digital media phenomenon "The Fourth Communications Revolution." First there was the printing press, which meant that books and other communications could be produced in quantity—not just copied by hand. Second was radio: the first broadcast medium. Third was television: adding a picture to the broadcast message. Both radio and television are "linear" media—their messages start and stop at prescribed times and must be listened to or viewed in a set sequence (unless, of course, the listener or viewer records the program so he/she can zip through the ads, rewind, and review). With the Internet we have the fourth revolution: what DeNunzio dubbed "two-way global digital communications." Not only are these new media inter-active, nonlinear, and unlimited by geography, but they also are available for access at will, 24 hours a day.

In his brilliant book, *Being Digital*, Nicholas Negroponte explained this concept further by making a comparison between bits and atoms. Digital bits on computers or hand-held devices can be much more quickly and easily communicated and shared than atomic matter like newspapers, books, and magazines. Of course, communicators can turn those bits into atoms if they wish, simply by making a hard copy printout or video recording on a DVD. Radio and television are not "constrained by atoms," but they are limited by available frequencies, local boundaries, time schedules, and a host of regulations.

In the 1960s, the Internet's predecessor, Advanced Research Projects Agency Network (ARPANET), was devised as a secure way of communicating classified military information. For two decades, it was available mainly to the U.S. Department of Defense and to university researchers. Then in the 1980s, ARPANET was upgraded by the National Science Foundation with a high-speed network, which allowed for the swift linkage of millions more computers. Unlike the highly regulated radio and television media, however, what is now called the Internet has developed without ownership or government control. Essentially, the Internet is a vast "network of networks," using computers for communication.

As the Internet has exploded over the past 25-plus years, a whole new vocabulary has come into common use. We heard much about "digitization"—the process of turning information into computer bits using permutations of the numbers 1 and 0. The "Information Superhighway" was much touted in the early 1990s as a more easily understandable term for the "network of networks" that could bring us all a never-ending flow of data and pictures. Speakers warned creative direct marketers to "watch out for the potholes" on the Superhighway . . . to "avoid becoming roadkill" on the Superhighway . . . etc. In those early days the Internet seemed more like a plate of cooked spaghetti strands than a series of organized roads. The only way to navigate was to know and properly enter a site's complete "URL" (Uniform Resource Locator) or address—which often encompassed ten or more digits, including backslashes and other unfamiliar symbols. Then in the mid-1990s, user-friendly methods of navigation arose that made the Internet attractive and accessible to whole new

groups of non-computer nerds. Almost overnight, e-mail was adopted by millions as a simple and inexpensive method of business and personal communication.

The World Wide Web and broadband access (about 90 percent in all but rural areas of the U.S.) made pictures, motion, and sound available to the average Internet user, including current and past television shows and movies that could be downloaded to the desktop in seconds. Internet Explorer and Mozilla Firefox made it much simpler to find sites using intuition and logic. A host of search engines such as Google, Yahoo! and Bing allowed casual users to type in keywords and simplify their hunts for information and topic areas. In the 2000s, social networks like Facebook, YouTube, Twitter, and many more provided individuals and businesses with the opportunity to share information, friendship, and support . . . provide "status updates" and locations . . . show off pictures, videos, and music . . . play games online . . . and much more. In addition, all of these online advancements showcased new advertising opportunities for direct and digital marketers—many of which could be monitored click by click, tested and controlled with great precision, and modified in seconds.

Benefits and Barriers for Digital Marketers

There are many positives associated with online marketing, and very few arguments against it. There are, however, a number of concerns that direct and digital marketers should address as they develop their digital presence.

Strengths of Digital Media

Low cost of entry. Today many eight-year-olds and millions of college students have their own blogs, social media accounts and personal pages on the World Wide Web, so direct marketers need not fear that engaging on the Web is difficult or cost-prohibitive. A basic home page done by a professional costs anywhere from $1,000 to $75,000 and up, depending on whether you're working with your local computer guru, your advertising agency, or a specialized consulting firm. Keep in mind, however, that if you plan to sell products on your own Internet site, the initial cost may be considerably higher. Excellent operations, fulfillment, and customer service functions—all customized as necessary to fit your unique needs—must be in place before you begin accepting orders.

A small firm can look like a giant. On the Web, a cottage industry can come across with the impact of a Fortune 100 company if its site is crafted with class and flair. Digital media provide a breakthrough opportunity for entrepreneurs who will make it their number-one channel of distribution. At the same time, a Web presence serves as an important element of the media mix—and may also be a significant sales channel—for larger firms.

This is still a time of valuable learning. Much like the 1950s were a period of experimentation with television, the current era offers direct marketers an ideal opportunity to test and perfect techniques for digital marketing. Even the acknowledged experts are learning something new every day as e-mail marketing, search marketing, sponsored search, social media, online video and other developing technologies offer constantly evolving opportunities for innovation.

Digital media allow for seamless integration with other online and offline messages. Smart direct and digital marketers take every opportunity to entice prospects and customers to their Web sites for specific offers and rewards. E-mail and mobile messaging are ideal "push" media that can highlight Web site features, offers, special sales, and other opportunities, and deliver traffic to the site with the

Exhibit 17.1. L.L. Bean E-mail, Web Site Capture, and Mailer

L.L. Bean (http://www.llbean.com) seamlessly integrated e-mail, a related Web site, and a customer mailer to promote its Book Packs in the back-to-school buying period. Each element shared the same colors, look, feel, and offer, and the e-mail and mailer arrived within days of each other.

ease of a click. Search engine optimization, sponsored search, and banner ads all offer online promotional opportunities for marketers.

Digital media are outstanding for public relations and brand building. Using the same look and message as other promotional efforts, marketers can entice their prospects and customers to find out more information, have more fun, learn more about products and services, and engage in real- time dialogue with the company and with each other. As Andrew Cohen, founder of Direct Resources International noted, direct marketers traditionally have focused on the product as king. Cohen said that in the digital world, content is king. People enjoy the medium because it allows them to delve into company history, play games, enter contests, e-mail the company with their ideas and critiques, and much more.

The spenders of the future are wired to the hilt. Today's elementary school students use computers with a casual flair that impresses their parents and amazes their grandparents. What's more, according to *Child Guide* magazine, the average American child gets their first cell phone at the age of 6, while various sources report that 73% to 80% of American teens have cell phones. Placing calls is less important to them than texting and using the phone's other features and apps. High school students surf the Internet for research materials, chat with fellow learners all over the world, and download books online instead of trekking to the local library. Laptop computers or tablets are required for college students at numerous schools, and used regularly in classes. Many college professors create dedicated Web sites for each class they teach, require that homework be delivered via the Internet, ask their students to post papers online for classmates to critique, and encourage class members to contribute to wikis and blogs. Many classes and even full degrees are offered 100 percent online. The techno-savvy young people immersed in this digital world are well on their way to becoming the top consumers of goods and services—and the main buyers of business products and services as well. They're as comfortable on the Internet or using their hand-held devices to communicate and buy as their grandparents are using the TV remote control and landline telephone.

Concerns for Digital Marketers

Strategy and planning must come before implementation. You'll still find sites—particularly in the business-to-business realm—put in place by companies that rushed to establish a "presence" without rhyme or reason. Many of these sites offer little more than an online company brochure or two—and some appear as if they've been set up and abandoned. Many more ignore the advantage of the Web's immediacy and interactivity by requiring buyers to contact them offline during regular business hours. Make sure a strategic plan is in place for the development, implementation, and refinement of your digital media presence. Begin by asking some basic questions. For example, is your site intended to produce substantial sales or leads now? Is that realistic for your product or service? Do you want to use your site as a component in your brand-building plan? Will you build a database of visitors for cultivation via other means? Do you want to use your site to enhance your relationship with existing customers? How will your online efforts be perceived by others in your channel of distribution, and how can you avoid channel conflict?

Privacy and security concerns remain issues. With encryption programs in place to guard credit card numbers and personal information, many Web marketers felt certain that their customers can share data and buy over the Internet without fear of "invasion." That certainty has been shattered by major breaches at major organizations including Target and Anthem. What's more, today's customers voice a different type of privacy concern: they want to know what information Web sites are recording about

them and their visits, and how this information is being used. For this reason, smart marketers include information on their Web sites about how they collect and use information, and how they protect the privacy of their visitors and customers, and live up to those promises scrupulously. Web site owners who use surreptitious methods to scope out information about their site visitors will ultimately do damage to the perception of them and of all Internet marketers.

The ease of e-mail may lead to impropriety. Never has there been an advertising medium as flexible, immediate, and inexpensive as e-mail. Data & Marketing Association studies show e-mail to be the most cost-effective of all media in terms of return on investment (revenue per contact divided by cost per contact), for both sales and lead generation, by a very large margin. Indeed, e-mail is tempting to overuse for this very reason. But marketers who e-mail with too little care to the long-term value of their precious database of buyers and prospects may find themselves losing excellent customers—and compromising their reputations in the process. Smart marketers will offer their customers and prospects an airtight opt-in process, and get specific consent about what is to be e-mailed (newsletters, promotions, and so on) and how often it will be sent. What's more, they will offer those on their e-mail list the opportunity to opt-out at the bottom of every e-mail message.

Buying online must be fast and simple. Customers like the idea of avoiding crowded malls and buying online at their own convenience. But when the system crashes, or a customer must navigate screen after screen to complete the sale, or the customer can't determine how much shipping and handling will be without completing a long order form, or it takes too long for the site to accept the buyer's credit card information and return confirmation, enthusiasm swiftly wanes. Make your sales sequence as quick and painless as possible. Have people test it frequently, and test it yourself to look for timewasters and bugs. Remember that customers will judge your site against the best selling sites out there including *Amazon.com*.

Web sites must be advertised to attract visitors. Some visitors may happen onto your site randomly, and many will come to you via search engines if you make sure your site is optimized, and you sponsor appropriate keyword searches. But to ensure that your important prospects and customers know about your Internet site, it's incumbent upon you to promote it. Your URL (or customized landing page URL) should appear on television spots, print ads, brochures and catalogs, news releases, product labels, and even trucks used for shipping your products. While advertising on some of the better-known Web browsers and search engines can be expensive, it's worth seeking out specialized Web sites that may fit your product niche and offer space for your advertising banner, sponsorship, or keyword advertising at reasonable rates or on a cost-per-click, cost-per-lead, or cost-per-sale basis.

"Cross linkages" and affiliate deals should be undertaken strategically. As a Web site proprietor, you will have the opportunity to sell or trade cross-links between your site and others. While at first this may seem a source of "found" extra revenue, such linkages should be considered using the same criteria as list rentals. Make sure the sites you link to are appropriate to your company image and philosophy. And keep in mind that when visitors click away to another site, there is no guarantee

that they'll eventually click back to you. As for affiliate deals, make sure that partners you allow to sell your products or services on commission are appropriate in terms of the quality and subject matter of their sites. You also need to devote time to monitoring your affiliate program or hire one of the several firms that act as go-betweens for such arrangements.

Your mistakes are magnified online. Make a mistake with a catalog or retail customer, and they might tell a few friends about the snafu. Make a mistake online, and you run the risk that your dissatisfied customer will tell thousands about your foibles via chat groups, social media, mass e-mailings, or even YouTube videos. Prompt responses and impeccable customer service are even more important online than they are with other forms of marketing.

Tips for Digital Media

Just as most copywriters and graphic designers don't get involved in directing and filming direct response TV spots, there is no compelling need for every direct marketing creative to "do it all" in interactive media. Even so, some writers and designers will carve this out as a specialty, and most creatives will at least have the opportunity to contribute concepts, copy, and art for digital media ventures. As an introduction, here is some general background and advice for creative people regarding Web sites, e-mail, and banner advertising.

Web Sites

Offer the choice of a "bite, snack, or meal" to site visitors. Web visitors need to be able to discern quickly what your site is about, what it offers, and how it's relevant to them. From this initial "bite," they may surf a bit deeper and enjoy a "snack"—a taste of your material that may whet their appetite for more either now or later. If they are intrigued, and if they have the time, they may settle down for a real "meal"—reading your white papers, blogs, and other content, engaging with your digital elements, creating their own profiles, and the like. Or they may bookmark your site to visit again later, if the initial bite or snack has pleased them. Make sure each visitor can easily choose from a bite, a snack, or a meal upon visiting your site.

Chunk your information and use bullet points. Web pages of text that require scrolling down are tedious for users and may cause you to lose them altogether. Especially on the initial few click-through levels, provide information in chunks and bullet points rather than long-winded prose. You can then invite readers to click through for more in-depth information.

Offer multiple ways to search. Some site visitors will prefer to click on general-category icons and then go deeper to find the products and information they are looking for. Others will prefer to put keywords into a search function. Offer both options on your site for best results. A powerful search function is usually well worth your investment.

Plan for constant updates that entice visitors to return. Web visitors like to "bookmark" their favorite sites and visit them often to see what's new. To ensure that your site gets frequent visits, add features that change daily, weekly, or even hourly. Depending on the topic of your site you might display a new and customized offer, quote of the day, recipe, or chance to win prizes on a regular basis. For example, *Amazon.com*'s "Today's Deals" specials give customers a reason to check the site often in

search of great prices.

Make your site easy to follow. According to Elias M. Awad, author of *Electronic Commerce: From Vision to Fulfillment*, customers who can't find what they are looking for on a site within a mere eight seconds will often go looking for alternatives. In today's world, visitors expect your home page to load in about two seconds. Some Web designers become so caught up in graphics and colors that it is difficult for visitors to follow the site's pathways. Provide a simple, descriptive menu that offers a clear and understandable path. Make sure your logo on each page of your site that will take the visitor back to your original home page—dead-end pages make users feel backed into a corner. Use clear and consistent navigational aids such as graphics and icons, and test your site to make sure that visitors understand these elements and find them easy to use.

Understand the psychological effects of color. Visit *www.colorvoodoo.com* for helpful e-publications on the effects of colors on Web site viewers. A few instructive examples:

- *Red* attracts attention but may overwhelm other colors on the page, so use as an accent in most cases.
- *Blue* connotes trust, conservatism, and stability. Many bank Web sites are blue.
- *Green* symbolizes nature, health, and good luck to Americans. In global markets its meaning is less positive, so use with care for international sites.
- *White* means purity, cleanliness, precision, innocence, and freshness to Western audiences. Pages with a white background print easily.
- *Black* works well for fashion Web sites, but should be used with care as it connotes power, elegance, and sexuality as well as fear, unhappiness, and death.

If you're selling online, make every inch count. Successful e-commerce marketers use the lion's share of their initial home page to initiate dialogue and facilitate customer buying. Material that is not sales-related is accessible via the home page, but does not dominate that precious real estate.

Provide entertainment, interaction, and information. Make sure that what you offer your visitors is enjoyable as well as informative, so that it beckons them back, time and again. Offer your visitors fun, games, and painless learning experiences that eventually lead to your selling message. The ideal site induces what creativity expert Mihaly Csikszentmihalyi calls the "flow" state—challenging visitors to the extent that they remain intrigued and dig deeper, but not causing them to abandon the site because it is too difficult or frustrating to use.

Use what you know about direct marketing to your advantage online. Engage site visitors in dialogue, and allow them to personalize your site to meet their preferences and needs in addition to personalization you do based on their buying history, online activity, and any third-party data you may choose to overlay. This combination of personal preference, actual consumer behavior, and demographic/psychographic information can make offering suggestions to your customers much more effective. Select your audience by the look and tone of your site, but make sure it's in keeping with your overall brand or company image. Test offers, premiums, graphic looks, products, time of day,

and so on—just as you would in the mail or on television. Make an offer, have a call to action, and an incentive to "act now."

Test everything on your site to improve your conversion rate. Internet entrepreneur Andy Jenkins used to spend much of his time, money, and effort trying to rise to the top of organic search and sponsored search listings. Then he realized that an even better leverage point was on his site itself. He claims he increased his conversion rate on his wall tapestries site from 1.1 percent to nearly 4 percent through strategic testing of selling elements. His site would not win any design awards—it was busy and jam-packed with merchandise and messages—but it was highly productive. Elements Andy successfully tested and added include:

- Featuring his free shipping and no sales tax offers
- Highlighting "we ship worldwide," including a display of flags at the bottom of the site
- Helping customers make decisions and increasing their time on site with sections called "most popular" and "first time tapestry shopper"
- Putting the product in context by showing tapestries in a home
- Showing the logos of a wide range of payment options
- Showing the logos of credibility-building organizations such as VeriSign and Alexa
- Assuring customers they could "Order Online 24 Hours a Day, 7 Days a Week, 365 Days a Year"—this may seem obvious, but adding the statement to his site increased sales
- Making an offer for customers who opted in to become members of his discount home décor club
- Showing the smiling face of a design expert and providing her name, "JoAnne"—when customers call, any one of the female call center personnel can assume the JoAnne persona
- Highlighting the 100% Money Back Guarantee and 110% Low Price Guarantee

Use landing pages and Personalized URLs (PURLs) to "pay off" specific offers made online and in other media. When a prospect clicks through to your Web site or follows up on an offer made in a space ad, postcard, or other medium by going online, send them to a specific landing page rather than your general Web site. This ensures that the prospect is presented with the same look, feel, and offer that they saw in the original medium, thus enhancing their likelihood of continuing toward a purchase or inquiring for more information. Personalized URLs (PURLs) greet the customer or prospect by name and can provide them with an even more segmented message based on their demographics, psychographics, past buying patterns, and stated or implied preferences.

Make sure the mobile version of your site is responsive and easy to use. As more and more customers use their hand-held devices for shopping and reading messages, make sure you are ready to serve them with a seamless mobile format that can be read easily on a small screen. Investing in a mobile app could be a smart move as well.

Make sure your site processes orders swiftly and keeps customers informed online and via e- mail. Customers have been conditioned by the best Web sites to expect immediate and glitch-free order processing, immediate e-mail confirmation, online status checks, and e-mail updates during the fulfillment process. Be sure your site meets these standards by "ordering from yourself" regularly, and having others do so as well.

Minimize shopping cart abandonment. Studies show that on many sites, as many as 50 to 55 percent of all filled shopping carts are ultimately abandoned before purchase. Reasons may include what's called "clicker shock" at high taxes, shipping and handling charges, a clunky interface, fear that returns will be a hassle, or people who are just "window shopping" and never intended to buy. Analyze your abandoned cart information, seek feedback from your customers and prospects, and adjust your selling methods accordingly. For example, you may find that it pays to disclose the full cost, including all shipping, handling, taxes and fees, earlier in the buying process. You may also benefit by emphasizing how easy it is to return merchandise. In fact, some firms promote the fact that they include prepaid UPS return labels on their packing slips, and/or arrange to have the UPS truck pick up the return package at the customer's front door.

   If a known customer or prospect leaves items in their shopping cart, let those items remain there for them to review on their return, and provide a picture of the product in the cart—Andy Lloyd of NetSuite says the visual helps "retain that emotional connection with the product."   You may also experiment with pop-ups that appear as the customer leaves your site, reminding them that there are items still in the cart, or even incentivizing them to return and buy. Another option is to send an e-mail to a known customer or prospect noting that they left items in the cart. This can be accompanied by an offer to help the customer complete his or her selection, or an incentive to do so.

Offer your customers an FAQ section and self-service options, but allow them the option to communicate with a human. A good and prominently displayed FAQ (frequently asked questions) section drawn from actual customer questions can avoid many customer service calls and e-mails. If the FAQ section fails, however, many Web sites are nearly "blind" to the visitor, without any indication of physical location, phone number, or contact names or departments. This is a mistake. Customers who become confused or have a problem on your Web site need the option to e-mail, communicate by instant message or chat, and/or call a customer service representative for help when it is required.

Test usability with your customers and prospects. It can be very instructive to sit down with individuals who are in your target market and watch them surf your site with no prior instruction from you. You may discover stoppers, glitches, and questions that might otherwise go undetected for weeks or months. You may also engage the services of an agency or research company that can handle usability testing for you. Their experience with many sites will help them ask questions and test elements that might not occur to you.

Learn from the original masters of the medium, and stay abreast of the latest innovators. Sites like *Amazon.com*, *Zappos.com*, and *eBay.com* are among the top Internet pure-play companies. Get to know these groundbreaking sites, and keep abreast of how they modify their sites and add new functions. Also be sure to stay alert to the possibilities of new Web site technology and design innovations by attending online and offline seminars and trade shows, and reading online and offline

trade publications and white papers, and following the Twitter feeds and blogs of top experts in the field.

E-Mail Marketing

The medium of e-mail has captured the attention of avid marketers and wary consumers alike. Adobe reports that consumers spend an astounding 5.4 hours per work day with e-mail. According to Statista, active users of e-mail in the United States reached a total of 203.8 million in 2017. E-mail represents the most cost-efficient medium ever devised, because of its extremely low cost. But because it is so inexpensive and easy to produce and distribute, e-mail also is the easiest medium to abuse—so much so that the U.S. Congress felt compelled to pass the "Can Spam" bill which went into effect on January 1, 2004, including penalties for spammers of up to five years in prison.

   Hallie Mummert, then editor of *Target Marketing* magazine, listed the following benefits of e-mail for marketers:

- *Saves Money*—No paper, postage, or print production costs; no cost for media except when rented e-mail lists are used.
- *Targets Cost-Effectively*—To small or large groups.
- *Measure Response Fast*—Replies may begin within minutes of receipt and campaign results should be readable in a matter of hours or days.
- *Easy List Management*—Delete those who opt out and don't want to hear from you. (An unsubscribe rate of less than .5% is considered good).
- *Integrate with Other Media*—Coordinate e-mails with mailings, Web site features, broadcast, social media, and other campaign elements.

Tony Priore, a seasoned Chief Marketing Officer, suggested ten profitable ways that e-mail can add value to your marketing program:

1. *Branding/Awareness Building*—Reinforcing a brand name and building brand community while personalizing a message to recipient.
2. *Registration and List Building*—To grow your house file.
3. *Sampling*—Download, free trial, or product sample.
4. *E-Commerce*—Buy online or research online and buy offline.
5. *Drive Site Usage/Traffic*—Or launch a site.
6. *Up sell/Cross Sell.*
7. *Customer Communication*—Such as newsletters.
8. *Loyalty and Rewards Programs*—Points programs.
9. *New Customer Recruitment*—"Member get a member." (This could also include recruiting people to become fans of or "like" your pages on Facebook and other social media, through forwarded e-mails.)
10. *Customer Service*—Invoices, statements, order status, confirmations.

E-mail has much in common with direct mail in that lists, offers, and creative are the three key elements of leverage. Here are some of the how-tos for these essential factors for E-success.

Optimizing Your E-Mail List Strategy. Just as with direct mail, your own house list will likely work the best, with even inactives and inquiries pulling better than cold rental lists. You will be wise to keep your house list fresh by monitoring the response rates of your internal e-mail files and contacting people who have stopped clicking through to opt them in once again. But before putting e-mail names on an inactive list, check to see if they are purchasing in other ways—don't deactivate people who are buying through other channels.

To enhance that valuable house list, experts suggest that marketers collect e-mail addresses wherever they can: on the Web, at retail, when customers call in (you can record permission right there), through mailings, and so on. Offer them a benefit to giving you the e-mail address, such as shipping confirmations, tracking, high-quality niche newsletters, or periodic special offers. Reggie Brady, President of Reggie Brady Marketing Solutions, suggests that you send newly opted-in customers a welcome e-mail right away. What's more, she notes many call centers have been measured by clients on their level of success in collecting opted-in e-mail addresses.

Another way to enhance your house e-mail list is to use commercial e-mail appending and ECOA (e-mail change of address) services. Make sure that the sources you use for these services are providing you with "permission" names only—e-mail addresses of individuals who have indicated they are willing to receive promotions via this medium. You will pay only for deliverable names which are appended to your list.

Just as with direct mail, you will be wise to work with a seasoned list broker for e-mail list rental and other list services. A good broker will help make sure you are getting the type of names you specify, such as double opt-in, opt-in, recency/frequency/monetary, and selects, and that you don't pay for bounces (bad names that bounce back, which the Data & Marketing Association says average about 3.72 percent). Additional tips for renting e-mail lists include:

- Never accept physical possession of a rental e-mail list. List managers should send out the communication on your behalf.
- List owners should remind the recipients in a header on the e-mail message sent on your behalf of their relationship with the recipient.
- Any complaints or problems should be directed to the list provider, who has the established relationship with the recipient.
- Realize that despite your best efforts, some of your messages may end up in a junk-mail folder or being blocked altogether. To minimize these problems, follow the anti-spam advice provided later in this chapter.
- Monitor your response rates closely, domain by domain, such as Gmail, Outlook, and so on, to see if you are being blocked. Some domains' filters will notify the sender when they block the mail; others do not.

Offers and Creative. According to DoubleClick, when asked what most compelled them to open an e-mail, 60 percent of respondents said the "From" line, and 35 percent said the "Subject" line. Beginning with these two elements, here are some tips for optimizing your e-mail offers and creative presentations, many of which come from e-mail expert Jeff Moriarty:

- "FROM" LINES

  Base the name on the brand your audience identifies with most – this could be your company name or the product name

  Famous names like Jeff Bezos of Amazon may be effective, but in general using unknown names is not advisable.

  Don't use an e-mail address, a number, or the term "do not reply" as a "from" line.

  Once you select an ID and it works well, use it consistently for fast recognition.

- "SUBJECT" LINES

  Test to determine what works best for your company and product.

  Should be no longer than 50 characters.

  Need to grab attention and provide a call to action.

  Include brand or company name if they are known and trusted.

  Test putting the offer and/or benefit in the subject line.

  Use direct mail teaser strategies for subject line tests.

  Avoid being repetitive.

  Test personalization.

  Avoid elements that attract spam filters such as these words and symbols: free, !,win, cash, sale, limited time, percent , *, mortgage, guarantee, lots of different fonts and large fonts, ALL CAPS.

- PREVIEW PANES (windows recipients can use to screen e-mail)

  Generate interest in the top two inches of your e-mail.

  Create an immediate connection with personalization.

  Include a call to action.

  Pay-off the tease or offer in the subject line.

  Avoid text treatment that is caught in spam filters, such as those mentioned above, plus garish font colors.

- BODY AND CLOSING

  Emphasize clarity and simplicity to facilitate quick scanning.

  Test your layout for "hot spots"—Moriarty says the upper left seems to be the best place for a logo, for example.

  Don't underline things—people will think they are links.

  Test HTML versus plain text. Text loads faster and may actually have higher response than the flashier HTML. HTML may also become garbled depending on the e-mail program used by recipients.

  Use multiple and different calls to action throughout the e-mail, to inspire immediate action at the moment the recipient is convinced.

  Close with a strong benefit and reason to take action—don't just summarize the offer.

  Offer multiple ways of responding, including a toll-free number in addition to click-through to landing pages or Web sites.

- ELEMENTS TO TRACK AND COMPARE

  Opens
  Clicks
  Conversions
  Unsubscribe (Opt-out) Rate
  Bounce Rate
  Time of Day/Day of Week—Moriarty says the best days to reach business people are Tuesday through Thursday between 11 A.M. and 3 P.M. their local time. The best times to reach consumers are Friday through Sunday, and in the early evenings. That said, most e-mailers have caught on to these "best times," so be aware of the clutter factor in many prospects' e-mail in boxes.

How to Avoid Having Your E-mail Messages Considered Spam. The definition of spam is very specific: it is unsolicited, commercial e-mail. The best way to avoid legal problems with spam is to make sure that you are up-front about your company name and the products you are selling, and only e-mail to customers and prospects who have explicitly opted in to receive these messages from you. In addition, you should make sure that you never use deceptive or false language in e-mails, that you provide opt-out instructions in every e-mail, and that you act on those opt-outs immediately. Your e-mails should always include a valid return e-mail address, your actual street address and, ideally, your toll-free number. Finally, you should state or link to your privacy policy in every e-mail message.

Even many marketers who are in legal compliance, however, may find their messages rejected by spam-blocking software. In addition to avoiding "spam trigger words," here are some of the best ways to avoid spam filters and improve deliverability when sending legitimate e-mail messages:

- Target and customize your e-mail messages.
- Make sure every communication has value for the recipient.
- Do not use the recipient's name in the subject line.
- Use spam content checker software such as SpamAssassin.
- Ask customers and subscribers to put your address in their e-mail address books—this is called the "white list."
- If you are blacklisted by ISPs or spam filter systems, contact them and work with them to make corrections so that you can be restored to deliverability.

Affordable E-mail Options. Even small companies can benefit by a subscription to an e-mail marketing firm like Constant Contact (*http://www.constantcontact.com*). Constant Contact plans start as low as $20 per month for up to 500 contacts (increasing with number of contacts to $90 per month), with a 60-day free trial available. Constant Contact helps subscribers organize their e-mail lists including opt-in and opt-out. It offers them options for developing personalized e-mails, newsletters, and other communications with easy-to-use templates. Constant Contact also offers full reporting software including open rate and click-through rate. Competitors to Constant Contact include VerticalResponse and iContact, among many others.

Social Media

The explosive growth of social media is enough to make any marketer consider how to leverage this online phenomenon for brand-building, lead generation, and targeted selling. But social media exploration requires marketers to look at relationships and communication methods with fresh eyes. Marketing automation expert Larry Bruce says that the social media world has expanded the four Ps of marketing to the four Es:

> Product = Experience—The total brand experience
> Price = Exchange of Value—Not the cheapest, but the best overall value
> Promotion = Engagement—Not one-way communications, but conversations
> Place = Everywhere—Not just in a retail store or sitting at a computer

While there are scores of general and special-interest social media sites, the acknowledged leaders include: the general social interaction site, Facebook; the mini-blogging site, Twitter; the business site, LinkedIn; and the video sharing site, YouTube. Other strong sites at this writing are Instagram, Snapchat, and Pinterest. The rules of engagement on these sites change frequently, as do their audiences and popularity—so it's vital that you stay abreast of latest developments in the social media world and adjust your strategy accordingly. With that caveat, here is some general information about several of the most prominent social media sites.

Facebook—With 240 million U.S. users at mid-2017, and more than 2 billion worldwide, Facebook is now the largest "country" in the world. Since its founding in 2004, Facebook has matured from a college student-only site to one that also boasts strong numbers among teenagers, Millennials, Gen X, and Baby Boomers. For consumer marketers, creating a Facebook page offers an easy and inexpensive way to communicate with customers and prospects. What's more, it's important that you proactively create and control your own company page rather than allowing a customer or competitor to do so. When you provide updates for your followers, this material will appear in their news feeds, which means that unless they have placed controls on this feature, many of their friends will be exposed to your updates as well. Facebook ads can appear in users' news feeds, or in a column on the right. They are highly targetable based on demographics and keywords. The format for Facebook ads is similar to that of other sponsored search ads, with a visual as a standard feature. Facebook provides analytics including impressions, clicks, and overall spend. For privacy reasons, you can't target individuals on Facebook—you'll only see the number of potential viewers that fit the segment you designate for each ad.

Twitter—In mid-2017, there were approximately 328 million registered Twitter users, including approximately 68 million active users in the U.S. More than 80 percent of Twitter updates are done on mobile devices. Active engagement on Twitter has been down in recent years, as the medium seeks to retain and enhance its relevance versus several fierce competitors. According to the Twitter site, there's a reason for its extremely brief, 140-character-per-message format. Twitter says, "SMS (i.e., texting on your phone) limits each message to 160 characters. Twitter takes that limit and reserves 20 characters for your username, leaving you 140 characters to play with. That's how it started and we've stuck with it!" *Tech Sanity Check* Editor-in-Chief Jason Hiner offered 11 reasons to use Twitter for your business:

1. Gain exposure for blog/site and gain potential readers.
2. Build network with transparency and trust.

Exhibit 17.2 Ross-Simons

Ross-Simons (http://www.ross-simons.com) invited opted-in customers to "like" them on Facebook in ex- change for short-term and long-term opportunities and offers.

Reprinted from www.ross-simons.com.

3. Market work, products, services, etc.
4. Answer questions and ask questions.
5. Learn new things from other industry professionals.
6. Share tech tips and resources (mini blog post) and teach stuff.
7. Meet and talk with others (some business, some pleasure).
8. Conference connector (stay connected, share info, get social).
9. Seek out industry colleagues for assistance with special projects.
10. Safety—Tweet unfamiliar meeting locations and while traveling.
11. Better understand social media.

Twitter suggests that marketers can use its advertising services to increase Web site traffic, grow their Twitter following, maximize brand awareness with promoted Tweets, and increase consumer engagement with brands. Twitter also has an advertising product called Quick Promote that lets you promote a Tweet on the fly in just a few steps. To inspire your thinking about how to use Twitter for marketing, check the Wine Library example in Jerry Kaup's article at the end of this chapter.

Linked In—As of mid-2017, LinkedIn boasted 133 million users in the U.S. and 467 million worldwide. As a business-oriented site, it is best suited to business-to-business and career-related offers. The LinkedIn audience is well-educated, and more than half have an income of $100K or more.

   LinkedIn offers segmentation opportunities for advertisers that include: small and medium business professionals; business decision-makers; financial service professionals; sales professionals; marketing professionals; startup professionals; corporate executives; IT professionals; and career changers. LinkedIn offers a robust how-to site for advertisers, which can be reached by searching LinkedIn Marketing Solutions on Google.

YouTube—YouTube is the world's second largest search engine (behind its owner, Google), and it has the world's largest video viewing audience of more than 1.3 billion people worldwide.

   YouTube offers several opportunities for marketers to integrate relevant advertising with videos. According to the site, its Brand Channels "provide marketers with a hub to drive and build a loyal and regular audience."

   YouTube invites marketers to integrate their brands with Branded Entertainment, or to co-launch or co-create programs, events, and contests. It is also possible to use Google AdWords to target ads that will show in conjunction with YouTube videos. YouTube offers the service of an advertising expert to set up your account for free if you commit to spend at least $10 per day. YouTube offers an excellent analytics package that lets you monitor your ads so you can test and adjust at will.

   Using your Google account (which also serves as your YouTube account for watching videos), you can easily establish and customize your own YouTube channel, and then populate it with your own videos for free. This is an incredible opportunity for even the smallest businesses to establish a presence on YouTube.

Instagram— Facebook acquired this photo-sharing site in 2012 – not long after its 2010 debut. Its most avid users range in age from late teens to early 30s, and it's growing fast: 60% of online adults already have Instagram accounts, and there are more than 600 million Instagrammers workdwide. Known for global penetration, Instagram boasts that 80% of its users are outside the U.S. Women tend to use Instagram a bit more than men.

   Marketers clearly see the benefit of Instagram advertising, with a million monthly active advertisers as of mid-2017 (especially impressive since there were only 200,000 in March of 2016). Instagram suggests four main ways to use its site for advertising: photo ads, video ads, carousel ads (allowing for swiping to reveal additional photos or videos in a single ad), and Instagram Stories.

Snapchat— Parent company Snap went public in a huge Initial Public Offering in 2017, reflecting investors' confidence in this fast-growing social media star. A favorite among teens and young adults, Snapchat has a daily reach of 41% of Americans ages 18-34, and 71% of its users are under age 34. Like Pinterest, Snapchat appeals more to females than males, with 70% of its users being female. More than 10 billion videos are viewed daily on Snapchat.

   According to Oluchi Ike, writing for *Caged Bird* magazine, Snapchat has five unique characteristics that set it apart from other social media.

1. Pictures and videos are only available for 24 hours unless users save them to a memory folder or take a screen shot.
2. Snapchat allows for "face-to-face communication through a screen." Users often go on Snap Streaks where they try to keep using Snapchat daily with the same person over time.
3. Snapchat incorporates Shazam, which lets you find out the name and artist of any song playing. Other multitasking features include letting users send money to friends, and lets users call and communicate with their friends through the app.
4. Users are notified immediately if a friend screenshots or replays a private snap so no stealth shares can take place.

5. Snapchat allows for a great deal of creativity with the addition of doodling, emojis and filters. Short-term filters can be created for as little as $5 for personal or business use.

In addition to filters, Snapchat offers full-screen "snap ads," and lenses that let your customers use their own visuals to plan with the videos you provide.

Pinterest— Depending on what source you read, Pinterest's percentage of women users is anywhere from 70 to 85%. The pinning site has more than 175 million active users, including 42% of U.S. online adult women. Meanwhile, only 13% of adult men use Pinterest. "Pins" – much like reminders tacked up on a bulletin board – consist heavily of fashion, recipes, design, art, wedding and shower ideas, and other lifestyle topics. The site is all about visuals.

For marketers, there are many advantages to Pinterest including branding, ease of use, and the fact that virtual window shopping customers often click through to buy the products displayed. Pinterest offers several opportunities for advertisers including cost-per-click promoted pins. The average time a user spends on Pinterest is 14.2 minutes per visit, which means if your ads are placed strategically, you should have a receptive audience willing to dig deep.

As you plan for the social media presence of your company or brand, keep these basic questions in mind as posed by Alterian in its *The Little Book of Social Media*:

- What do you want to achieve through using social media? Know what success
   will look like for you. Alterian suggests that social media should be about listen-

Exhibit 17.3 Coldwater Creek Sale E-mail

Coldwater Creek (*www.coldwatercreek.com*) sends frequent e-mail offers to its opted-in customers, usually with a percentage off, sale, or other discount as the focus of the offer. In this case, the featured item information also included favorable customer reviews.

Reprinted from an e-mail received from www.coldwatercreek.com.

ing, conversations, and providing value. Be sure to build tracking and assessment into your plan.

- What should you do first? Alterian suggests that you should "secure your brand's online identity."
- What are the most important elements of a Social Media Marketing strategy? Examples could include bringing in outside ideas, generating word of mouth, building customer loyalty, increasing brand awareness, and reducing various costs.
- Who should be involved? Alterian says you should "Set the ground rules. Who owns your Social Media Marketing strategy?" Ground rules also include integration with other media and marketing efforts, participation, and time invested.
- What if someone says something negative about your company online? Alterian suggests that you find out why they are unhappy, offer to help, gather feedback, and take action to fix problems.
- Will you need to organize some training?
- What kind of research should you do? For example, watch the top videos, read leading white papers, and attend appropriate training courses, find out what your leading competitors are doing.

For more information about how to integrate your social media efforts with blogs and e-mail, check the article by Jerry Kaup at the end of this chapter.

Web Site Promotion

In addition to using e-mail marketing to attract traffic to your Web site, you will be wise to test various methods of search engine optimization, sponsored search, and banner ads. Here are some pointers for each of these marketing methods.

Search Engine Optimization. When prospects visit search engines like Google, Bing, and other competitors, they use keywords, questions and phrases to try to locate information, products, and services. By adhering to certain rules and doing some ground work, marketers can increase the likelihood that search engines will present their sites to visitors, and that those sites will score relatively high in the search engine rankings. Of course, the most likely way to make your site attractive to searchers is to ensure that it is both informative and useful. But there are also some dos and don'ts that can make a big difference. For example:

- *Write copy with keywords in mind.* Copywriting for search engine optimization is similar to other promotional writing; it's just "keyword focused." But don't use "keyword stuffing" into every single line—simply use keywords naturally in your copy.
- *Web spiders and crawlers can only read text*. These automated functions that visit your site to find its keywords and subjects become befuddled by fancy programming techniques and logos. Make sure that images and logos on your site have alternate text versions built in, and that your company name and other key- words are presented in text form on your pages.
- *Site maps help search engines find each page on your site.* A site map not only helps your visitors locate areas of interest, but also helps search engines thoroughly account for everything on your site. On your site map, link to each page with a keyword people would be likely to use in seeking you out.

- *Register with major search engines and free directories.* You can do this yourself, but it can be time-consuming and must be monitored constantly. If the budget permits, hiring a search engine optimization expert is advisable, especially since the rules change constantly as search engines adjust to the marketplace.
- *Videos and blogs rank high for search.* According to *Quicksprout.com*, videos get 50 times better organic page ranks in Google versus plain, static text results. *Relesoo.com* reports that video searches earn 41% higher click-through rates as opposed to plain, static text content. Using popular keywords in your blogs will help raise their ranks on search engines.
- *Make sure you are optimized for mobile and voice search.* As more and more consumers search on mobile devices – or ask Siri, Alexa and OK Google for information, you'll want to make sure search engines and "assistants" see your content as the best answer for typical searches.
- *Spend time on local SEO.* The more precisely you can help your prospect locate your store or service in his or her own back yard, the more likely they will find you and click on your search result.

Sponsored Search. One of the hottest promotional methods for online marketers in recent years has been sponsored search or pay-per-click search. Google, Bing and Yahoo! Search Marketing are the three most prominent players in this arena, with Google the leader by a wide margin. You set your own price by choosing how much you are willing to pay for each targeted lead. In a real-time auction, whenever a searcher enters the keyword(s) you have chosen, your ad will appear based on a combination of what you are willing to pay and how relevant your keywords, ad and landing page are to the searcher's request. Yahoo! offered a very basic introduction to pay-per-click search:

1. **You create an ad to appear in search results.** You choose keywords related to the products or services your business sells. You write a text ad to promote your business in search results. You decide the maximum amount you want to pay each time your ad is clicked.
2. **Interested customers search for what you sell.** When a searcher types one of your keywords into a Yahoo! search box, your ad appears. Your maximum cost-per-click (bid) and ad quality determine where your ad is displayed in search results.
3. **When customers click your ad, they go to your Web site.** You pay only when your ad is clicked in search results—not every time it is displayed. The amount you pay is based on the maximum cost-per-click you specified.

Getting started with the rudiments of sponsored search is quick and can be inexpensive. Google offers numerous step-by-step tutorials in text and video form, as well as powerful analytics that will help you evaluate your campaigns and make adjustments as often as you like. You may set up your ads to run in very specific geographic areas, plan precise budgets and timing, and much more. That said, many companies focus a great deal of time and energy in developing and cultivating more advanced sponsored search campaigns using sophisticated algorithms, hundreds of keyword combinations, and narrowly targeted ads. What's more, instead of just leading prospects to their general Web sites, wise marketers create landing pages that "pay off" each specific keyword and ad combination they develop. This technique enhances relevance, which is

beneficial both for your site visitors and for optimizing your ad rank in the keyword bidding process.

Sponsored search ads follow a strict, four-line format:

> Headline 1: Up to 30 characters
> Headline 2: Up to 30 characters
> Description: Up to 80 characters
> Display URL: Two path fields each with a 15 character limit

There are also a variety of display ads you can deploy using sponsored search techniques—search Google for examples and details.

To see current examples of ads for yourself, go to *www.google.com* or *www.yahoo.com* and enter a commonly purchased product in the search box. Your results will likely include sponsored search ads in the right column, and sometimes above the organic search results at top left as well.

Banner Ads. Simply put, banner ads are the billboards of the Internet. However, they have a depth and interactivity not possible with a static billboard. Like e-mails, they allow for click-through to a landing page or Web site that can result in the acquisition of a lead or completion of a sale.

In the early days of the Web, banner ads were routinely sold on a cost-per-thousand basis and touted for their brand-building attributes as well as their direct-response potential. Dwindling results soon pushed advertisers—especially those with direct marketing expertise—to seek more accountable methods of payment. Thus in recent years most banner ads are placed on a cost-per-click, cost-per-lead, or cost-per-sale basis. In addition, banners can be part of an affiliate marketing program in which a site posts a banner for a partner company and collects a fee only when a sale is completed. Or two sites can agree to swap banners or links on each other's sites or sponsor each other's online newsletters.

Net Results reports that click-through rates on banner ads are enhanced when bold colors are used, when banners are placed at the top of the page, when they include animation, when they have a call to action, and when their frequency of exposure is limited.

Click-through may also be enhanced when banner ads are served based on the demographics, psychographics, and behaviors of individual Web site visitors. Digital marketing agency Avenue A emphasized this point with an example of three different messages it served to site visitors with different demographics.

- Site visitor #1 is a married male who owns a house. He is looking to refinance his mortgage and lower his car insurance payments. He needs to pay off credit card debt and wants rate information. The site serves him a banner ad that offers the opportunity to apply for a loan.
- Site visitor #2 is a recently married female who is planning to go back to school. She travels frequently on American Airlines and needs a higher credit line. The site serves her a banner ad for an American Airlines affinity credit card.
- Site visitor #3 is male, unemployed, and bankrupt. He is not served an ad from the client bank. Instead, he is served an alternate ad for a resume service that offers guaranteed job interviews.

Inbound Marketing/Content Marketing

While the elements of Inbound/Content marketing have been around for many years, digital marketers now have discovered the synergy of using these tools together in an integrated and

affordable program to gain and cultivate leads. "Inbound" means that the content inspires prospects to contact the marketer based on helpful information rather than strong selling messages. "Content" includes elements such as white papers, blogs, videos, and infographics. As Pete Brand of Mindscape in Grand Rapids, Michigan points out, these items have a long shelf life and if they are set up with good keywords, they may be found in search for months or even years after they are first presented. Jerry Kaup's article below furthers this discussion by providing insight on how to integrate various online elements of a marketing program.

Practical Methods to Integrate Social Media, E-mail, and Blog Marketing

by Jerry Kaup, President, the e-mail ad agency

Three great tools for online marketing are Social Media, E-mail, and Blog Marketing. And their effectiveness is multiplied when you integrate them. Here's how to get started.

Content + Contact = Traffic X Sales

My formula above is shorthand for *Content Plus Contact Equals Traffic; Traffic Multiplies Sales.* It's a quick way to describe this single most important relationship in online marketing success: Your sales volume depends on the number of prospects you contact, and the value of the content of your message. *The key to success in online marketing is simply this: create as much valuable content as possible, and promote that valuable content to as wide an audience as possible.* By integrating social media, e-mail, and blog marketing, you'll contact more prospects and attract more traffic to your Web site or blog for your conversion-to-sales process.

Your Valuable Content Drives Action

Before I describe methods to integrate media to contact a wider audience, I want to emphasize the importance of *Valuable Content*. Prospects will only buy from you when they recognize you have the solution they seek. People are looking online for valuable content all the time! They want content that will help them solve their problems, locate products and services, meet new people, read and analyze the news, make better investments. They are looking for all types of valuable content that will help them achieve a better life. Publishing valuable content on your Web site (or blog) represents the value you offer prospects. Maximize your value and you will maximize sales.

Automate . . . Automate . . . Automate: A Word About WordPress

Content publishing tasks and the functions required to integrate media can be *automated* using WordPress. WordPress is a content management system that creates Web sites and blogs. This free software makes it fast and easy to publish all forms of content, including text, images, video, and audio. A few WordPress plug-ins and third party services will dramatically cut the time you spend integrating social media, e-mail, and blog marketing.

Integrating Media

The goal of integrating media is to quickly and easily promote your valuable content to as many prospects in your niche audience as possible.

Integrate E-mail with Social Media

Encourage your audience to share your valuable content with their friends and colleagues by including *share buttons and links* in your e-mail and e-newsletters. When they see content they think is valuable, they can easily click the share button and distribute a link to your content on their social media sites. This is a great way to increase the circulation of your messages to new prospects. Share links and tracking of this extra distribution can be found at no cost at sites like *http://www.addthis.com/* and *http://sharethis.com/*. E-mail transmission companies like My EMMA and ReachMail now offer easy ways to add share links automatically.

NOTE: You don't have to rely solely on your audience to click the share buttons. *You* can click the share buttons yourself to distribute to a wider audience on *your* social networks.

Here's how effective this method can be. We promoted a webinar to 30,000 prospects with e-mail containing share links. More than 50 percent of attendees came from individuals NOT on our e-mail lists. Most of these attendees were the result of the extra "pass along" distribution received from share links.

Integrate E-mail with Your Blog

Wouldn't it be great if each one of your e-mail or e-newsletter articles had links showing the reader additional content that is related to that article? That would be valuable to the reader, because when they find one of your articles worthwhile, they'll be encouraged to click links to easily see more of your related content. You can accomplish this automatically using a WordPress plug-in called "Yet Another Related Post."

In addition to automating "related posts," here are other functions you can automate to integrate e-mail with your blog:

- Create e-newsletter content from your new blog posts.
- Automatically send the e-newsletter on your pre-determined schedule.
- Track e-newsletter open rate and click tracking.
- Automatically create a complete e-newsletter to send to your e-mail lists outside of your subscriber list.

You can accomplish the four functions above and send your blog posts out via HTML e-mail. *AWEBER.com*, *MailChimp.com*, and *FeedBurner.com* offer functions that automatically converts the RSS FEED of your recent blog posts to an HTML e-mail, and sends it to all your subscribers! Of course, each article will include "related posts" links.

Integrating Your Blog with Social Media

While much has been discussed about Social Media Marketing, the key point is simply this: social media is a way to inform a wider niche audience of the valuable content you publish on your site. How? By distributing notices about your content on the social

media sites. Each of these notices will include a link back to your Web site. This way, interested prospects can click back and get more of your valuable content.

Think of Social Media Marketing as a way to offer "samples" of your content to the widest possible audience. I'm referring to content on your Web site that your audience will consider VALUABLE, not "one-way product spin" that sounds like a kitchen-gadget TV commercial. Each of your "content samples" will include a link to more content back at your site.

Here's an example of how this works. This notice offers a "sample" of the blog article many will find valuable.

"7 Ways to Generate Targeted Niche Traffic with LinkedIn, Twitter and Your Blog Content—see http://tinyurl.com/y8qedwb"

This short promotion, or "micro blog," was distributed to social media sites via my profile on LinkedIn. Prospects interested in the topic will click the link and view the full article at my site.

I prefer to send these "sample content" promotions via LinkedIn Network Updates—NOT directly through my Twitter account. The reason: LinkedIn accounts can be set up to forward updates through to your Twitter followers, thus requiring less time and effort! Another benefit with this approach: all my LinkedIn contacts (who may not be following me on Twitter) will see this promotion via LinkedIn Network Updates.

Additional Distribution of Blog Content

New methods to automatically share your blog content over social media sites are continually being developed. Consider these four methods to reach a larger audience:

1. *Blog Share Links*—When you post articles on your blog, add social media share links to each post. Not only will some of your readers click the SHARE link and distribute your notice through their accounts, but you can also use the share link to further distribute the 140-character "Brief Notice" on your other social media sites. And when you use these share links, you can write additional introductory comments to the message that goes out to your connections or groups.
2. *LinkedIn-WordPress Integration*—You can integrate your WordPress blog with your LinkedIn account, so that each new post gets automatically updated on LinkedIn. Just add the WordPress app at LinkedIn, and your contacts will receive updates of all your blog posts.
3. *Blog Link-WordPress Integration*—Similarly, add the Blog Link app at LinkedIn, and receive blog updates from all your LinkedIn connections. When you see relevant posts, visit those blogs and comment on them to

    stay connected with your network. It's a great way to maintain "top-of-mind" awareness of the value you offer.

4. *Blog-Twitter Integration*—A very successful online marketer, Gary Vaynerchuk of Wine Library TV (blog at *http://tv.winelibrary.com/*)**,** describes a test he conducted to establish the value of Twitter distribution of valuable content. In this case, his valuable content was a free shipping offer for the wine he sells.

Expect GREAT Results

Gary describes this four-way test, and these results: He invested a total of $7,500 in three media to promote an offer that included a free shipping code when a wine order was placed. He took out an ad on what he describes as "a perfectly placed billboard on the New Jersey Turnpike." He sent out a direct mail piece, and he ran some radio ads.

   He also Tweeted the free shipping code offer to his followers on Twitter. The main source of his followers was his blog. The Tweet contained a link back to his Web site for ordering wine.

   He received 170 orders from the billboard, 240 orders from the radio, 300 orders from the direct mail, and within 48 hours, *he had 1,700 orders from his Tweet!* The orders from the Twitter promotion cost nothing in terms of media expense. The only cost was the minimal time needed to gain followers on Twitter.

Level the Playing Field with Time, Effort, Brain Power, and Creativity

Yes, it does take time and effort to execute excellent online marketing. But you'll soon discover you can effectively compete with the biggest players on the Internet. Here's my final formula for your success: You'll level the playing field and grow your business using your brain power, creativity, and the tools described here.

Enhance Your Understanding: Design a Simple Web Site

To become more conversant with digital media, try your hand at designing a simple Web site outline for the company, product, or interest area of your choice. Keep in mind the "paradigm shift" for digital advertisers—instead of a closed-end, linear message, you'll be developing a series of paths which site visitors may follow to delve deeper into the topics of their choice. Steve Carbone of MediaCom (formerly with Grey Direct), suggests using the two forms in Exhibit 17.4 to organize your work. His first form helps crystallize the assignment and acts as a creative strategy piece including purpose, target, content, and offer.

   His second form outlines a home page with six paths or "buttons," each of which leads the way to deeper and deeper information. Your Web site may have more or less than six paths off the home page, and each path may have more or less than the six "deeper layers" on this form. Before starting your design, it's important to spend considerable time interacting with Web sites to find out for yourself what's possible, what grabs interest, and how to keep prospects coming back for more.
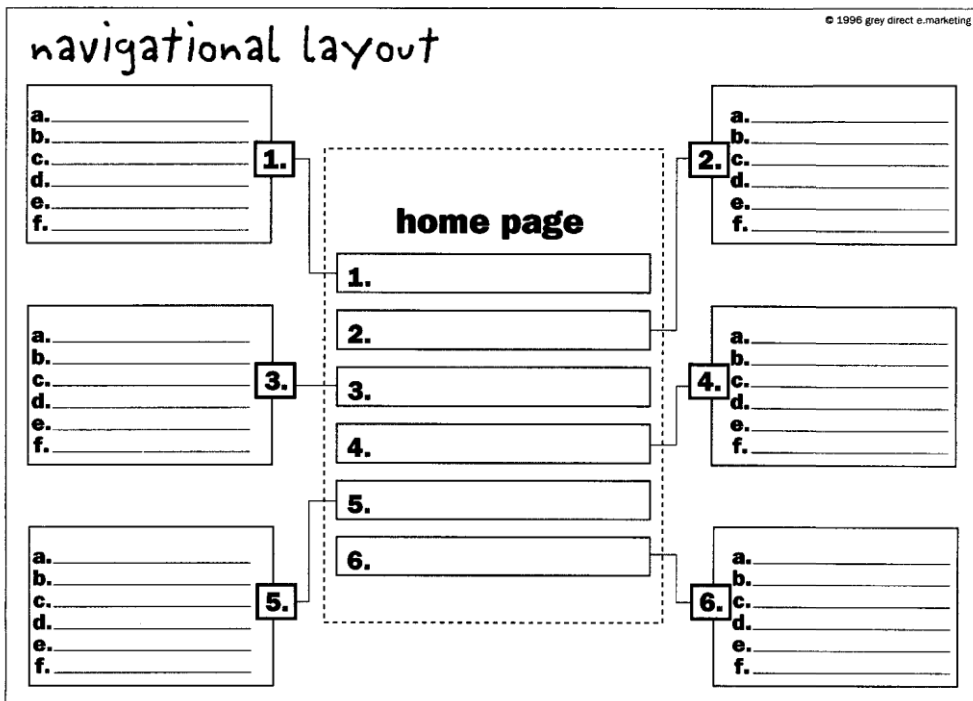
Exhibit 17.4. Grey Direct Strategic Elements and Navigational Layout

strategic elements

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the purpose of this form is to start the process of building a web site. key strategic and behavioral areas have been omitted and will be necessary for creative development.

1. the assignment

2. the purpose/objective

3. the target

current

via the web

4. content

5.offer

navigational layout

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a.____
b.____
c.____ **1.**
d.____
e.____
f.____

a.____
b.____
c.____ **2.**
d.____
e.____
f.____

home page

1.

2.

a.____
b.____
c.____ **3.**
d.____
e.____
f.____

3.

4.

a.____
b.____
c.____ **4.**
d.____
e.____
f.____

5.

6.

a.____
b.____
c.____ **5.**
d.____
e.____
f.____

a.____
b.____
c.____ **6.**
d.____
e.____
f.____

PART THREE

Creating and Producing the Work

18

Copywriting and Graphic Design

The popular, "retro" television show, *Mad Men*, featured many a plotline in which a 1960s copywriter or graphic designer struggled to find just the right concept for an ad campaign. Indeed, that process can be painful—but the "eureka" or "aha" moment when the idea emerges makes it well worth the effort. In the *Mad Men* days, writers used dictaphones or scratched their ideas out on lined pads for their secretaries to decipher. Graphic designers sat at drawing boards—as memorialized by the phrase "back to the drawing board," used when an idea is completely rejected. Today, most writers and designers start with a blank computer screen, although some still rely on scratch paper or layout pads. Whatever their "weapons" of choice, these creative people must somehow turn a marketing concept into compelling copy and visuals.

Ask 20 writers and designers how they get from concept to creative product, and you'll receive as many different answers. Some creative people jump right in, writing in stream of consciousness or sketching scores of thumbnail layouts until their creative muse appears. Others do a great deal of restless stirring about, verbalizing their ideas and their midstream creative anguish in equal measure. Still others swear by a step-by-step process they use repeatedly: order card first, then brochure, then letter. Or, first write as many headlines as you can think of for an ad. Or, first put yourself in the shoes of the target customers and write down all the things they'd want to know about the product or service.

In the midst of their creative fervor, some writers cover their office walls with sticky notes, each of which contains a germ of an idea. To organize their thoughts into a direct mail package, Web page or ad, they rearrange the sticky notes again and again before putting words on paper. Graphic designers have been known to indulge in "folding fits" that look a bit like origami, using layout paper to try out a half-dozen or more brochure formats in various sizes and configurations. Visit a creative agency and you'll likely see one or more white boards covered with ideas, phrases, rough-rough layouts and bullet points—often with arrows from one idea to another and the admonition to well-meaning custodians, "Do Not Erase!" Marc Ziner of Marc Ziner Design has seen his peers use all of these methods and more. As he says

> Many graphic designers work up 'thumbnails,' which are usually sketched as half-sized or quarter-sized rough layouts. Or they use layout pads or whiteboards and dry erase markers and run through a sort of brainstorm, either on their own or in a group. Some designers don't bother at all with the sketches and thumbnails. They move right to the computer and show initial

> ideas that are more like finished pieces than rough ideas. The trouble is, it's relatively easy to make a mediocre idea look good on the computer, but a good idea will shine even in a rough sketch, if the viewer has imagination. That's the measure of when to use one over the other . . . who are you showing the idea to first, and what do they like to see, and can they use their imagination. I suggest that if you don't know the answer to this question, show the tightest layout and most finished copy possible.

Ziner also insists that his designers show at least three ideas to clients rather than editing down to one "make it or break it" concept. David Fideler of Concord Communications agrees. As he says, when you present what you believe is your best concept to the client, "there should be two other back-up concepts to show as well. This is the method advocated by Cameron Foote, who is the author of the two most highly respected books on how to run a graphic design business, and editor of the *Creative Business* newsletter." Some creative directors, like Kurt Dietsch, owner of Luciditi in Grand Rapids, Michigan, have been known to fill a whole room with potential concepts for a single ad or campaign theme.

Ziner believes that designers from the "old school" are more likely to go through the steps they are used to before translating their ideas to the computer. As a seasoned designer, he says, "I do both thumbnails and computer roughs because it allows me to show many ideas, in a variety of ways. Most of the time I sketch out half-size roughs because it allows more than one component or idea on a page, and sometimes that's important."

Ideally, the copywriter and graphic designer will spend a good deal of freewheeling time together at the beginning of the creative process, sharing their ideas as they develop, and working together toward a harmonious verbal and visual product. Such intense teamwork requires mutual respect, an understanding of the partner's personality and work style, and a willingness to avoid territorial squabbles in the interest of an excellent final product. In the best such copy-and-design teams, neither party remembers nor cares who wrote the winning headline or who chose the main photo for the Web page or brochure. For more on the person-to-person aspects of direct and digital marketing creativity, check Chapter 7 of this book.

There is no one right answer as to how much copy should be included in an ad or brochure, and there is no absolute best visual for any direct or digital marketing presentation. Decisions such as where headings, copy, and visuals should appear, what size they should be, and how they should support each other, must be worked out through this respectful interaction of copywriter and designer. While direct and digital marketing experts assert that such teamwork offers the best chance of success for any creative advertising venture, there are situations in which the copywriter and designer work separately. In this case, one or the other must take the lead. In some instances, the copywriter may prepare rough layouts as an initial guide for the graphic designer's work. In others, the graphic designer may prepare a layout, indicating how many characters or words are available for headings, copy, and captions.

Each creative team's style will necessarily be different, but there are some common stages that most creative jobs go through. This chapter will offer an outline for the step-by-step process of copywriting and graphic design for print media. It will provide ideas on ways to evaluate and pretest copy and layout without spending undue time or money in the process. Finally, it will provide a few tips on ways to gain inspiration and fight writer's or artist's block.

Exhibit 18.1. Step-by-Step Art and Copy

	ART COMPONENT	COPY COMPONENT
STAGE 1:	Thumbnails or computer roughs	Headline(s), taglines, unique selling proposition
STAGE 2:	Full-size color layout with stock or preliminary photos for position	Headline options, subheads, key copy points
STAGE 3:	Comprehensive layout; folding dummies if applicable	Final copy

Step-by-Step Design and Copy

While time or monetary considerations sometimes dictate otherwise, the most prudent creative process for the development of art and copy includes at least three main steps, as explained by Marc Ziner.

Details of Art Components

As part of the creative process, each ad or brochure goes through various stages beginning with tiny sketches and progressing through rough layouts and finally to comprehensives. As the layout process unfolds, the creative team selects typefaces, arranges for photography or the creation of drawings to accent the layout, and determines the colors and processes that will be used to produce the work.

Once these decisions have been made and copy has been proofed and approved, the next step is the creation of production files—the computer equivalent of what used to be called "keyline and paste-up." These files typically are provided to the production house or printer in the form of a Portable Document Format (PDF). As David Fideler explains, "Creating a perfect PDF file for printing requires a certain amount of expertise, but this should be expected from any professional designer."

The Layout Process. There are several distinct layout stages, and in many cases a graphic designer will progress from one to the next without skipping over any. However, it is quite common to proceed directly from thumbnail to comprehensive layouts if the graphic designer, copywriter, and client trust each other and the job is fairly straightforward. This is also necessary when timing prohibits an extra step. What's more, with the proliferation of sophisticated computer equipment and software like Adobe InDesign, graphic designers find it faster and easier to create complex layouts— even pieces that look like finished ads—than in the days when all the work had to be done by hand. Marc Ziner notes, "InDesign is integrated with Adobe's other products, Photoshop and Illustrator, plus Adobe Acrobat makes the whole Portable Document Format (PDF) convention work very smoothly—*if* the stars are in alignment." See Chapter 20 for more on how PDFs are used in print production.

Even though it's now very possible to do so, it is never advisable to skip directly from thumbnail sketches to production files, or even from rough layouts to production files. The comprehensive layout provides all parties involved with an opportunity to approve or correct a layout before major production expenses are incurred. Thus, the importance of the "comp" should not be underestimated.

## Exhibit 18.2. Thumbnail Sketches and Rough Layout

Small thumbnail layouts were the first step in planning art and copy for a 12-page brochure on the A.R.T. Card™, a product of Artagraph Reproduction Technology Incorporated. The finished product shows that numerous changes and refinements were made between thumbnail layouts and final approval.

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Thumbnail Sketches. These small sketches indicate the general shape and proportion of the piece being created, and the placement of basic elements such as headlines, photographs, borders, boxes, and so on. Thumbnails are valuable because they give the parties involved something to look at and evaluate beyond a verbal description of how the layout should be done. Because they are small and rough, they allow everyone to explore many different ideas without an undue investment of time.

Rough Layouts. Sometimes called "pencil roughs," these layouts are done to actual size, but are not exact as to color, type sizes, photograph and drawing sizes, and so forth. They help everyone in-volved visualize the finished product, the flow of material, and the impact of an ad or brochure done in that size. They may incorporate actual headings and subheads, if possible, since this again helps in the evaluation of flow and effectiveness. Roughs may be done by the copywriter or by the artist,

Exhibit 18.3. Half-Size Roughs
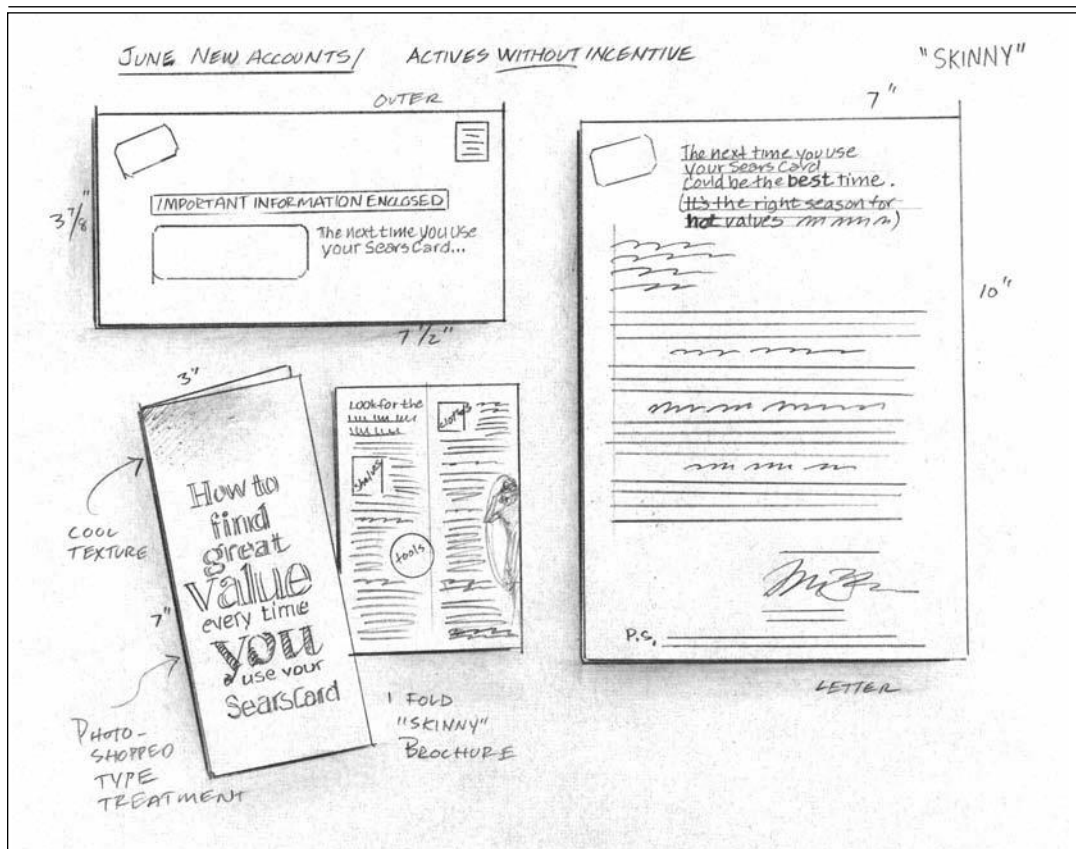
Graphic designer Marc Ziner uses half-size roughs to present basic ideas to his fellow creatives and to clients. These simple pencil roughs allow Ziner to consider and offer a wide range of possible formats and "looks" before investing the time to create comprehensive layouts on the computer.

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or as a cooperative effort for informal presentation to the client. Roughs often are the layouts presented to fellow members of the agency or staff (account executive, product manager, etc.) to get buy-in on a concept. Marc Ziner's "half-size roughs" can serve nicely at this stage.

Comprehensive Layouts. Just as its name implies, the comprehensive layout, or "comp," covers all the bases. It measures to exact size and reflects all the folds, die cuts, and other enhancements of the proposed final product. It indicates color areas and suggests the colors that will be used, exact copy areas, the sizes of headings or photos, where borders will appear, and so on. The graphic designer will often attach color and paper samples to such a layout to indicate background hues and texture.

When created with InDesign, the layout can reflect exact type sizes and styles, with the actual copy shown in place if it is available at this point. The "comp" serves not only to help the client and artist visualize the final product, but also as a blueprint for the creation of final production files. As Marc Ziner explains, "We print comprehensive layouts out on our color printer and show them as flats or trim them out and make folding dummies." Ziner adds that in many cases, PDFs have replaced comps. He says, "Making and sharing PDFs is a surefire method for showing graphic files to clients and collaborators using Acrobat Reader." There are also collaborative spaces where agency and client representatives can work together in real time to make updates and changes to creative pieces.

Details of Copy Components

Headings and Subheads. While the graphic designer works on thumbnails and sketches various format ideas on scratch paper, the copywriter may be considering various headline concepts and secondary points for subheads. Drawing upon the approved Creative Strategy or Creative Brief, the writer noodles around with phrases and sentences—and perhaps even has the graphic designer sketch them into the thumbnails to see how they come across in a layout. Many direct marketing firms and agencies ask copywriters to provide sets of alternate headings and subheads, along with a short statement of the ad concept and the rationale behind it, before proceeding to rough copy. For an in-depth discussion of how to write headlines for direct marketing sales propositions, see Chapter 11 of this book.

Rough Copy. The rough copy stage is one which some copywriters swear by, while others polish their copy to a near-final state before showing it to anyone. Rough copy provides a general indication of copy length, the flow of ideas, tone, sentence and paragraph length, and other copy characteristics. Creative teams who use this stage as part of an approval process may share their rough copy and layouts with each other to touch base and make sure they are still on the same wavelength. Then they may show rough copy and corresponding layouts to a creative director or client representative for a general critique before final work is completed.

Final Copy. Coordinated with the graphic designer's comprehensive layout, final copy represents the copywriter's completed and fully polished efforts, ready for approval by the client and then for production. Before releasing copy for the approval and production process, successful writers work and rework their copy to ensure that it presents a compelling sales message in a way that is readable and appealing to the target market of prospects. The way in which writers polish their copy is highly individual: some take a more global view and then work down to the details, while others consider their writing sentence by sentence, then in total paragraphs, and then as part of the overall flow of the piece. An essential element of creating final copy is to distance oneself from the work

Exhibit 18.4. Potentials Unlimited

SELF-RENEWAL

Many people become "stuck" in life, confused, unable to move forward. The Programs for Self-Renewal are designed to loosen the cement around your feet and allow you freedom to move again -- toward your unlimited potential.

115 - Self-Confidence - One of the greatest gifts you can bestow on yourself is the gift of self-confidence. Develop the confidence to say "No" without feeling guilty. Acquire the self-assurance to feel relaxed and at ease when you meet people. Start on the road to a more confident you with this vital tape.

110 - Relieve Stress And Anxiety - Unhappy feelings can really get to you. Learn to tell your feelings how to feel, rather than having them tell you how to feel. Suggestions on this tape can teach you how to feel good all the time.

108 - Relaxation - If you would learn to relax, your blood pressure could return to normal; headaches could go away; that uncomfortable, uptight feeling in your stomach could leave. Stress, being uptight in an uptight world, is a major health problem. Use this tape and you could begin to experience peace and calm, joy and relaxation.

026 - Develop Enthusiasm - Learn to start an inner fire! Approach everything you do with enthusiasm and you'll always do it better. Shine and the world shines with you!

023 - Creative Thinking - Quality ideas and thoughts are all around us. One creative idea can propel you to unlimited prosperity, happiness and fulfillment. Raise the quality of your thoughts, and you will raise the quality of your life.
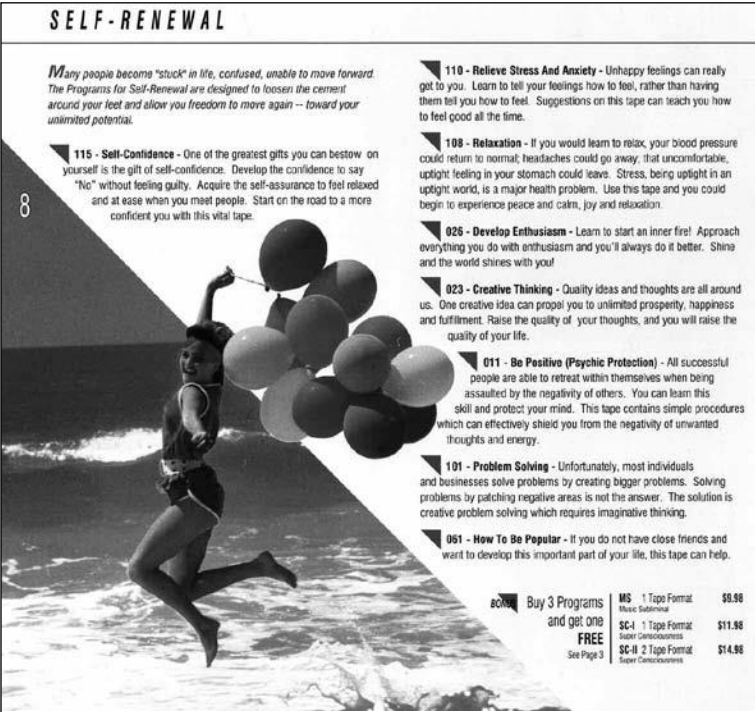
011 - Be Positive (Psychic Protection) - All successful people are able to retreat within themselves when being assaulted by the negativity of others. You can learn this skill and protect your mind. This tape contains simple procedures which can effectively shield you from the negativity of unwanted thoughts and energy.

101 - Problem Solving - Unfortunately, most individuals and businesses solve problems by creating bigger problems. Solving problems by patching negative areas is not the answer. The solution is creative problem solving which requires imaginative thinking.

061 - How To Be Popular - If you do not have close friends and want to develop this important part of your life, this tape can help.

BONUS Buy 3 Programs and get one FREE See Page 3		
MS 1 Tape Format Music Subliminal	$9.98
SC-I 1 Tape Format Super Consciousness	$11.98
SC-II 2 Tape Format Super Consciousness	$14.98

Exhibit 18.4. (Continued)

Potentials Unlimited used an in-house design system for the creation of its catalog of self-hypnosis tapes and related products. Hand-drawn rough layouts (a) serve as a guide for the creation of computer-generated comprehensive layouts (b) with all art and typeset copy in place. The final, printed catalog spread (c) reflects minor changes from the comprehensive layout.

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overnight—or at least for a few hours—before taking a final read-through. This cooling off period will allow the writer to spot unclear passages, inconsistencies, and even misspellings that spellchecker software can't identify.

Computers Quicken the Pace for Copy and Graphic Design

Before the widespread use of computers for layout and design, artists and writers could carve out a bit more time for a step-by-step creative process. Today, the timelines are shrinking, as Michigan-based freelance copywriter Mike Dykstra explains:

> As a general comment, I think computers have speeded up and shaved steps off the creative process described in this chapter. Rarely have I had the luxury of spending time with a product expert or consulting with friends in the agency business, for example (because of time pressures). I think projects

are initiated much later than they used to be, largely because clients feel the process shouldn't take as long using computers.

Still, computers are extremely helpful in at least one way: They very quickly allow a writer to check the length and flow of copy within the piece, before it's even submitted for client approval. Techno-savvy writers can even change copy within the layout—although they have to make sure the graphic designer is aware of any changes they've made.

How to Plan and Evaluate Art and Copy

Graphic designers and copywriters can rest assured that their clients or agency managers will critique their work with varying degrees of specificity and finesse. The best creative people, however, build in their own benchmarks for successful layouts and copy to ensure that the work they present is not only fresh and creative, but also effective as a direct and digital marketing sales message. Here are a few basic guidelines for planning and evaluating your own layouts and copy.

Evaluating Layouts

Will the Layout Attract the Prospect? Ask yourself whether the layout presents the personality and tone that will appeal to your target market. Is it casual, sophisticated, elegant, homespun, family-oriented, hard-sell? Does the layout reflect the values and tastes of this target market by means of its visual images, type style, colors, and border treatments? Don't fall into the trap of using any trendy type styles and layout quirks currently popular with designers. You may well be "playing" to your fellow creatives at the expense of making your message accessible and readable to those in your target group.

Is the Product the Star? Even experienced graphic designers occasionally get carried away with typefaces, background colors, or special-effect shots that are gratifying to work on but in fact do very little to enhance a product. When evaluating your layout, ask yourself whether the product is the star or whether you've buried it in "art for art's sake." Ways to "star" the product include showing it as large as possible, depicting it in use, and showing it in a setting with people your target group can relate to. You may also give the product a flattering background that conjures up positive associations and contrasts in color so that the product will "pop" on the page. If your product itself is not attractive, consider focusing on the results of using it—for example, a satisfied user of a diet product who has lost 50 pounds.

What is the Point of the Layout? Try to look at the layout as a customer would. What is it that you are trying to get across? The main focus or point of the ad should be your product's prime features and benefits. What's more, the layout also needs reworking if you cannot quickly discern a point from it. A layout that tries to cover all points equally is destined to confuse or turn off the reader. Remember that your prospect is likely to give your piece only a few seconds' glance before deciding whether to read on—or to dig deeper on a Web site. Does this layout have a "grabber" of a point that will encourage the reader's involvement?

Does the Layout Look Inviting and Readable? Some printed pieces are so busy or created with such an obscure type style that reading them is literally hurtful to the eyes. Others are open, airy, and inviting. To make sure that your layouts are of the latter kind, check to see if your headings and body

Exhibit 18.5. Two-Step Process from Kurt Dietsch
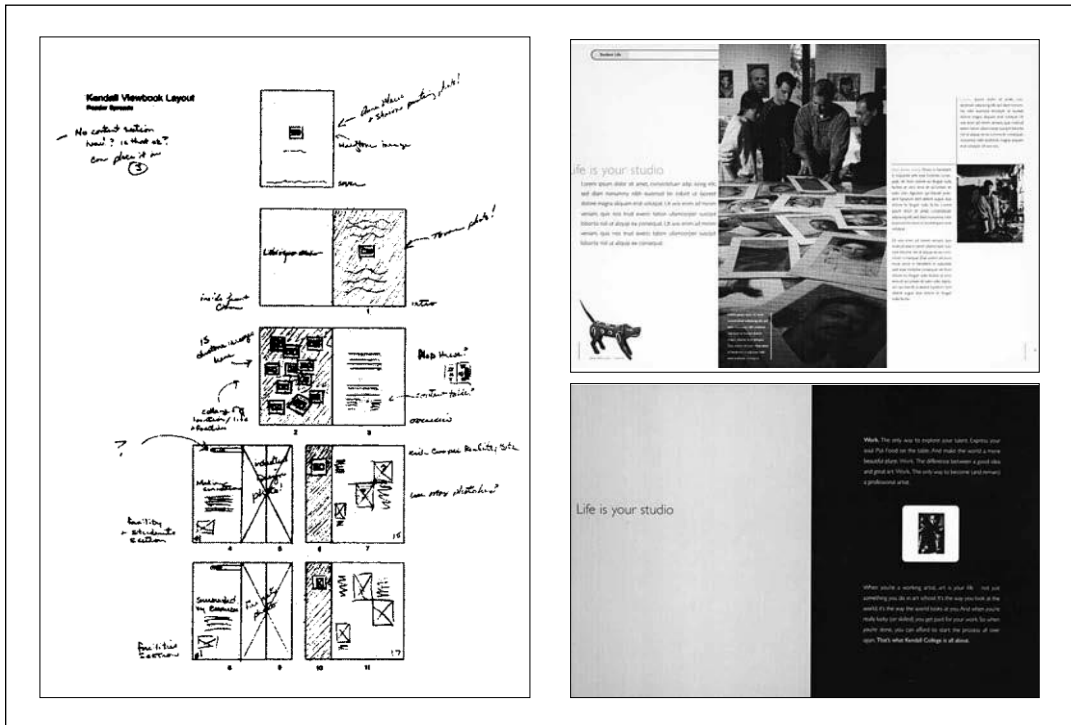
Art director Kurt Dietsch uses a two-step process to create layouts. First he develops tiny pencil thumb-nails. Then, on his computer, he completes full-color comprehensive layout alternates with copy in place. After editing and client corrections, the final art is prepared for printing. Here, examples of the steps are shown for a direct mail search piece created for Kendall College of Art and Design.

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copy are large enough to be readable (usually 8 on 9 point as a minimum for body copy). Make sure there are no stumbling blocks to the flow of the copy, such as a two-column picture that breaks up a body of related copy for no important reason. Even though relatively long copy is a typical charac-teristic of direct mail pieces, make sure that the copy area does not look like a sea of small print. See that the copy is broken up with subheads, small illustrations, and other visual devices.

For Space Ads: How Does the Ad Look in Its Editorial Environment? Take your comprehensive layout and place it randomly in the publication where it will run. Does it seem to blend into the background, or does it stand out? Standing out is more desirable, but the ad should shine because of its superiority and freshness—not because it seems incongruous in this publication. Ways to make an ad stand out include:

- Running a long-copy, editorial-format ad in a publication that carries mostly big picture/short copy ads.

- Running a big picture/short copy ad in a publication that normally features editorial ads.
- Running a full-page ad in a publication where most direct response ads are 1/6 page or smaller and appear in the back-of-the-book direct response "ghetto."
- Using a bind-in card that pops up between the pages instead of or in addition to a clip-out coupon, toll-free number, and/or landing page.
- Running a full-color ad in a publication where this is a rarity.
- Personalizing your bound-in space ad or reply card with the reader's name and address.
- Running a short ad reversed in white out of black in a publication that has lots of black-on-white ads (be careful with this, as too much reverse copy is difficult to read—and don't reverse out the coupon, or it will be impossible to fill out).

For Direct Mail Pieces: How Does it Look in a Dummy Kit? Evaluating an unfolded layout is one thing, but seeing the piece as it will appear when folded for an envelope—and actually inserting it along with a letter and order form in the envelope—is a very valuable exercise. You can perceive the kit as your recipient will, and you may catch the little problems that could go unnoticed until it's too late: an order form that doesn't fit easily into a Business Reply Envelope, or a brochure that is too bulky when folded down for a #10 envelope.

In this same context, always fold down a brochure layout as it will appear when mailed, to be sure that the recipient's first view of the brochure is an appealing one. You probably wouldn't want the fold to cut your main front cover headline in half, for instance.

Your dummy kit serves two other purposes. First, if you create it with paper of the same weights and sizes that will go into the real kit, you can determine the weight of your kit to make sure it falls within the postal category you seek. Second, the dummy kit helps you to get proper quotes from your printer and lettershop. Your print salesperson and lettershop representative may also be able to point out cost savings on the basis of your dummy—slight modifications that will cut paper and printing costs and make inserting and addressing less expensive.

Is the Layout a Standard Size, or Is There a Good Reason for Custom Sizing? Sometimes a product calls for special treatment, an odd-sized outer envelope to give the kit a European look, for instance, or an ad that runs in three or four parts, like a checkerboard across the magazine page, to create reader interest. But unless such a special effect is part of your stated plan, you'll probably want to stick with standard sizes for envelopes, brochures, letters, and ads. This will save you money and time and allow you to take advantage of stock envelopes and standard printing configurations.

Is the Use of Color and Bleeds Appropriate for This Layout? Since the first full-color ad ran in 1937, the conventional wisdom has held that color is superior to black and white when it comes to readership and impact. A 1967 Daniel Starch research report showed that consumers' "noted" scores for half-page color ads in magazines were almost twice as high as those for half-page black and white ads. Yet in some cases, a full-color treatment just isn't necessary. And with the proliferation of color in all media, some graphic designers now find that black-and-white ads actually gain more attention because of their novelty and potential for a dramatic look. Consider as well the impact of the classic Dewars Scotch ads, in which Dewars drinkers were pictured and profiled. The individuals were shown in black and white, while only the product itself was depicted in full color. More recently,

Kellogg's Rice Krispies were promoted on television with ads that showed only the package and the product in color while the parents, children, and all other surroundings were in black and white.

To determine whether color is necessary for your selling proposition, consider what the prospect needs to know and feel in order to make the buying decision. Financial service ads that rely heavily on performance percentages have little need for color enhancement. Ladies' dresses in shades of blue, orange, and yellow will probably need exacting color depiction, while men's standard white underwear may not. In some instances, a black-and-white presentation may flatter and enhance the product even more than color—in the case of elegant white bisque figurines, for example. In such an instance, you may choose to invest your budget in fine photography and excellent paper instead of color printing.

Some direct mail packages and ads gain the impact they need through the use of two-color printing. By the addition of an accent color to black, or by printing another dark color instead of black on a light-colored stock, you can achieve a multicolored look at a lower cost than with full color. Bleeds, in which color runs off the page instead of stopping at a white border, can offer a luxury look or a special impact. But because bleeds are more expensive than non-bleeds in printing (they require more paper for trimming), it is worth questioning the need for them when budgets are tight. To be sure of the differential, have your printed piece quoted for bleed and non-bleed prices. For space ads, check the magazine's rate card for bleed versus non-bleed rates.

Other Nuts-and-Bolts Considerations. Are the color combinations, typefaces, and overall graphic look pleasing and appropriate for this target market? Do they integrate well with other pieces you have done for this product and/or this company? Does the presentation make your product or service easy to order? In space ads with coupons, make sure the coupon is accessible—usually at the lower right of an ad, created for placement on the right-hand side of the page. For direct mail packages, be sure the reply form is easy to follow, well-spaced, and fits properly into the Business Reply Envelope. Put the layout away for a day if you can afford the time, and then approach it as you would if you were a prospect. Is it pleasing, easy to understand, and effective? If not, go back to the drawing board.

Evaluating Copy

There are as many different formulae for direct and digital marketing copy effectiveness as there are copywriters, and some of the big names in the field have become famous for their "ten-point checklists" and "how-to" guides. The following is a distillation of many of these "shoulds." Rather than use a checklist of all the good and bad points of copy that are presented to you from various sources, keep the following hard-won direct and digital marketing concepts in mind when developing and reviewing copy.

Characteristics of Effective Copy. The best copy is clean and clear, and presented in language that is simple without being simplistic. Copy great Maxwell C. Ross said that for every 100 words of copy, 70 to 80 should consist of only one syllable. Whenever possible, good copy uses the present tense and the active voice. One teacher of copywriting automatically marks points off students' work every time they use a form of the verb "to be" instead of an active verb. Good copy comes across as friendly and conversational—not patronizing or self-important. It flows well and has good transitions. It utilizes connecting phrases such as "what's more," and "in addition." Finally, it draws the reader in from the very first phrase, making reading a pleasure rather than a chore.

The "You" Approach. Some copywriters and clients fall into the trap of simply counting how many times the word "you" is used in a direct mail letter or ad. But that is not the point: it's the overall "me to you" approach that counts. Copy should be written from person to person (e.g., company president to cigar connoisseur, or homemaker to homemaker)—not company to "target group." Make sure the copy doesn't talk only of how your product is made and what its features are. First and foremost, customers want to know what's in it for them.

As you prepare your copy, keep product benefits firmly in mind. The copy should address the prospect's wants, needs, hopes, aspirations, lifestyle, and interests. Do your best to evaluate the copy in terms of the market, not your own biases and beliefs. You may be a target for the product you're selling, but as often as not you won't be. Don't make the mistake of slanting your copy toward what pleases you and your own (non-target) type of person. This is where "infiltrating the market" can become invaluable. Find ways to spend time with typical prospects for the product or service. Learn what magazines they read, what TV programs they watch, what social networks they frequent.Catch on to their speech patterns, slang expressions, and ways of looking at the world. This hands-on re- search will pay big dividends in your ability to address copy to your prospects that "hits them where they live."

Copy Length. There is no reliable rule for copy length. Nothing says that a four-page letter is inherently better than a two-page letter, or vice versa. Nothing says that a 120-second spot is inherently better than a 60-second spot on direct response television: indeed, tests by The Bradford Exchange and other direct and digital marketing firms and agencies show that shorter TV spots may actually outpull longer direct response messages.

The late copy great David Ogilvy stated firmly that long copy sells more than short copy and, in general, ads that sell direct carry much more verbiage than general advertising does. But the best ad- vice is to write until the story is told, then revise, edit, and cut the copy until it is clear and strong. Lobby with your account executive and/or client to leave options on copy length open until you work up a rough draft of the copy; then decide whether you need more or less space than originally planned.

Another guideline is that the more complex the proposition, or the higher the price, the more ex- planation your customer will expect and need before buying. Therefore, for an offer of a free book- let at no obligation, your copy normally would be considerably shorter than what you would need to sell a $5,000 multi-function color printer via mail or space advertising.

Feature/Benefit/Value. It isn't enough to point out the features or characteristics of your product. It is more important to make sure the customer perceives the benefits of the product, in personal or corporate terms. In other words, you wouldn't say simply that a toaster "has low, medium, and high settings." Rather, you would say that the toaster "has low, medium, and high settings" (feature) "to toast everything from plain white bread to frozen bagels to perfection" (benefit).

The features and benefits presented should add up to a value that your prospects can perceive and which will lead them to become customers. The best way to make sure you can present meaty, benefit-oriented copy is to make sure you know the product inside and out. As the old saw goes, "sell the sizzle, not the steak." Make sure that you get across what the product will add to the customer's life. It's also vital to ensure that benefits are presented in the order of their magnitude, with the most important given first according to your customer's perceptions and not your own.

Success Stories. If possible, provide some success stories of your product in use. One graphic way to do this is via testimonials or endorsements. Testimonials and endorsements should be believable. They should be in the words of real people or representatives of organizations with

expertise and credibility in your product line. They should be as specific as possible, spelling out results in dollars and cents, pounds lost, compliments received, time saved, or whatever the success story comprises. Another way to show your success story is to give proof of effectiveness. This may take the form of a notarized statement by an expert, a demonstration on television, or before-and-after shots.

The Call to Action. The goal of every component of a direct and digital marketing campaign is to induce action: whether ordering by mail, calling, e-mailing, ordering online, or coming into a store. This action must be spurred by the copy, but without coming on too strong. Read the "call to action" copy of some direct advertising you admire, and of your competitors, to learn how they induce a response. Here are some possibilities.

- Limited quantities or limited edition
- Premium for response by x-date
- Charter subscription or membership period
- Seasonal reason, e.g., for delivery before a holiday
- Discount for "early bird" response
- Preseason discount
- Limited-time sale price
- The old "be the first on your block" pitch, presented in a fresh and subtle way that fits your target market
- Urgency based on immediate need—for donations to a nonprofit organization

Specificity. Take the copy you've written about a product and read it through, substituting some other, similar product as the subject. How much of the copy still works? If much of it works for another product, your copy has failed the specificity test. The cure for copy with this problem is to zero in on your product's unique attributes and benefits, making sure that the copy points these out in graphic, descriptive terms. Don't just say "large, economy size"; that could apply to anything from detergent to pancake mix. Say "ten pounds of seed and dried vegetable mix— enough to keep two large parrots healthy and well-fed for a month." Don't simply say, "complements any décor;" that could apply to an air freshener or a sofa. Instead, say "the classic, clean lines of this bleached pine cocktail table complement both traditional and contemporary homes."

Sales Sense. The direct response copywriter is first and foremost a personal sales representative. Copy should do everything a personal sales call does. Thus, the sales writer must anticipate objections from customers, lead them to positive responses, and then "close" the deal. Compare the copy you've written with a verbal sales presentation on the same type of product, and see how it rates

Appearance. Work with the graphic designer to learn how your piece will come across visually. Letters should have plenty of margin space to enhance their readability. Brochures should be broken up with subheads. Strive for a paragraph length of little more than six lines whenever possible. The key is readability and appeal. The graphic designer can do a lot with typefaces, leading, illustrations, colors, and so on—but the copy itself must also draw the reader in visually.

Ease of Ordering. As a next step, let someone else read your copy—and preferably several people not directly involved in your business. Have them go through the motions to order your product and see if they have any trouble with the reply device and instructions as presented. Can

they find the price? Color choices? Size of the product? Expiration date for the offer? Guarantee? Toll-free number and Web address? Mailing address to use if coupon or reply card were already removed? Ask them what they think the copy is trying to get across, and see if your benefits come back to you in some semblance of your own order of importance. Ask them which parts of the copy they find interesting, dull, easy to understand, and hard to understand. Some marketers request that their "guinea pigs" underline phrases they find remarkable in the copy—and to indicate whether their reaction to each phrase is positive or negative. Then they rework the copy until all the "stoppers" are positive ones.

Creating Words and Pictures

While there are few jobs in direct and digital marketing as rewarding as creating a successful direct mail package, ad or TV spot, the birthing process can be long, drawn-out, and painful. Most every copywriter and graphic designer can recall a time when the flow of creative solutions to marketing problems stopped cold. But one way or the other, direct marketing "pros" are able to unblock their minds and get back on the track of creativity. Here are some ideas on what to do when writer's or artist's block strikes.

Retrace Your Steps in the Creative Process

One of the most common reasons for creative block is that the writer or designer tries to short-circuit the multi-step creative process. While there are any number of step-by-step models for creativity, they all call for an initial period of research and freewheeling "what if" games, an incubation period, a point of discovery when ideas flow fast and furious, and finally an implementation period. Chapter 2 of this book covers the steps to creative discovery in detail. If you have tried to skip from research to implementation, for instance, without taking time for incubation and the "aha" stage of discovery, your creative potential will be sorely limited.

Talk with Someone Who Knows and Loves the Product

Sometimes even after studying the psychographics, hopes, and fears of the target market and familiarizing yourself with the product, a lack of excitement will prevent you from getting anything meaningful drawn or written. In this case, it often helps to spend time with the person who created the product or service, or the individual who currently manages it. Since this person lives and breathes the product, he or she may be able to transmit enough enthusiasm, details, and specifics to get you over the hump. In addition, this is a good time to attend a focus group or ask for recordings of recent focus groups or other qualitative research to find out how consumers talk about the product, and what they like about it most.

Switch Places with Your Counterpart

If you're the graphic designer, be the copywriter for a while. If you're the writer, sit down with lay- out pad and start sketching. Even the most off-the-wall idea may provide the spark that gets you started, and the unfamiliarity of the other team member's job may force that idea out into the open. Marc Ziner has this to say on this score:

> I am one of those impossible graphic designers who thinks he can write. I can't help myself, and because of it, I constantly challenge my writers to do better, usually by giving them bad lines which contain the essence of a good idea. They are usually so mortified by the prospect of losing a copy battle to a graphic designer, that they do, in fact come back

with better words. In any case, I am very much in favor of going head-to-head with a writer in an active brainstorming session. They can be lots of fun, and I try to never go beyond 45 minutes. I must say, however, that many of us creative types would rather spend a couple of hours ruminating by ourselves and then showing the others what we have come up with as individuals.

Ziner encourages his copywriters and graphic designers in a cross-disciplinary approach. As he explains:

Creative people who can actually do both words and pictures, especially at this conceptual stage, are really worth more to a company than even the most expert practitioner of a single discipline. I ask copywriters and graphic designers alike to produce standard-sized (on 8-1/2″ × 11″ or 8-1/2″ × 14″ or 11″ × 17″ paper) concept roughs. The headlines may be rough, the pictures may have stick figures or Xs filling picture boxes, but call-outs explain in words what the layout may not.

Standard sizes encourage collaboration and sharing of ideas without adding extra steps of reducing on a copier. I always like to see several ideas or strategic approaches in very rough form instead of one idea which is tightly rendered. This comes out of being the guy who would tightly render one idea, often to be sent back to the drawing board with a pat on the back and a reminder to set the alarm when I left that night, if you know what I mean.

Allow Yourself Some Procrastination Time

Whether it's doing the organizing that's piled up for six months in your office, taking a long lunch with a friend, or working on a completely different project, a bit of procrastination may allow your subconscious mind the necessary time and freedom to incubate the germ of an idea into a full-blown concept. Witness the experience of Eric David, then a creative director for Kaplan Thaler Group, Ltd. He came up with the idea for the AFLAC duck (the famous creature that repeats "AFLAC!" in duck-speak on numerous commercials) while walking around at lunchtime in search of a corned beef sandwich, and repeating the AFLAC company name over and over. As his colleague, Tom Amico, said in an interview, "Work hard, but take lunch."

Explain the Situation to Someone Who's Not Involved

Whether you choose to share your problem with your analyst, your spouse, your private muse, a child, or your dog, verbalize the scenario. Oftentimes in stating the problem out loud, a new clarity emerges that allows for creative solutions. If the person you're talking with asks questions, so much the better: you'll be forced to frame your thoughts in an organized way, which may gain you a new perspective on the situation.

Harness the Positive Power of Deadlines

Waiting until the eleventh hour may not be all bad: indeed, creativity expert Roger von Oech says that many of our best ideas come to us under pressure. When the adrenaline's pumping and the clock is ticking, you may find that the perfect (or at least an acceptable) creative solution pops into your head.

Plug in to a Formula

When you seem paralyzed and unable to get even a few words or lines on paper, pull out a direct mail package or ad from the old swipe file, search the Web for ideas, or reach for your favorite how-to formula (see Chapter 2 for several). By matching your current selling challenge to the structured formula at hand, you may be able to get the creative juices flowing. Or try something a little more off the wall. Ask yourself, "If this product were an animal, what kind of animal would it be? If it were a car, what brand of car would it be," and so on. By making analogies, you may find a way to express your product's strengths in new and compelling ways—or at least start getting some words and pictures recorded.

Ask for Help

Call upon your fellow creative direct and digital marketers for a new way of looking at the problem at hand. If you cultivate such relationships, you may well be called upon to do the same for a friend who's reached a dry spell. This kind of creative generosity within a design-and-copy team, an agency, or marketing company will pay big dividends to the bottom line in the long run—so do your best to develop such a creative network in your workplace.

Lessons from Abroad: What Americans Can Learn From Overseas Direct Marketers

by Sid Liebenson (now with Priests of the Sacred Heart, Hales Corners, WI)

Oh, America—land of liberty, freedom . . . and direct marketing! We created the discipline, we perfected it. We own it. We do it better than anyone else. Oh yeah? This attitude comes as something of a surprise to agencies and companies from the rest of the world. Campaigns from places like Australia, Spain, Brazil, Sweden, Belgium, the United Kingdom, and India and the Philippines are now being recognized as the creative pacesetters in our field.

In fact, recent results from the Data & Marketing Association's International ECHO Awards, which recognize a combination of strategy, creative, and results, show roughly 60 percent of the winners representing non-U.S. entries. More than 80 percent of the John Caples Awards, which recognize creative solutions to direct marketing problems, have been won by non-U.S. entries in the same time period. What's more, the Cannes Lions Direct awards typically are dominated by European winners.

So why are non-U.S. campaigns winning all these awards? I've been on the board of both the ECHO Awards and the Caples Awards. Every year at the award ceremonies, I'd hear executives from American agencies complain that foreign marketers have an unfair advantage.

Here's what they most often cite as reasons for foreign award dominance:

- Less competition, less clutter.
- Direct marketing is newer and more novel, so response rates are higher.
- Consumers have more time to spend with direct response offers and they're not jaded.
- Lower labor costs mean lower cost per thousand for production, so foreign clients can afford creatively elaborate campaigns that U.S. clients would not want to pay for.

Some of these points may be true, but they offer much too facile an explanation for foreign award dominance. Let's consider the disadvantages that foreign direct marketers face:

- Consumers are unfamiliar with direct marketing processes and are not as comfortable responding to DM offers.
- Consumers are less trusting—they can't be sure they'll get what they ordered. They may not even trust response mechanisms like toll-free numbers.
- Little DM infrastructure—they don't have thousands of lists to choose from or much selectivity in the ones they have.
- Higher costs for DM campaigns because they don't have printers or database suppliers who understand direct marketing. They also may not have a postal service with favorable rates for advertising mail.

With all these disadvantages in mind, the sad truth we need to face is that non-U.S. campaigns are winning so many awards *not* due to comparative market advantages but because, quite often, they *are* better. So let's talk about the reasons behind the success and recognition of these non-U.S. campaigns.

1. **Strategic Thinking is a Necessity.** With smaller markets and smaller budgets, the same agency usually is charged with both awareness building and direct response. Integrated marketing is a reality, with one campaign meeting multiple objectives. In comparison, U.S. clients often have different agencies for different marketing disciplines—each focusing on its own objectives. In the U.S., overall brand strategies may not even be shared with the DM agency, so their emphasis is on tactics.

2. **Clients Are Willing to Take Chances.** In foreign countries there are fewer local "best practices" to follow, so we see clients trying to break new ground and set new standards. They need to be innovative to over- come the challenges stated above, in markets that might be unfamiliar with direct marketing. In comparison, many American direct marketers tend to avoid risk and stick with "what works." They prefer to follow "best practices" rather than to set them. They get tangled up in tactics—a sure road to mediocrity. For an example, look in your own U.S. mailbox for the many competitive credit card offers, all focused on tried-and-true tactics like low APRs, free balance transfers, and the like. Or note how many U.S. nonprofits send nearly interchangeable packages with free address labels when seeking donations—a "best practice" perhaps, but not one that differentiates one good cause from another.

3. **A Greater Premium on Creativity.** The 40/40/20 rule for DM success (40 percent list, 40 percent offer, 20 percent creative) does not hold up without strong DM infrastructure. In the U.S., the first steps to improved ROI typically include better targeting and reduced media or production costs. Outside the U.S., the first step to improving ROI is *stronger creative*. And stronger creative is what wins awards.

So what can we U.S.-based direct marketers learn from foreign innovators? First, seek strategic partnerships to maximize budgetary impact. Second, work harder to integrate disciplines even though the infrastructure in the U.S. makes it more difficult to do so. Here are some additional lessons learned, including specific examples from foreign award winners.

Rethink the Entire Response Process. Foreign marketers are forced to do it. We Americans have to do it too, to maximize the impact of our creative. We need to rethink how we reach markets—are there new channels, new formats, new appeals to use? We need to understand how the audience deals with the medium and the message. We also need to step back and come to a full understanding of what each advertising medium can do.

Example: Twinings Herbal and Fruit Infusions

Rather than content themselves with a flat ad in women's magazines, marketers for this U.K. brand created a ride-along sample package with the headline "Pick-me-up!" The double entendre invited readers to pick up the package and to use the sample as an energizing drink. The offer lets readers send for a free trial pack of six different flavors, and also includes a coupon for immediate grocery purchase.

Be Playful! Many of the foreign award-winning entries include an element of play. Engage the audience, and make your message welcome. Make it an invitation rather than an intrusion. Let the prospect think of your company as a suitor, not a stalker. Studies show that even in the U.S., people actually like advertising, direct marketing, and even direct mail. So use this to your advantage.

Example: Citroen C5

When Citroen introduced the C5 in the Netherlands, the agency found itself saddled with a multinational creative platform that emphasized binary computer code to support its positioning and theme, "It reads the road." The agency immediately saw the need to add a more personal dimension, so they expanded the message to "It reads the road and the driver." The first mailing didn't just come from Citroen, it came from the car! The outer said, "I'd like to get to know you" and asked the respondent for his/her taste in music, favorite candy, favorite color, and driving style. In a follow-up, the C5 wrote

Exhibit 18.6. Twinings Tea

This Twinings Herbal and Fruit Infusions insert was placed as a ride-along in women's magazines in the United Kingdom. It includes a sample of the tea and a database-building offer to send away for a free packet of six different flavors.

Reprinted with permission of Sid Liebenson.

back and revealed more about itself, followed by the C5's personal invitation to the respondent to visit Holland's major auto show "for a chance to meet in person."

At that meeting, the C5 on display was outfitted with two cameras, and there was an actor behind the scenes who could see what visitors were looking at. Thus it seemed as if the car itself was specifically talking about that feature. The actor (presenting himself as the car) could also direct people to feel and touch certain parts of the interior. As an additional follow-up, the C5 gave each of its visitors a CD of their favorite kind of music.

When the C5 hit the showrooms, there was another message: "Come take me for a ride." When prospects showed up for the test drive, they got into a car of their favorite color and found a package of their favorite candy on the seat. Their favorite kind of music was playing on the sound system, too. Playful, yes. Successful? Wildly. Citroen's goal was to sell 500 cars within the first month of launch. They sold 953—92 percent over goal—plus an estimated 600 lease agreements!

Exhibit 18.7. DHL Austria

This DHL Worldwide Express package invited Austrian customers to an Asia Night event to highlight the firm's dominance as a shipper to Asia. The package engaged the recipient's senses of sight, touch, taste, and smell with very positive effects: 82 percent of those invited showed up at the event.

Reprinted with permission of Sid Liebenson.

Businesspeople Are Consumers, Too. You don't have to be dull to be taken seriously.

Example: DHLWorldwide Express

The Austrian arm of this international company sought to leverage their position as the top express carrier to Asia by sending customers a dimensional package with Asian-inspired typeface and dragon artwork. Inside, the contents were wrapped in a sheet of paper decorated with similar artwork, held closed by two chopsticks. When opened, the paper revealed a letter, plus a gift package of Asian noodles. Through the senses of sight, touch, and (if the noodles were cooked) taste and smell, the package created an experience of Asia. The letter invited key account customers to an Asia Night event, and 82 percent of them attended!

Simple Can Be Smart. Outside the U.S. they seem to have a knack for focusing on a central idea and executing it simply and well, by fully understanding the advertising medium being used.

Example: Visa Austria

Visa's objective was to activate new cardholders who had opened an account three months or more earlier, but had not yet activated the card. Unfortunately, Visa had almost no budget for an incentive premium, sweepstakes, low interest rate, or rebate offer. But they did find a way to use direct mail very well. The outer envelope showed a pot of forget-me-nots with teaser copy, "Now they start to bloom." The letter explained that the Visa card was only useful if you used it, and invited the reader to look at the enclosure, featuring the forget-me-nots photo once again. This time there were instructions to "lift here," and doing so revealed a packet of forget-me-not flower seeds. Inexpensive, playful, memorable, and possibly more effective than a more typical sweepstakes offer or rebate. With this soft approach, Visa Austria activated more than half of the targeted cardholders.

In reviewing these innovative campaigns, it might be tempting to conclude that U.S. marketers are being eclipsed by overseas creativity. But Americans aren't necessarily getting it wrong—it's just that we no longer have the high ground all to ourselves. After all, every direct marketer shares the same goals—and global strides in the field generally are built on foundations created here. So appreciate this progress—and learn from it!

Enhance Your Understanding: Features Versus Benefits

Flip through a magazine and clip a direct response ad that is selling a product—one with at least three or four paragraphs of copy. Use a pink accent marker to highlight all the features (product attributes) you can find in the copy. Then use a yellow accent marker to highlight all the benefits (advantages—statements to the prospect of "what's in it for me"). Now consider these questions.

1. Note the feature and benefit statements that go together. For example: "Made of 100 percent cotton" (feature) "that's as comfortable and soft as cashmere" (benefit). This is the most common form for feature/benefit copy. Sometimes the benefit is stated first with the feature to follow.

2. See if the product has a name that showcases its benefit—for example, the fabric described above could be called "cotton cashmere." Calling a car's air conditioning and heating system "climate control" is another example.

3. Look for features that do not have benefit statements attached. Are they missing because most readers already understand the benefit? An example of this would be automobile ads that simply list a car's features (anti-lock brakes, air conditioning, etc.) assuming that the benefits of these well-known features are implied.

4. Look for benefits without specific features attached. Is this device of "selling the sizzle and not the steak" used effectively in this ad, or would discussing the feature help provide "reasons why" justification to the reader?

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Preparing Artwork For Printing

This chapter picks up where Chapter 18 left off: once the copy and layout have been created and approved, and it's time to prepare artwork for printing. A comprehensive layout with copy roughed in may be enough to sell a marketing concept to a client, but there are many more vital production steps that must take place before the direct mail package or ad is printed and distributed to the target audience. This process includes typography, photography and illustrations, print production, and space ad preparation.

Although many copywriters and some graphic designers complete their formal involvement at the copy and layout stage, learning the basics of production will serve any marketer well for several reasons. First, a knowledge of production helps writers and graphic designers understand the possibilities—and the limits—of the medium they are creating for. Second, creative types can make their plans more cost-effective when they know the timing and process involved in producing their work. The third reason has to do with self-interest: individuals who wish to move out of the "creative box" into overall management must fully understand the big picture—and be able to work with and supervise production operations. Fourth and final is the matter of mutual respect: the writer or graphic designer who takes the time to understand production jobs will earn more cooperation and help from artists and technicians in achieving a top-notch creative product.

Typography

Good direct marketing typography is unobtrusive. It contributes to the visual message about the product or service without calling attention to itself. Good typography catches the reader's eye with headlines, leads smoothly to the subheads, and provides easy readability in body copy.

Copywriters may contribute to the appearance and readability of their typeset copy by keeping sentences and paragraphs short, writing sufficient lead-ins and subheads to keep copy interesting, and dividing the copy story into sections. Another important function for the copywriter is writing to size: ensuring that each head, subhead, and body copy section fills the space allotted to it without running over.

In general, the layout artist or graphic designer specifies typefaces when the comprehensive layout is created. This job includes not only the selection of the face (font) and its size, but also the width of columns, use of space between lines of type (leading), and technicalities such as setting type flush left or flush right, or to wrap around an illustration or photograph. Here are some considerations for typeface selection and typesetting.

Type Styles

Serif typefaces are those that have fine lines at the top, bottom, and corners, while sans serif faces are plain and modern in appearance. Serif faces are easier to read in long copy blocks, and give a more traditional appearance. Some studies also show that serif faces lend more credibility to a presentation. They are preferred by older audiences because they are perceived as traditional. Sans serif faces give a contemporary look and are usually easy enough to read—if the lines are properly spaced or leaded. Some graphic designers do insist on using sans serif type for long copy, mainly because they prefer its appearance. A glance at the main body copy of newspapers and books, however, shows that the more readable serif typefaces are used almost without exception. Keep in mind that the exception to this rule is Web site font selection: serifs may appear muddy on the computer screen and thus sans serif type is preferred by many designers for online body copy.

There are thousands of different type styles or fonts, some used with great frequency and others reserved for special applications. Writers and graphic designers may peruse type style options in a host of books and typography annuals. There are also many computer software packages and online sources available that put hundreds of options at the designer's fingertips. While the variety is tempting, it is best to use specialty typefaces with care: they are not familiar to your reader and may draw attention away from the selling message. A good rule is to use that Asian-look typeface or the circus style one for headings or perhaps for subheads, but to select a more traditional face for body copy.

Another good rule is not to use a specialty typeface unless there is a specific reason for it, such as a *Brush Script* typeface for headings about arts and crafts products. To enhance the integration of your message, you may wish to select a typeface that fits your corporate identity, and then use that same face in almost all of your ads and mailings. Some firms opt to use a new typeface for each promotion—one that reflects the specific product or service being sold. This minimizes your ability to achieve the same integrated look across promotions and media, and thus should be considered with care. Although it is not necessary to stick with the same typeface in different sizes for all headings, subheads, and body copy, it's wise to limit your selection to one or two type styles on any one printed piece unless you're an experienced typographer. Otherwise the results may be confusing and distracting to the reader.

It has long been a rule of thumb for direct mailers that sales letters should be set in what used to be known as "typewriter type." This stems from the fact that good sales letters are intended as "one-to-one" communications—personal letters that should appear as if the sender sat down and composed them especially for each recipient. However, as the general public has become more familiar and comfortable with the appearance of computer-generated communications, this rule has been loosened quite a bit. While it is no longer necessary to limit yourself to classic pica or elite typewriter faces for letters, it is still best to stick with simple, serif faces in most cases—especially when your target customer is older. With any given typeface, you have a number of options. Most faces feature a regular type, a bold (darker and thicker) version, and a light version. There are also condensed, extended, and italic versions of most faces. In addition, you may opt to use all capital letters in certain headings or subheads, although this inhibits readability to some extent.

Type Sizes

Type sizes are expressed in "points" for height and "picas" for width. There are 72 points to an inch of height, and 6 picas to an inch of width. Another measure of height—most frequently used by newspapers—is the "agate line." There are 14 agate lines to an inch.

Generally, it is considered difficult to read any type smaller than 8 points, although in a publica-

tion that uses small type for its body copy, you might be able to succeed with 6- or 7- point type. The type sizes for promotional body copy range from 6 points to about 14 points, depending on the overall size of the piece and the impression you wish to make. Headings and subheads generally range from about 12-point up to 48-point or even 72-point type. When your target market focuses on children or senior citizens, it is wise to use larger type for body copy.

Another aspect of type size that enhances readability for prospects of all ages is leading, the amount of white space between lines of type. The larger the type, the more leading is necessary for good appearance and readability. When one point of leading is added, an 8- or 9-point type format would be expressed as "8 on 9" or "9 on 10," where the second number refers to the addition of the leading. If type is set "solid," with no leading, this is expressed as "8 on 8" or "9 on 9." Several points of leading might be added to 14-point copy for optimum readability.

It is important to note that not all 8-point type takes up the same amount of space. For instance, an 8-point typeface called Souvenir Demi Bold gets 2.68 characters to the pica, while 8-point Helvetica Condensed Bold gets 3.74 characters to the pica. This fact impacts both copywriters and graphic designers. To create the right amount of copy, writers need to know more than just that their work will be set in 8-point type. It is sometimes more helpful to ask the graphic designer to figure out how many characters will fit in a block of body copy. Graphic designers may want to experiment with various typefaces and sizes (including condensed, extended, etc.) to determine which is most readable and effective for the space available.

From Keyboarded Copy to Final Type Style

Before computer software dominated print production, copywriters simply typed their copy according to an agreed-upon format, and turned over their hard copies or text-only disks to the graphic designer or typesetter. At this point, however, most copywriters have become more involved in preparation for production. Writers frequently are asked to use specific word processing programs and versions that make for easy transfer to desktop publishing systems like Adobe InDesign.

Today with the proliferation of InDesign as a design and production software tool, copywriters and graphic designers usually complete the typesetting job themselves with a minimum of cooperative effort. InDesign, and even most word processing software packages, allow creative people to try out new typefaces, sizes, italics, bold, and other modifications with a few keystrokes or mouse clicks. InDesign allows for instant modifications of leading (space between lines) and kerning (space between letters). This means that a copywriter and graphic designer can work together—either in front of the same computer screen or on a cooperative system—to touch up areas where there is too much or too little copy, to lengthen or shorten headlines, add subheads, and make other small changes that used to take days or even weeks to accomplish.

A word to the wise for both copywriters and graphic designers from Pat Klarecki, Professor of Graphic Media Management at Ferris State University: "To save time, money and aggravation, talk about what software each of you has available and finds preferable before any work is done. For example, finished copy created in Microsoft Publisher will not flow into a professional advertising or printing workflow and will need to be entirely recreated with software that is compatible."

Photography and Illustrations

Studies show that in general, photography gets more positive attention from prospects than illustrations. If you can afford it, and if photography fits into your selling message, it is a good idea to add

Exhibit 19.1. Typefaces and Sizes

SERIF TYPE:
abcdefghijklmnopqrstuvwxyz

SANS SERIF TYPE:
abcdefghijklmnopqrstuvwxyz

1 POINT LEADING:
Language is a systematic means of communicating ideas or feelings by the use of conventionalized signs, sounds, gestures, or marks having understood meanings.

2 POINTS LEADING:
Language is a systematic means of communicating ideas or feelings by the use of conventionalized signs, sounds, gestures, or marks having understood meanings.

6 POINT:
abcdefghijklmnopqrstuvwxyz

9 POINT:
abcdefghijklmnopqrstuvwxyz

12 POINT:
abcdefghijklmnopqrstuvwxyz

20 POINT:
abcdefghijklmnopqrstuvwxyz

30 POINT:
abcdefghijklmnopqrs

48 POINT:
abcdefghijklm

72 POINT:
abcdefgh

one or more photographs to your layout plan. Generally these photos will feature the product itself or the product in use, but they may also help create an image or identify the target market.

To find a suitable photographer, ask for referrals from business associates or trade organizations. Be sure to make it clear that you are looking for an experienced product photographer, not a portraitist who specializes in family or individual "people shots." Check the work of the photographers you are referred to, and interview them to see what experience they have that qualifies them to work with your product line. Make sure the photographer has a feel for your merchandise, what you are trying to achieve, and the media in which you intend to sell. As Pat Klarecki notes, "Photos to be used on the Internet most often cannot be used in print, however, photos used for print can be used on the Internet."

In addition to a photographer, you may need to hire a photo stylist. Certain stylists specialize in working with food, clothing, or other product lines. Their expertise can be well worth the cost to ensure that hard-to-photograph products are portrayed to best advantage.

Set-ups for Photography

Experts agree that lighting is the single most important factor in successful product photography. Good lighting impacts your product's appearance in regard to color, tone, dimension, and detail, so be sure that yours is a photographer who takes proper care in this area. Backgrounds for product shots should not be chosen primarily for their artistic quality or uniqueness, but rather for the way they complement the product. In general, a background color that contrasts with the product will enhance it best. Simple, plain-colored backgrounds often are the most effective since they do not compete for attention with the product itself.

Props can be important in that they help set the tone, give lifestyle cues to prospects, and provide size relationships to the product. If a human hand is shown holding the product, for example, its relative size is easy to determine at a glance. If you need unusual props, consider working with a prop rental house. Such firms are available in most major cities.

Don't reject the concept of a product-in-use shot if you happen to be marketing an intangible service. Your in-use shot for Medicare supplement insurance policy, for example, could show a senior citizen receiving a benefit check in the mail while recuperating from illness in the hospital. Another alternative is to show the results of using the service—e.g., an expanse of beautiful, weed-free grass to promote a lawn care system.

If you choose to do photography on location, you may wish to utilize the services of a freelance location finder to line up proper interiors or exteriors for your application. Depending on the setting you require, you may be able to make a deal with a furniture store, hotel, or private homeowner for the use of their property and furnishings. The going rate for use of in-home spaces for photography is $250 per day and up in small towns; it could be more or much more in large or famous places. Use of well-known public spaces like big-city libraries and museums can be extremely expensive, so check on the cost before committing to the photography concept.

It is always a good idea to take some preliminary digital photos of any photography set-up before starting the actual photo shoot. The camera "sees" things you may have missed—and even a quick shot like this can tell you if you and the photographer are on the right track with lighting, props, and positioning.

Digital Photography

Digital photography (recording images in pixels) is now considered comparable—and in most cases superior—in quality to traditional photography. Thus most all direct marketers have embraced this

technology because of its speed and the ability to transfer images directly into the artwork for a computer-produced catalog or brochure. In addition, color correction, management, and retouching can be done right on the desktop, as opposed to the traditional time-consuming and expensive retouching methods. As the technology for digital photography continues to improve, it is used more and more in the creation of promotional pieces.

What's more, as Pat Klarecki points out, variable data imaging allows for a different image to be placed with its own personalized message in each individual printed piece. "If that is the intent," he notes, "thought should be given during the photo shoot to ensure that the various photos used will all work well with the overall creative and message."

Evaluating Photography

When photography is presented to you, make sure that the shots will work effectively in the size they will appear in your printed piece. An 8″ × 10″ print, for example, comes across very differently than a two-column product shot in an ad. If cropping is necessary, check it carefully to make sure the composition of the photo is not destroyed.

Check all product shots at every stage for fidelity to your product. Remember that this photograph will provide your customer's entire perception of your product, and that if it's Kelly green in the picture, buyers will expect it to be that exact Kelly green shade when it is delivered. Pat Klarecki adds, "If the product you are selling is very color sensitive, consider working with designers, photographers, and printers who work in a 'Color Managed' workflow. Technological advances have been made that allow for nearly exact matches of color from original, to proof, to computer monitor, to finished printed product. Ask your service providers which certified standards they are following (there are several) because all providers need to share information for the same standard in order for the system to work."

Sources of Free or Inexpensive Photos

If the cost of professional, custom photography is beyond your budget, consider sources of free or inexpensive photography that has already been done. If your firm is not the manufacturer of the product you are selling, check with the manufacturers to see if they can supply product or product-in-use shots. The Reference Center of the U.S. government provides a wide variety of good, general mood-setting shots free of charge. Visit *www.usa.gov* to access this material. Try trade organizations, chambers of commerce, and other sources of free photos that may suit your needs. Keep in mind that according to Pat Klarecki, it is illegal to copy and paste a photo from the Internet and use it in a for-profit context unless you have permission from its owner.

Marc Ziner of Marc Ziner Creative Services cautions that in some instances, stock photos can be even more expensive to use than original photography. Getty Images, Fotosearch and iStock are some of the current players for stock art available online.

David Fideler, Principal of Concord Communications and Design notes, "There are now a lot of services where you can get high quality images for $20, and the high-end providers (charge) in the hundreds of dollars range. While some CD-ROM collections may still be available, the trend is to just buy individual images onlines."

When to Use Illustrations

If photography does not suit your purpose, you may wish to commission the creation of line drawings or illustrations to enhance your layout. Most graphic designers should be acquainted with artists

who create various types of illustrations. Some firms that use illustrations often may even keep one or more illustrators on staff, or have such individuals under contract.

In addition, you may want to subscribe to a stock illustration service—a firm that supplies you with a steady stream of non-copyrighted artwork that you can use to illustrate your brochures and ads as required. As in the case of stock photography, stock illustrations can save a good deal of time and effort—assuming you avoid choosing illustrations that appear too generic or dated. Adobe Illustrator is the most commonly used software program for computer-generated illustrations.

Preparing Art for the Printer

Prior to the InDesign revolution, keylines—also known as mechanicals, boards, or camera-ready art—were the final step of preparation for offset printing. Paste-up was the multi-step process of affixing art and type on a keyline prior to platemaking and printing.

According to Pat Klarecki, Adobe's Creative Suite (often referred to as CS5 or CS6—the number representing the version) contains a collection of programs including InDesign, PhotoShop, Illustrator, and Acrobat. These are designed to work together for ad creation. While these programs are near-miracles of efficiency and effectiveness for the graphic design profession, their mastery requires considerable time and effort. One expert reported that developing a full command of the Adobe Creative Suite may require up to 1,000 hours of effort. As with most computer software programs, an individual can learn the basics in a matter of hours. However, "the basics" are not enough to create sophisticated catalogs, brochures, and the like and produce them in a form that can be printed attractively.

With the widespread adoption of Adobe Acrobat, PDFs (Portable Document Format files) have become the standard for electronic mechanicals. When graphic artists use Acrobat to save the artwork, it doesn't matter what software program was used to create the work, nor if it was created on a PC rather than a Mac. PDF saves all the text, illustrations, and photos in a universal language, and the actual fonts chosen by the designer are embedded into the file. Using just Acrobat Reader software (easily downloaded and provided at no cost from Adobe), the client can preview the piece on his own monitor regardless of what software or hardware he has.

Mike Bloom, President of Production Plus, adds, "Electronic proofing streamlines production by using the Web and PDF to help reviewers in various locations, with different schedules, communicate and resolve their differences quickly. Individuals can mark up the same document or discuss issues in real time, capturing the discussion in an annotation. Though reviewers have the experience of marking up the document, the annotations are stored separately, resulting in an audit trail that keeps everyone in the loop." Bloom notes that while PDFs have not yet made traditional proofing and press checks obsolete—especially for ensuring exact color fidelity—"Companies that leverage this technology to streamline production will gain a competitive advantage by providing a faster, more accurate method to get from draft to approval."

Pat Klarecki cautions, "There are several ways to save a computer file as a PDF. As a rule of thumb, the more complicated the ad is with colors, photos and illustration the more difficult it is to save a 'Perfect' PDF. Failure to provide a printer with a good PDF file will cause delays and additional costs. It is best to ask your printer for file format specifications when the ad is something more than a simple black and white ad."

Check Carefully for Errors Before and During the Printing Process

Exceptional care should be taken in proofreading when a PDF of the final piece is presented for approval. Changes after the piece is handed over to the printer can be costly. Compare it to the comprehensive layout and original copy to ensure that it is accurate, line by line and word for word. Use a ruler to check each dimension of the piece. Compare the position of the panels to the comprehensive layout, remembering that a PDF may necessarily show certain panels upside down or out of sequence because of the way they will appear when printed and folded. Using a print-out to mock-up the actual piece will allow you to proof it more realistically.

Once you've determined that the copy fits and looks attractive in the layout, the next step is to check the proof for technical aspects such as proper spelling and "breaks" from line to line. Here are some of the details to check when proofing copy and art. First, avoid having type extend over illustrations: it inhibits readability. It is also important to consider the readability of body copy. Make sure that any columns of type are narrow enough for easy reading: some experts say that columns should be no more than about 40 characters in width—similar to newspaper columns. Also check to see if any paragraphs are too long and need to be broken up. Last but most important of all, proofread to ensure that the typeset version matches the approved copy, word for word. Whenever possible, have another trained individual proofread the copy as it appears in the layout, checking for spelling, grammar, and the overall sense and readability of the piece. The copywriter and graphic designer are so close to the job that they can sometimes overlook obvious mistakes. Pat Klarecki adds, "When working with PDF files or other computer files, errors in the computer code will occasionally occur. This can cause unwanted changes to the finished text or art."

If the piece is to include elements of personalization, make sure that the correct space has been indicated to accommodate the personalized fill-ins. Check that the label area—or area for computerized addressing—is sized correctly and positioned to correspond with any windows it must show through. Also ensure that any perforations, die cuts, or other special processes are indicated. Take time to check for all necessary key codes, stock numbers, and other identifying marks, and make sure that they are correct. Look carefully at the order form. Recompute amounts, shipping charges, and tax to make sure the figures are correct. Photocopy or print out the order form and fill it out as if you were the customer, making sure that each step is understandable and simple to complete.

Pat Klarecki suggests, "Ask your printer for a sample of the paper your promotion will be printed on and test it with several different types of pens and pencils to make sure it will receive your customers' information well."

Digital Workflow Replaces Traditional Separations

With the evolution to the "digital original," there has also been a revolution in every step of the production process. The ability to transfer artwork directly from computer to plate (CTP), has eliminated the need for traditional color separations. The process of outputting film for each color, stripping negatives, and burning plates has been consolidated into automated platemaking. For each color, computer-to-plate systems produce plates that are punched, perfectly registered to each other, and ready to be mounted on the press. The same Raster Image Processor (RIP) that outputs plates can also send those digital files to a printer that renders the proof, on Ink Jet Paper, for example. Thus clients are more commonly approving high-resolution digital proofs or computer monitor proofs rather than old-fashioned Match Prints or Chromalins.

According to Pat Klarecki, "An additional benefit of a digital workflow is the clarity and consistency of the printed image throughout the entire process. Now that the entire pre-press (and in some cases press) production process is digitized, scientists have been able to define color in absolute

numeric values. This allows computer files to be adjusted so that colors will be viewed as identical, regardless of the paper, press, printer, or monitor on which they are being reproduced. Some colors are more universally transferable to various media than others, so it is good to work with a designer and printer who fully understand a color-managed digital workflow." Yet another benefit of computer-to-plate technology is the greater clarity of the printed image. Under the old process of burning plates from negatives, there would often be dot gain in screens and fattening of serifs. Now that the printed piece is one generation closer to the digital original, typefaces are crisper and screens are more accurately reproduced. It's required some relearning for artwork preparation. Knowing screens would typically print with greater density on press, graphic artists compensated in advance by using finer screens to achieve the end result they wanted. Now that fine lines are being reproduced with greater fidelity, even typefaces with thin serifs can be used with confidence.

Evaluating and Enhancing Color

There are several things that can be done to ensure the best possible final product with your color production. First, good and sharp photography is essential. Color fidelity in photography is the first key to color fidelity in printing. Second, make sure your color images are clean and without glitches. Third, make sure your graphic designer and printer know what you are expecting in terms of color fidelity. Some customers will settle for "pleasing color" in order to save money, while others insist on absolute color fidelity at any cost. These decisions about color quality have to do with the nature of the product, its price point, and company image, among other factors. It takes a trained eye to critique and correct color before and during the printing process, but even the novice can learn to tell good color from poor color. Basic questions to ask include:

- Are the flesh tones natural?
- Is the grass green?
- Are the red roses red and the violets purple?
- Is the detail of dark-toned objects discernible, or do they disappear into mud?
- Do the whites appear white without too much yellow, pink, or blue?
- Are the details crisp?

Unless you have been trained to order specific, technical corrections on color, it is safer to comment on what appears incorrect than to instruct the experts on how to fix it. In other words, you might point out that the skin tones appear too red or yellow—then let the technicians make adjustments until the desired result is achieved.

David Fideler adds these comments: "It's possible to proof pieces on the computer screen as PDFs, but computer monitors vary wildly in terms of how they portray color—so you can only do this accurately on high-end, calibrated monitors. Really, the only acceptable kind of proof is a printout created on a SWOP-certified system (Specifications for Web Offset Printing). The best kind of proof is a SWOP-verified proof. With a SWOP-verified proof, you can be assured that everyone is seeing the same color and that it will be matched (or can be matched) when printed. Also, PMS colors may not display accurately on monitors or printed proofs; even though they can often be accurately matched, sometimes they are off wildly."

Space Ad Preparation

Since publications have varied requirements for ad production, it is wise to communicate with their advertising representatives to make sure that your ads are sized and prepared correctly. SRDS's newspaper and consumer magazine publications list considerable information on periodicals' column widths, number of columns, page dimensions, trim size, binding method, printing process, and color availability. Line drawings may be supplied as part of your camera-ready art, but photographs and drawings with shades and tones must be photographed through a screen to achieve a dot pattern. This process is known as screening. There are various types of screens, so check with each publication's advertising representative for details.

Stock Photography and Color Proofing

by David Fideler, Concord Communications and Design (*http://www.concordcd.com*)

BUYING STOCK PHOTOGRAPHY

Stock photography, or professional imagery for use in publications and marketing pieces, has been around for decades. But before the emergence of the Internet, stock photography was usually sold via printed catalogs or theme-based CDs. Both options were generally quite expensive.

Today, however, almost all stock photography is sold or licensed online through stock photography Web sites. And while expensive, high-end vendors still offer outstanding images, many alternatives exist for designers and marketers working on smaller budgets. High-quality stock photography for use in print publications or Web sites may now be easily licensed over the Web at rates ranging anywhere from $10 per image up to thousands of dollars per image.

Stock photography licensing is either *royalty-free* (RF) or *rights-managed* (RM). Royalty-free licensing is the most flexible; it allows you to use an image at any time for multiple purposes. Rights-managed licensing carries one or more kinds of limitation, including limitations on the kind of usage, the duration of usage, the size of the print run, the image size, and whether or not the usage is exclusive or nonexclusive.

One of the largest stock photography agencies is Getty Images (www.gettyimages.com). Premium stock photos from this agency typically cost several hundred dollars to license, depending on the image size and intended usage. At the other end of the spectrum are microstock agencies, like iStock-photo (*www.istockphoto.com*), where high-quality images, often taken by nonprofessional photographers, sell for under $20. Other stock photography agencies like Shutterstock (*www.shutterstock.com*) offer monthly or yearly subscription plans, or special fee packages for buying a selected number of images. Specialized vendors also exist, like Art Resource (*www.artres.com*), which licenses fine art images from museums around the world.

While stock photography agencies offer millions of images and provide an excellent resource for most uses, one thing to keep in mind is the danger of using stock photography for critical branding projects. If photography is going to be used to establish a significant company or product brand image, it is important to remember that most stock photography

is licensed on a nonexclusive basis. Since anyone else in the world could use the same image, it could undermine the uniqueness of the brand. In such a case, it is usually best to hire a professional photographer or to commission original, unique artwork.

Typically, more expensive vendors offer higher-quality images, but that is not always the case; many images available from iStockphoto, for example, are outstanding. And no matter what vendor you use, finding just the right image often involves significant re- search.

COLOR PROOFING—WHAT YOU SEE ISN'T ALWAYS WHAT YOU GET

One of the tricky things about print production is that different computer monitors vary widely in the way they display color. It is important to keep in mind that individuals reviewing artwork or PDFs normally will not see exactly the same colors or color saturations as other reviewers, and sometimes there will be profound differences.

Some high-end monitors like the Apple Cinema Display are extraordinarily accurate and designed for fidelity in print production, and "virtual proofing" solutions do exist. But the best way to be certain you are seeing the exact colors that will be printed is to re- view an accurate, hard copy color proof. One reason for this is that computer monitors and printing presses use two different models for generating colors, RGB (red, green, and blue) and CMYK (cyan, magenta, yellow, and black), respectively.

While various proofing models and systems exist for color printing, by far the most widespread is SWOP, the Specifications for Web Offset Publications, which is also the default working space in Adobe graphic design programs. Most agencies and design firms will have a SWOP-certified system available in-house to create accurate CMYK proofs, but many freelance designers do not. Accurate SWOP proofs can be supplied by your printer or ordered over the Internet. The most reliable kind of proof available is a SWOP-verified proof: it is not only created on a SWOP-certified system but the color bar is also then measured and verified for accuracy after the proof is created.

Special care must always be taken with Pantone Matching System (PMS) colors, which use an ink mixing system and are not CMYK colors. Not all PMS colors can be reproduced accurately on a computer monitor or a printed proof—and in some cases, PMS colors may appear wildly off in relation to how they will look when printed. The only way to gauge a PMS color with 100 percent accuracy is to use a printed swatch book as a reference.

Enhance Your Understanding: Field Trips and Classes

Even if print production is not part of your daily job, you will be wise to observe firsthand the many steps required to prepare and print envelopes, letters, brochures, and other promotional pieces. Ask a graphic designer for a tour of his/her studio and a hands-on explanation of how technology has changed the job in recent years. Take a class in Adobe InDesign, not necessarily aimed at becoming an expert, but rather at understanding the power of this software tool for graphic designers. Take advantage of field trips offered by trade associations—or organize your own. Visit printers of various sizes and sophistication levels and observe a graphic designer adjusting color and reproduction during a press check. Watch printed pieces being cut, folded, assembled, and addressed. These experiences will serve you well when you are charged with the development of printed pieces that can be produced in a cost-effective manner.

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Printing and Personalization

The previous chapter outlined the steps marketers must take in order to prepare their artwork for printing. This chapter continues the step-by-step production process, covering information about printing methods and options, paper selection, press start-ups, and personalization.

Printing Methods and Options

Production personnel facing any printing challenge must consider three interdependent factors: time, quality, and cost efficiency. When told that a client wants printing done "fast, top-quality, and cheap," most print salespeople will chuckle and say, "Pick any two—you can't have all three." When sufficient time is allowed for completion of a printing job, cost efficiency and quality generally can be improved. Fast work at top quality will generally carry premium pricing, while fast work that is inexpensive will usually limit the level of quality. There are many other variables that affect quality, including choice of printing method, pre-press preparations, and paper selection. Cost-efficiency is also a function of the suitability of the printing equipment chosen for a given project. This section provides information that will allow creative marketers to optimize the time/quality/cost factors in each printing job.

Selecting a Method of Printing

Marketers should be familiar with four methods of printing, each of which may be used for some applications: offset lithography, digital printing, letterpress, and rotogravure.

Offset Lithography. Offset lithography remains the most widely used method of printing around the world. This is largely because the interfaces between the pre-press portion of the process and the press portion have become seamless due to the use of software like Adobe InDesign. Offset lithography works on the theory that oil (ink) and water do not mix. An offset printing plate is designed to hold water like a sponge except where the image is. The image repels water but holds ink. As the press runs, the ink is transferred to a rubber blanket and then to the paper. Offset printing yields an exceptionally high quality product for medium to large quantities of print. There are two main types of offset printing presses: sheet-fed and web. The sheet-fed press prints on individual sheets of paper, one by one. It is slower than web printing, but can allow for better quality printing and color fidelity. However, sheet-fed printing is not cost-effective in higher quantity ranges (50,000 and up, generally), and you should therefore look into web printing if your quantities are this large. The web press is fed its paper from a continuous roll. There are small web presses meant for one- and two-color work (such as letters) and large presses that are as long as a railroad car. Generally, a printer prices the

work done on these presses by the hours of press time used, so be sure to check what kind of press the printer's quote is based on.

Digital Printing. Digital printing is produced by simply transferring the information on a computer file to paper. According to Pat Klarecki, use of digital or direct imaging has exploded in recent years, making it the fastest-growing segment of the printing industry. As he explains:

> Pre-press workflow has become automated by PDFs and computer-to-plate digital applications, and that automation is increasingly extending into the actual printing process. Rapid technical advances in how images are produced as well as new press designs have fueled this expansion.

Klarecki notes that digital output devices can be either printers or presses. He continues:

> The 'printer' category covers the ubiquitous office copiers, faxes, inkjet and laser printers, and digital duplicators that can image on a variety of media. High-quality digital proofs used to adjust and approve color for other printing processes typically are being created with inkjet printers.
>
> Digital presses are toner based, ink jet based, or lithographic based. Advances in these three technologies yield a quality of print that is indistinguishable to the untrained eye. At the time of this writing, inkjet and lithographic digital printing will hold color more consistently from print to print than toner-based technology. Most research and development is being directed towards ink jet to allow the presses to be bigger and faster like offset lithographic presses.
>
> One of the advantages of digital printing is the ability to personalize or create numerous custom versions. There is virtually no set-up time to change a version on a digital press unlike with lithography or gravure.
>
> A disadvantage of digital printing is that it is still a relatively slow process compared to gravure and lithography. If you need more than 1,000 pieces of the exact same image, offset lithography may be a better option.

Letterpress. Although new letterpress machines are no longer being made, some publishers and printers still keep them in use because this method provides a very sharp and clear image. Although high quality is achieved, letterpress is relatively costly and time-consuming. It involves the mechanical separation of image from non-image. The print area is raised above the non-print area so that ink rollers only touch the portion that becomes the printed image.

Rotogravure or Gravure. Although experts agree that rotogravure or gravure provides a superior printed product, it is cost-effective only in very large quantities, usually several million at a minimum. Rotogravure allows for sharp detail and printing even on very light and inexpensive newsprint paper stock. It also involves the mechanical separation of image from non-image, but the process is different from letterpress. In this case, the image is sunken by etching into a copper cylinder or plate. Rotogravure/gravure is most commonly used in direct marketing by major catalog firms.

Exhibit 20.1. Kit Definition Sheet

Project_____

Version/List	Quantity	Final Art or Mail Date	Components	Notes
		Size: Stock: Colors: Other: Quantity:		
		Size: Stock: Colors: Other: Quantity:		
		Size: Stock: Colors: Other: Quantity:		

What the Printer Needs to Know

To obtain an accurate quote from a printer, it is wise to supply as much detailed information as possible.

Pat Klarecki advises, "Be open to receiving questions and suggestions from your print sales professional. These are not meant to confuse you, but rather are meant to help you achieve the best results for your promotion. Remember, printers have years of experiences that if applied to your promotional needs could be very beneficial to you."

Make sure that each bidder gets the same information, so that you are comparing apples to apples when all quotes are in. This list of specifications will provide an outline for the type of information your printer will require. It is wise to develop your own quote sheet that you can use to fill out this information whenever you need to get quotes. This worksheet then can become the basis for a comprehensive purchase order once you award the job. Jerry Kaup of the e-mail ad agency suggests the format shown in Exhibit 20.1 as a simple guide for obtaining quotes on direct mail packages, also known as direct mail kits.

Print Quote Specifications

- *Quantity*—Total quantity, plus breakdowns for any versions within the main quantity for price tests, different dates, and so on. Also indicate how many over-run copies you will accept and pay for. This may range from 3 to 10 percent depending on your policy and what you can negotiate with the printer.
- *Size*—Indicate both flat size and final folded size as well as the number and type of folds necessary. Create a diagram if folds are unusual or easy to misinterpret.
- *Paper stock*—Weight, finish, color, brand name if known. If you cannot describe the paper by its specifications, attach a sample. If you plan to supply your own paper, indicate this and attach a sample.
- *Colors*—Number of colors per side (expressed as 4 over 4 for four colors on both sides of a single sheet; 4 over 2 for a four-color front and two-color back; 2 over 2, 1 over 1, etc.). Also indicate how artwork will be supplied.
- *Specified colors*—Indicate Pantone Matching System (PMS) color(s), if known.
- *Halftones*—If any halftones are to be used, indicate how many and what size they will be.
- *Bleed or non-bleed*—Or mixed bleed and non-bleed, if applicable.
- *Proofs*—Type of proof you require, and/or on-site press approval.
- *Finishing*—Type of binding, die cuts, perforations, glues, varnish, or embossing, if applicable. You will also want to discuss with the printer whether these operations will be conducted online or done separately once printing is complete.
- *Packing*—How to pack and label printed material.
- *Delivery*—Where to deliver materials, when they should arrive, and to what person's attention.

Paper Selection

While most direct marketers do not purchase their own paper for printing, this can be the most cost-effective way to proceed in several instances: when you plan to use an unusual paper stock, when you use the same paper stock again and again, or when you print an extremely large volume of material. Recurring paper shortages and dramatic paper price increases in recent years may also offer a rationale for purchasing your own paper in quantity.

Even if you plan to have your printer purchase paper for you, it is important to become involved in the process of paper evaluation and selection. Because paper accounts for 30 to 50 percent of total production costs, and an average of 50 percent of printing costs, an effective selection can positively impact your budget and enhance the appearance of your printed piece.

Before selecting paper, consider the purpose of each piece you are printing, as well as the market segment it will reach. If you are creating a throw-away flyer, an inexpensive stock will probably suit your purposes. But if you are developing a reference catalog for expensive products, you may well want to invest in a heavy, coated stock with exceptional whiteness, brightness, and opacity. When developing an entire direct mail package, be sure to coordinate your paper choices. Just as colors should be coordinated, so should paper textures, weights, and types.

Paper Attributes to Consider

The following attributes of paper will impact your decision-making process.

Weight—Paper weights are expressed in pounds, with each figure indicating the weight of a 500-sheet ream of paper. There are two sets of designations, one for "bond" stock and one for "book" stock. The standard bond paper stock is 17″ × 22″and the standard book paper stock is 25″ × 38″. Thus, a 20-pound bond paper is one in which 500 sheets of 17″ × 22″paper weigh 20 pounds (common bond papers are 16, 20, and 24 pounds). A 50-pound book paper is one in which 500 sheets of 25″ x 38″ paper weigh 50 pounds (common book papers range from 30 to 120 pounds, with those in the 50- to 100-pound range the most widely used).

Strength—The web-offset process requires especially strong paper that will not burst, tear, or break under stress. Another measure is surface strength, which evaluates whether bits of the paper are likely to shed onto the printing blanket, resulting in hickeys (blemishes) on other printed pieces.

Smoothness—In general, the smoother the paper, the better its printability. Smooth sheets allow for flatness under printing pressure, which results in better dot formation and greater fidelity to the original image.

Brightness—The brighter the paper, the more expensive it will be. Brightness is a measure of how much light the paper reflects in combination with the transparent inks printed upon it.

Gloss—Another function of light reflection. The higher the gloss, the more costly the paper.

Opacity—The more opaque the paper, the more costly it will be. Opacity is measured on a scale of 1 to 100, with 100 being completely opaque. Opacity is important because "show through" from the other side of a printed piece is distracting to the selling message, and detracts from a quality image.

Bulk—This measure of thickness is established by measuring how high a pile of a given paper stock is. High-bulk stock may increase opacity without adding weight. It is often used for business reply cards that must be sturdy enough to meet U.S. Postal Service standards.

Whiteness—Some papers tend toward pink, blue or gray, while others approach pure whiteness. A very white stock enhances color reproduction and fidelity.

Grain—This is a function of the alignment of paper fibers in a paper stock. Paper should be folded with the grain for best results.

Finish—Stocks may be coated with clay and rolled to a matte, dull, gloss, or ultragloss finish. Coated papers are good for color reproduction and fidelity, but extremely glossy papers may be difficult to read under fluorescent lights. Uncoated stocks are called vellum, antique, wove, and smooth. Their finishes are determined by the way in which they are run through the finishing rollers.

Press Start-Ups

For simple one- and two-color jobs, you may choose not to attend the press start-up, relying instead on proofs from the printer. Such proofs allow you to check one more time for typographical errors, to see that all halftones and art are in the right places, and that there are no specks or broken type to compromise the final print job. The importance, complexity, and quality of the job you are printing will impact your decision on whether to attend the press start-up in person. When color fidelity is essential, your presence at the printing plant may help ensure the quality standards you require. However, some clients put so much trust in their printing sales representatives that they allow these individuals to give press approval for millions of color brochures.

   If you or your representative decides to attend the press start-up, be aware that these events sel-

dom take place during "bankers' hours." Most color presses run 24 hours a day, and when it is time for a new job to go on press, that is when the press approval must take place. You will need to be on call for a possible middle-of-the-night summons to the printing plant to see your important, full color job go on press.

At the press start-up, the pressman will begin to run your job and bring you samples to check against your approved artwork and press proofs for fidelity. You will also want to make sure the printing is in register. Use a jeweler's magnifying glass to see if the dot pattern is crisply in line, or "hanging" over the edge. Take time to make a folding dummy from one of the proofs—it's better to catch an error in panel configuration now than after all 5 million pieces have been run. Also, production expert Jerry Kaup suggests that you do a final check on quantity, versions, perforations, glue applications, and other add-ons. As he says, "I have seen problems in each of these areas that would have gone unnoticed until too late if they were not looked for at the start-up." Once the color is approved and any other needed adjustments are made, make sure that the material that has been run up to that point is destroyed—not salvaged after you leave as part of the press run.

Personalization

The first computer letters were produced in 1952, but it has only been in the past few decades that methods of personalization have been widely used by direct marketers. Years ago, very few firms could take advantage of computer letters because of limitations of the technology and—just as important—because so few computerized lists were available on magnetic tape or disk. During the 1960s and 1970s, impact printing was introduced, followed swiftly by inkjet and laser processes.

With the range of options now available for personalization and even individualized variable data printing, most mailers can find a way to communicate more personally with their customers. The following personalization methods are presented in order from the simplest to the most sophisticated, costly, and complex.

Labels—Generated from a magnetic tape or a disk containing names of customer or prospects, labels are prepared so that they can be affixed one by one to an order form, outer envelope, or catalog. Labels commonly bear a key code in addition to the recipient's name and address. Pressure-sensitive labels allow the buyer to transfer the label from the addressing device to the reply device, thus assuring that the direct marketing company knows the original source of the name.

Word Processing—Today any personal computer can be outfitted with software that allows for the creation of personalized letters. When used in tandem with a letter-quality or near letter-quality printer, such personalized letters—prepared just as an individual letter would be—give the recipient the impression of a one-to-one message. The applications of word processing are usually limited to smaller lists for two main reasons. First, word processing is a comparatively time-consuming process. Second, while word processing and printing goes on, the personal computer and/or printer are tied up, thereby limiting other business functions.

Impact Printing—Similar to a word processor, impact printing combines the look of an individually typewritten letter with the opportunity to do fill-ins of names, addresses, and other information relevant to the recipient. Impact printing usually is done by an outside service, and is considered best for short runs with limited personalization. There is no type variation possible with impact printing.

Inkjet Printing—This computerized process for personalization improves on flexibility, but is also more costly to set up than impact printing. In this method, ink is sprayed onto a bar with a series of

holes determined by a magnetic tape or disk. Inkjet printing is used mainly for mailing-address labels and letters. It is well adapted for long runs and extensive personalization, and can accommodate varied typefaces.

Laser Printing—Laser printing is more versatile and considerably faster than the personalization methods that came before it. It allows for personalization in various parts of a direct mail package—order forms, letters, brochures, and action devices all may be personalized using laser printing. This electromagnetic process allows a computer to cue charged particles as to where they should adhere, thereby producing the printed message. Laser printing allows for considerable typeface variety, including capabilities for a typeface that looks handwritten.

Who Will Do Your Personalization?

Some firms that do extensive personalization may have their own dedicated impact, inkjet, or laser printing capabilities if they use them continually—on customer service or continuity communications, for example. Today's sophisticated copiers and printers may allow for effective in-house personalization as well. Many companies, however, will seek an outside source for completion of their personalization work, be it a computer service bureau, printer, or full-service lettershop.

To select the best vendor for your job, first decide which method of personalization you prefer. Then, in dealing with prospective vendors, compare not only their prices—but also their time frames for completion of the work. A careful look at the vendor's equipment list will also help you perform a "reality check" on the firm's capabilities for quick-turnaround projects.

Variable Data Printing

Considering today's technology, the individually addressed letter and response vehicles described above are just rudimentary examples of personalization. Personalization has taken on a whole new dimension, made possible by the application of digital technology. Variable Data Printing makes it possible to incorporate relevant personal information in the printed piece. Each piece is dynamically printed—in other words, the printer must regenerate the image for every page—so every page can be different. Insurance companies were among the first to use data on age to generate specific rate information for the individual recipient. Automobile manufacturers took the concept further in responding to customer inquiries; in addition to pricing the options requested by the car buyer, the vehicle itself is pictured with the customized features and color combinations quoted.

The ability to customize the products pictured as well as the text in a direct marketing piece opens possibilities limited only by the creative team's imagination. A remarkable retail application of variable data printing took bridal registry data and used it in a mailing to the bride and groom months after their wedding. The piece pictured items the couple had wanted and *didn't* receive. The concept also enabled testing multiple variables, such as format and featuring other merchandise. In one ingenious test arm that included other merchandise, the registry items were given a sale price and the whole piece was actually non-personalized to compare results when an offer was addressed to "Dear Resident!"

Integrated Campaigns Utilizing Variable Data Printing

In the business-to-business realm, variable data printing can be used to provide highly personal and customized integrated promotions to high-potential customers and prospects. Using solutions from Xerox and XMPie and the expertise of Roberts Communications, for example, a promotion for a

Exhibit 20.2. Toyota Postcards

These postcards were customized "on the fly" for Toyota prospects using variable data printing. They show the exact vehicle each prospect "built" online and offer incentives based on that prospect's demographics and lifestyle. They are promptly generated and mailed after a prospect's visit to the Toyota Web site.

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Exhibit 20.3. Snackinar Web Site
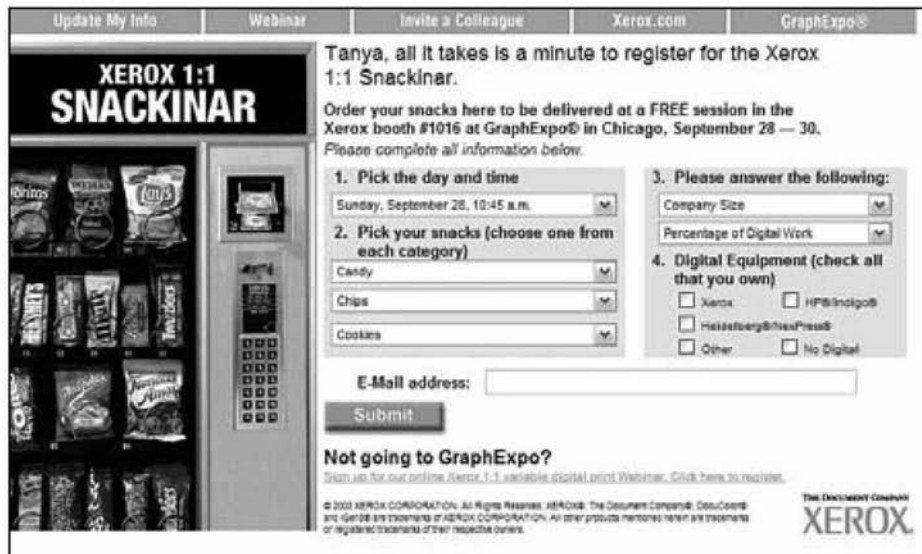
Prospects for the Xerox "Snackinar" are invited to visit their own unique URL where they are greeted with a personalized message and the opportunity to select their favorite snacks to receive at the event. While picking their choice of candy, chips, and cookies, they are also asked several database-building questions.

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Exhibit 20.4. Snackinar Flow Chart
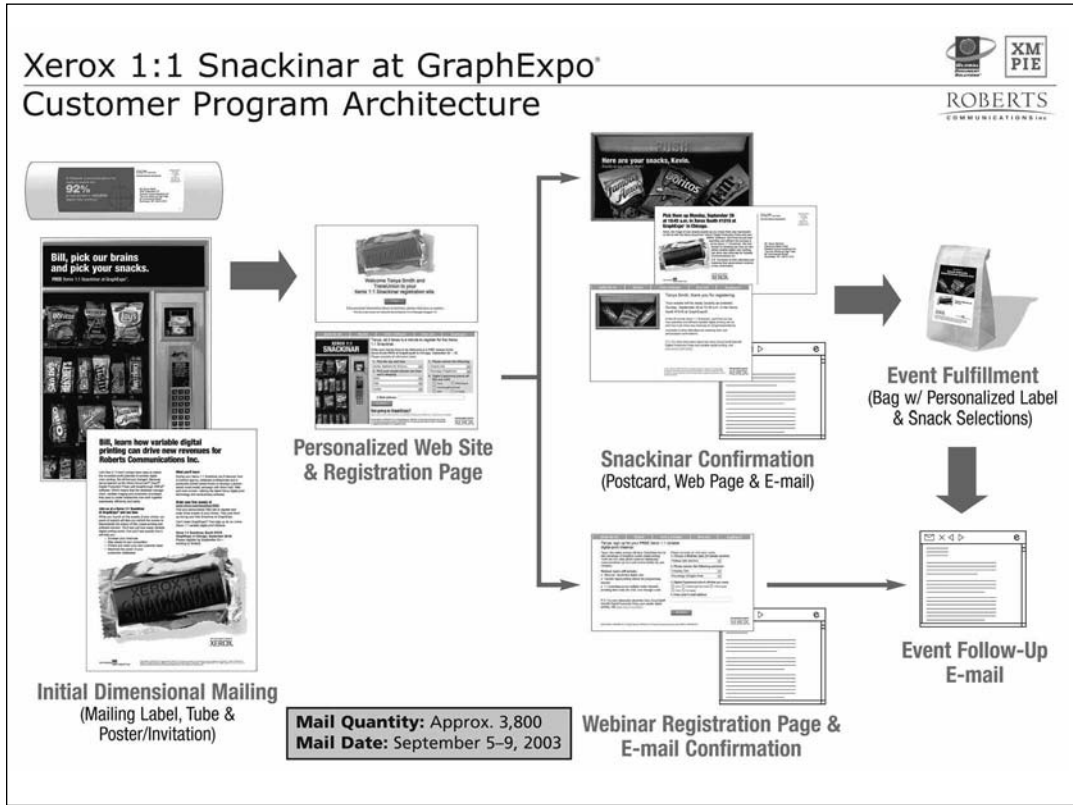
This flow chart shows how the integrated campaign for the Xerox Snackinar incorporated variable data printing techniques for direct mail, along with the Web, e-mail, and a face-to-face event.

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face-to-face seminar combined pinpoint customization with a whimsical twist. The campaign's components included the following:

1. Prospects for the seminar were mailed a personalized invitation that identified the event as a "Snackinar." The piece showed a vending machine offering various snacks. Recipients were asked to visit a specific URL to sign up for the seminar and indicate their choice of three snacks they would like to be given when they arrive at the seminar—one each from three sets of snacks.

2. Upon arrival at the URL, the prospect found that it was individually customized and greeted them by name. The first questions they were asked had to do with their three "snacks of choice" for the seminar. These fun questions then led the prospect into some database-building questions—a very clever way to prime the prospect into an "information-sharing mood."

Exhibit 20.5. Snackinar Ad

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3. Once the prospect had entered the "snacks of choice," the Web site immediately generated a visual of a vending machine with these three specific snacks peeking out of the serving tray at the bottom.

4. Using variable printing, a confirmation piece was created that carried that same image. The recipient received a second customized mailing with details about "Snackinar" time and place, as well as the visual of the snacks they would receive upon arrival.

Creators of the "Snackinar" report excellent response rates for this integrated campaign—making it an inspirational idea starter for marketers who want to maximize the strategic opportunities presented by variable data printing.

Enhance Your Understanding: Effective Personalization

When personalization technology first came on the scene, many creative people felt compelled to use it as often as possible. As a result consumers received letters referencing their names, addresses, buying habits, the state or town they lived in, and much more. At first, consumers may have been impressed by these seemingly "personal" communications, but the novelty wore off quickly. Today personalization must be used with more discretion, and a healthy respect for the recipient's concerns about privacy. Gather a stack of direct mail packages and catalogs and note how personalization is used in each. Does it provide convenience for the customer—an order form with the recipient's address already printed on it, for example? Does it build rapport, or seem overly intrusive in its disclosure of what the company knows about the customer? Does the personalization seem a natural and expected use, or overkill? Using the "Snackinar" example and other variable data printing concepts discussed at the end of this chapter, can you think of additional ways to use personalization effectively in multichannel marketing, for relationship building and/or selling?

Print Production Planning/ Working With Suppliers

Considering that most production managers coordinate at least two or three mailings at once, and at the same time may be working on print ads, collateral materials, and the like, the importance of communication and careful scheduling is obvious. Indeed, producing direct mail is an art akin to juggling: you must keep several balls in the air at once. René Cudahy, a former Senior Vice-President at several direct and digital agencies, prefers a comparison to air traffic control—coordinating the actions of various vendors to keep each aspect of the job moving smoothly without "crashes" or suppliers left "circling the airport."

A day's work on a single mailing might require monitoring the arrival of lists at the service bureau, ordering outer envelopes, finalizing copy, choosing a brochure type style and format, and supervising photography. This chapter will explain how buyers of direct mail services can work best with the various suppliers who will bring their ideas to life. It will also discuss the best ways to schedule mailings, as well as the importance of a detailed production time line.

Working with Direct Mail Suppliers

All too often, direct marketing creative people wait until their ideas are cast in concrete before involving the vendors who will provide printing and production services to complete a job. It is a much better policy to invite vendor participation from the earliest stages of creative planning. Interaction among copywriter, graphic designer, production manager, and vendors will ensure the most cost-effective creative solution to the problem at hand. In addition, vendors with state-of-the-art formats and processes to share may provide ideas that increase the number of creative options to consider.

The help of knowledgeable vendors can be especially crucial if you are new to the production process—and therefore vulnerable to mistakes that may cost time, quality, and money. Many fledgling direct and digital marketers cleverly seek out a group of dependable, experienced suppliers to rely on until they learn enough about production to proceed on their own.

Direct mail is a very complex medium for production. Lists of names must be rented from outside sources, or selected from house files. The lists must be prepared for mailing—a process that may involve a complex merge/purge, preparation for bar coding, zip code sequencing, carrier route presort and other postal presorts, and production of labels or electronic files for personalization. The preparation of pieces for mailing includes typography; art and photography; preparation of artwork for printing; paper selection and purchase; and printing. Lettershop services might include

personalization as well as insertion—or personalization might take place "in line" as pieces are printed and assembled.

In some cases, each of these functions is completed by a different organization—each with its own strengths and weaknesses. The more "cooks in the broth," the more opportunities there are for vendors to point the finger in blame at others along the production line. But when vendors are included as part of a team—invited to attend everything from the initial brainstorming session to the final evaluation meeting—the chances increase for smooth and harmonious transfers from one production stage to another.

Considerations in Selecting Vendors

There are several important factors to consider in selecting vendors for direct mail applications. These include price, service, flexibility, creativity, quality, suitability, and timeliness.

Price. Price is an important consideration in any direct mail venture. The lower the cost per thousand of your package, the lower your break-even figure will be. But selecting the lowest bidder without evaluating other factors can be a mistake.

Make sure that each bidder has quoted the job using precisely the same specifications. Then compare each bidder's qualifications using the other criteria listed here. You may be better off using a supplier whose price is a bit higher, but who can provide better service, more creative ideas, or more timely delivery. Another hint: when you ask for prices, don't stop with a quotation on your original quantity for mailing. Also have each vendor bid on your projected roll-out quantities. A small vendor may be able to deliver a bargain price on a test quantity of 100,000, but may be unable to compete on roll-outs of a million or more. A large vendor whose test-quantity price seems high may be much more cost-efficient for the roll-out. In that case, you might want to negotiate with the larger vendor for a better price on the test quantity. Or consider switching vendors between test and roll-out—although this can be a dangerous proposition fraught with potential problems in the transition.

Jerry Kaup, President of the e-mail ad agency in Evanston, Illinois, suggests using quote sheets as a means of soliciting cost-saving advice from printers. He advocates including a line to the effect, "Please make any suggestions and/or possible substitutions that could cut costs but not materially affect the appearance of this job." He reports that suppliers usually come back with some helpful responses.

Service. A good vendor is available to answer any questions and to hold your hand throughout the production process. In addition to these obvious qualifications, the direct mail purchaser will want to look for subtle signs to select the right vendor for the job. Does the vendor have a thorough understanding of your business and its particular challenges? Do you feel mutual trust with the vendor? Does the vendor speak in layman's terms to you, or is your head spinning with technical language the vendor seems to think will impress you?

If you believe that a particular vendor will fit in well with your way of doing business, you can facilitate the service function by helping the vendor to understand your company and your needs. Allow the vendor to see the big picture. Take him or her on a company tour, provide examples of past successes and failures, introduce the vendor to all major decision-makers whose opinions will impact production decisions. A good vendor will relish this opportunity to gain knowledge that will help him or her serve you better. If a vendor seems too busy to soak up this vital background information, look elsewhere for the service you need.

Flexibility. Some production houses, printers, and lettershops are so tightly booked that they will schedule your job to begin at a particular hour of a particular day. If you miss that date for any reason, you may be bumped back days or even weeks in the schedule. Other vendors are more flexible—able to juggle their schedules and work your job in even if your production timetable falls behind. Still other firms can accommodate your late job—but only if you are willing to pay overtime costs for night, weekend, and holiday work.

Discuss scheduling with your vendors as soon as you become serious about using their services. Ask them what will happen if your job arrives an hour . . . a day . . . two days late or even later at their shop. Hold them to the promises they make. And a word to the wise: to avoid problems, set a production timetable that allows for a margin of error. There is nothing more unfair than to present a lettershop with a large job that is supposed to be in the mail "tomorrow" when they were expecting materials in time to allow a full week for insertion, labeling, and mailing.

Creativity. Some direct and digital marketers don't allow their vendors to be creative. Instead, they present them with a set of very rigid specifications—right down to the weight and finish of the paper stock, or the exact positioning for personalization. Some vendors are perfectly content to function as order takers, and would not have many creative suggestions even if they were invited to provide them. On the other hand, the best vendors offer their ideas whether they are solicited or not, suggesting everything from formats and printing press configurations to ways of streamlining the preparation of artwork. Look for vendors who are full of ideas designed to save you money and time, or to add an extra flourish to the package you are designing. Their enthusiasm adds to the creative environment much more than a vendor who is strictly interested in writing down nuts and bolts like quantity, number of inserts, and mail date. For your part, be sure to ask your vendors' advice about the creative challenges you face: there may be an easy solution that can be accomplished during the process of production, printing, or lettershop activities.

Quality. Measurements of quality in direct mail must always consider the objectives of the printed piece. Some simple pieces selling items that do not require color photography may be appropriately printed on plain offset paper, utilizing stock envelopes overprinted with one-color type. Even so, there are good one-color printing jobs and poor ones. Talk to your vendor about your objectives for quality in two regards. First, discuss your needs in terms of color fidelity, quality of paper stock, uniqueness of format, extent of personalization, and so on. Then discuss quality control in relation to the production of the job itself. Look at your vendors' samples of previous jobs done in your price and quality range. How crisp is the type? How clean is the printing? Are there "hickeys" and other imperfections to mar the appearance of the job? A good vendor will understand your parameters of quality and not insist that every job be a jumbo spectacular extravaganza. At the same time, a good vendor will be just as vigilant about the quality control of a two-color, two-fold brochure on offset paper as he or she is about a glossy, four-color mailing with 12 inserts.

Suitability. When a new vendor comes to call, find out all you can about the company's suitability for your needs. Ask for an equipment list, and find out how much capacity the vendor has available for you. A lettershop may list 10 six-station inserting machines, for example, but neglect to tell you that half of them are reserved much of the time for a regular client. Ask the vendor about his or her experience with firms in your business. Find out if this particular sales rep has experience with your type of business—perhaps the company has another rep who would be better suited to consult with you. Ask for references from firms of comparable size and sophistication, and check them carefully.

Find out about the stability of the vendor: does his or her firm pay their bills on time? There are few things more frustrating than learning that your printer or lettershop has gone bankrupt and shut its doors—with your job half done and inaccessible.

It is also important to find out if the vendor ever does subcontracting, and under what circumstances. Ask if you will be informed when a job requires subcontracting, and who will take responsibility for problems that may arise. Ask the vendor what his or her firm's invoices are like. Do the invoices conform to the language used on quotations? Some firms' invoices are so complex that this factor alone is enough to lose them business to companies with "user-friendly" invoices. What about up-charges? Will you be alerted in advance if additional costs are incurred? Explain to your vendors in no uncertain terms that additional charges should be discussed as soon as they become necessary. You should not accept unexplained up-charges that appear for the first time on an invoice. Ask the vendor what his or her firm's payment terms are: they may vary considerably. Some companies expect money up front from new customers, while others routinely extend Net 30 Day terms. You may be asked to submit references for a credit check: find out if this will be necessary and how long the credit check may take.

Timeliness. Part of every estimate or quote should include a statement of the time necessary to complete the job. Once again, some vendors are more flexible on time than others. Ask the vendor if the "two weeks" figure holds only if you deliver materials on a specifically scheduled date. How long would it take to complete the job if it came into the vendor's shop unannounced? What if time were of the essence and you were willing to pay for overtime and weekend work—how short could the time frame then become? The answers to these questions will help you determine how helpful this vendor will be when you are in a time crunch, or when rush jobs come up unexpectedly.

Your Responsibilities as a Buyer

Vendors have expectations for a good working relationship, just as direct mail buyers do. There are several things that you can do to ensure that you will be a preferred customer with the vendors of your choice. These include paying fairly and on time, creating a team atmosphere, limiting the number of vendors you use, giving vendors one source for authoritative information, showing appreciation for a job well done, and fostering good communication.

Payment Terms. In most cases, sales representatives are not paid commission on the jobs they expedite for you until your firm pays its bills. That means that unless you make sure your bills are paid according to agreed-upon terms, you may be compromising your sales rep's livelihood. It only stands to reason, then, that customers who pay on time will receive preferred treatment from vendors. If your vendor asks for payment terms that are more stringent than you are used to—say, Net 10 Days instead of Net 30 Days—the time to discuss other arrangements is up front rather than after the job has been billed. As a buyer of services, make it your business to know your firm's policy on paying bills. You may have to become an advocate for your best vendors to ensure that they are paid on time. If you abdicate this responsibility, you risk diluting your vendors' loyalty to you.

Another point about payments: some buyers pride themselves on squeezing the last dime out of their vendors on every single job. All vendors expect that there will be times when they need to "sharpen their pencils," even to the point of eliminating profit for their firms and commissions for themselves. But if this unprofitable situation is the case every time they deal with you, the vendor will soon move on to more fertile fields. The moral: expect your vendors to make a fair profit from your business, and you will encourage their loyalty.

Team Atmosphere. It will be in your best interest to foster a team atmosphere among your vendors and your co-workers. In addition, it may take some of the burden away from you if reps from graphic design houses, list brokerages, service bureaus, printers, and lettershops can communicate among themselves without having to go through you with every question. Cultivate vendors that you can trust, and share with them the information they need to do their jobs well. If it seems to you that a vendor is probing for proprietary information, ask why he or she needs to know. There may be a good reason. For instance, list brokers cannot do the best possible job for you without knowing what lists have worked in the past. Printers may ask when you expect to roll out with a mailing so that they may pencil it into their schedules. On the other hand, if you ever feel that your sales rep is acting as a spy, discuss it with him or her, and consider dropping the vendor. An atmosphere of mutual trust is essential for smooth direct mail production.

Limit Your Vendors. Having only one vendor for each type of application can be a mistake, but having too many vendors can be just as grave an error. Your best bet is to cultivate a manageable group of excellent vendors. Each vendor should receive enough business to make you an important client, but not so much that he or she becomes complacent or considers your account a monopoly. When impressive new vendors come onto the scene, invite them to bid competitively with your existing roster of vendors. Don't make the mistake of "jumping ship" for an untried vendor whose quote is a few cents lower on a per-thousand basis. Try new vendors cautiously, and consider other factors such as their service, timeliness, and quality before adding them to your active roster of suppliers.

Provide One Central Information Source. Vendors need one final authority who gives them their orders and deals with their concerns—not a roomful of people providing conflicting ideas with no clarification. Be sure that you—or someone in your firm—has both the responsibility and the authority to serve as the vendors' central source of information.

Show Appreciation for a Job Well Done. Buyers often assume that vendors should get all their gratification from the money they earn. Some buyers treat vendors as a Santa Claus for grown-ups—they expect the vendors to give and give without ever receiving anything in return. This may extend beyond professional service: indeed, some direct mail buyers expect lavish lunches, sports tickets, and other "freebies" from their vendors at regular intervals. One production manager enlisted his sales representatives to show up one Saturday morning to sod his front lawn! Vendors expect to render professional service—and to pick up the tab for occasional lunches—but they all too seldom receive a simple thank-you when they go out of their way to do an exceptional job.

Smart buyers will provide praise where it is due—just as readily as they complain when there is a problem. Some firms go so far as to arrange vendor recognition parties where they thank their best suppliers for a job well done. Other buyers are thoughtful enough to write detailed letters of thanks when a sales representative provides exceptional service. These letters may become valuable testimonials that are greatly appreciated by the vendor—and help to build loyalty in the process.

Foster Good Communication. Just as you quiz prospective vendors on their records for price, service, capacity, and other factors, you should be willing to let your sales representative know what is important to your firm. Will you be buying primarily on the basis of price, or is top-notch quality the goal? Does your firm run on a predictable timetable, or should the vendor expect late materials and last-minute changes? Spend time going over previous jobs with new vendors, telling them about the challenges you have faced, and inviting them to provide ideas for improvements. After a vendor

completes a job, take time to sit down and go over the finished product. Discuss how it could be improved next time around—and how your working relationship could be enhanced.

When to Let an Advertising Agency Do Your Production

A quick read through this section should convince most readers that direct mail production is a complex process. In most instances, firms that produce mailing quantities in the millions each year will reap savings of both time and money by developing their own in-house production departments to expedite this work. On the other hand, there are several reasons why you may prefer to allow an advertising agency to handle your production chores.

1. *If your mailings are small or infrequent*, you will not have much opportunity to develop clout with vendors. You may be much better off dealing with an agency or production firm that has cultivated the relationships necessary to carry out your job smoothly and on time.

2. *If you don't have trained personnel on staff*, it will be false economy to try to save an agency mark-up by keeping the work in house. People who are untrained in production can innocently make mistakes that cost you huge amounts of time and money. Until you can recruit a top-notch production staff, you will be safer using outside services for expediting.

3. *If price is not your number-one object*, you can save yourself and your staff the hassles of production by paying an agency or production firm on either a fee basis or a mark-up of services (traditionally 17.65 percent).

Scheduling and Critical Dates

Success in direct and digital marketing has much to do with proper timing. Seasonal and competitive factors are important, as is the phasing of tests and roll-outs within your own program. Sometimes the optimum promotional schedule is fairly straightforward, as in the case of a holiday-theme product or an item tied to the Summer Olympics or the World Series. And even when there is no obvious "season" for your product or service, the dynamics of the marketplace may make it better for you to mail or promote during some weeks or months than during others.

General rules of thumb for the best and worst direct mail months are a helpful starting point for your efforts. The fall season is considered "prime time" for many direct mailers for at least two reasons. First, people head indoors as the weather cools and darkness descends earlier in the evening. They have more time for perusal of direct mail pieces and catalogs than they did in the active summer months. Second, with the holidays on the way, individuals seek gifts for friends and relatives, and home decor items for entertaining. Also good for direct mail response are the early months of the year: January through March. With the holidays over, cold weather, and early darkness, there is more time and attention available for home shopping. Keep in mind, however, that most all direct mailers are aware of this seasonality factor and mail accordingly. Clutter can be a problem during these prime periods when proven direct response buyers often receive 10 to 20 pieces of direct mail and catalogs in a single day.

Of course, these rules of thumb must be tempered with the seasonality of your own product or service. Conventional wisdom says that late spring and summer are less than optimum times to mail. But if your offer is for merchandise that is especially appealing in June—a sale on swimsuits and lightweight summer shirts, for instance—June might be a fine month for you. If you are entering the

test phase of a campaign, experts agree that you should run your first test in the strongest season for your product. Then factor seasonality into your forecasts for future mailings you may choose to make in less-than-optimum time periods.

As for business and industrial mailings, factors like the year-end holidays and other vacation periods have some effect on marketing schedules. However, the seasonality factor here depends mostly on the industry in question. School supplies sold to school districts have a demand based on the school calendar. And if you are mailing to landscapers, your prime time will differ dramatically from that of snowmobile parts suppliers. But if your seasonality factor isn't so obvious, some testing to determine what months spark better lead and sales responses with the same offer could provide you with profit-building information—or at least some explanation of what may be disturbing slides in response from time to time.

If you are planning to advertise in magazines and newspapers, competitive factors should be taken into consideration. Non-seasonal propositions do best when not pitted against heavy ad schedules that ordinarily exist at holiday time. In addition, advertising readership is down in the summer, or at least attention levels suffer at this time, because many people are on vacation. So the best times for direct response space advertising are generally January through the beginning of spring, and Labor Day through Thanksgiving.

If you are selling summer products, of course, you mustn't take this warning too seriously. You can begin testing in the early spring to determine your own response curve by month or week. And if your product is Christmas-related, you may safely promote up until the time when you cannot promise delivery by Christmas (or—and perhaps more importantly—until the time when your consumer no longer believes you can deliver, even if you know you can). This time frame has widened considerably with today's overnight and two-day shipments via FedEx, UPS, and other express services.

The Critical-Date Schedule

The first step in establishing a schedule for any direct response medium is to determine the optimum date for the message to reach the prospect. In direct mail, for instance, it is not enough to schedule only up to the date your message is mailed. If you are doing a standard mailing, it may take ten days or more before all of your prospects receive the piece you've mailed. And in space advertising, don't take the cover date of the publication as a given for its arrival at the prospect's door: check out the delivery date specifically, and then choose the proper issue for the impact you seek. Then work back from the optimum delivery date to determine a schedule that will accomplish your goal. You may still be able to make a date that seems uncomfortably close, but only with a firm schedule and much vigilance. Following are some of the checklist factors in critical-date schedules for direct mail and space advertising.

Direct Mail. There are as many direct mail critical date schedules as there are firms in the business, and very little agreement about how long it takes to get certain things done. Where there are many parties involved and many levels of approval, a direct mail program may require a six-month schedule. On the other hand, firms whose approval processes are swift and whose suppliers are accommodating may be able to take a mailing campaign from the concept stage to the prospect's hands in a matter of a few weeks.

Naturally, each link in the chain of such an operation considers his or her timing to be paramount. A prototype schedule from a printer, for example, allows a month for printing but only three days for copywriting. You can imagine that the writer's optimum schedule would be quite different. We will therefore list the factors important in a mail-campaign schedule, in the basic order in which they are

done. You can adjust these as needed to determine a workable schedule for your own campaign. In addition, the TargetCom Inc. form shown in Exhibit 21.1 provides one Chicago direct marketing agency's step-by-step production time lines.

Basic Critical Date Factors for Direct Mail

1. Approve marketing plan.
2. Create rough layouts and copy (this is often necessary for list owners to approve rentals to you).
3. Select and order lists, plus any overlays or other enhancements (obtaining the lists for a campaign may take several weeks, and a merge/purge may take a week or longer to complete).
4. Obtain price quotes for production work, printing, lettershop work, and other necessary services; award jobs to vendors; make vendors aware of time schedules so they can make available the proper amount of time for your job.
5. Approve rough layouts and copy, and proceed to comprehensive layouts and final copy.
6. Order envelopes; in most cases manufactured envelopes take longer to produce than other printed materials (three weeks or more).
7. Arrange for photography and have product shots and other necessary photography completed.
8. Approve final layouts and copy and proceed to finalizing artwork for printing.
9. Receive lists from broker and expedite merge/purge operation so that it can be completed in time for lettershop work.
10. Approve final art, copy, and color.
11. Send final art to printer with appropriate back-up explanations and mock-up.
12. Approve proofs from printer(s).
13. Obtain final counts by version from merge/purge data before printing commences.
14. Supervise press approvals at printer(s).
15. Send mailing instructions to lettershop, including list of all materials that will be delivered there.
16. Expedite folding and binding of printed pieces.
17. Coordinate arrival of envelopes, printed pieces, and labels or electronic files (product of list merge/purge operation) at lettershop.
18. Expedite lettershop work (addressing, materials insertion, and mailing).
19. Ascertain exact mail date (national penetration will be approximately ten days later for standard mail).

Once you have developed a critical date schedule that works for you, it is an excellent idea to set up a computer program that plugs in the optimum dates, based on the drop date for mailing. In addition, your favorite software program can help you develop a master calendar that helps keep track of all the projects you have going, all on one spread sheet or bulletin board.

Exhibit 21.1. TargetCom (Civilian) Direct Mail Program Development Checklist

Job Number_____   Name of Project _____

Client   _____   Date _____

Initiate	Step	Days req'd.	Task	Responsibility
	1.	2–3	Accept client input: Get every available answer to create Input Questionnaire.	AE
	2.	Included	Provide input; via strategy or input document (include postal class). Put everything in writing. Provide creative suggestions from client at this time. Also make sure you have a job number. Get logos and graphic standards from new client.	AE
	3.	1	Schedule project: Must be completed. Use schedule template, making sure that any variations from the standard timelines are made with the agreement of all team members. Account person can fill out the schedule, as long as creative department looks at it too. Do not proceed without completed schedule.	AE
	4.	1	Estimate concepts: Do this before work begins, preferably during the input session.	AD/AE
	5.	Included	Develop Creative Work Plan: Must be completed. A work plan should be done on all projects and reviewed with acct. services.	CW/AE
	6.	1	Create concepts: Must show to CD.	CW/AE
	7.	1	Create half-sized roughs: Formats, specs and production input.	AD/CW
	8.	1	Present internal roughs; and review against Creative Work Plan.	AD/CW
	9.	2	Create comps . . . B&W, spell check.	AD
	10.	1	Develop prelim, space together. Do not define window pos. at this step.	AD/PM
	11.	Included	Write creative rationale.	CW
	12.	2	Route comps, space, creative rationale, and roughs AAE Routes File Folder. All check for consistency & proof.	Team
	13.	Included	Archive concepts that are not chosen, naming them accurately.	AD
	14.	2	Create color mock-ups . . . specs, creative rationale to client, too.	AD
	15.	1–2	Write copy: As soon as comp is approved. Spell check and route to CD and AE before turning over to the AD. If appropriate to audience, reduce grade reading level	CW
	16.	2–5	Commission photography, order stock, or hand-out illustration, if applicable.	AD

Exhibit 21.1. (Continued)

Initiate	Step	Days req'd.	Task	Responsibility
	17.	2	Create Camera-Ready Artwork.	AE
	18.	1	Update preliminary specs. Determine window size and position.	AD/PM
	19.	1	Route Artwork and updated specs. Route with original marked-up comps. AD, PM & AE to measure Artwork against specs, check postage against input document.	AAE. AD, PM, AE
	20.	1	Proof every element.	AD, PM, & AE
	21.	1–?	Submit Artwork for approval.	AE
	22.	1	Revise Artwork. If rewriting is involved, consult Copywriter.	AD/CW
	23.	Included	Route revised Artwork. Check the entire package. Not just the changes.	AAE
	24.	1	Secure final client approval. Get a copy with signature; make no further changes.	AE
	25.	1	Prepare production files:	
			A. First, print a B&W laser print with everything, including FPO visuals and laser-fill fonts in place.	AD
			B. Fill out final spec sheet & stamp FINAL.	AD/PM
			C. After approval, mark all laser-fill and mark FPOs.	AD
			D. Print a color version with all laser-fill in place.	AD
			E. Print separations, each plate, in B&W (no fill) and suppress FPOs in file.	AD
			F. Make folding dummy w/personalization, trimmed to size, with another B&W or (if requested) color print out.	AD
			G. Send final art to FTP site.	AD
	26.	1–2	Send PDFs to client or production with summary, folding Mock-up w/ personalization, actual size laser with crops and info marked FPO, and color chips for PMS colors.	AD/PM/AE
	27.	1	Final art sent to FTP site for archive. Gather all documents and art from freelancers.	AD

AD = Art Director	AE = Account Executive	AAE = Assistant Account Executive
CD = Creative Director	CW = Copywriter	PM = Production Manager
FPO = For Position Only	FTP = File Transfer Protocol	

The Chicago direct marketing agency TargetCom Inc. (now re-named Civilian) uses this comprehensive checklist as a guide to step-by-step program development and implementation. It provides estimates of how long each task will take and which job title has responsibility for each step.

Space Advertising

The critical date schedule for a space advertising campaign is simpler than for a direct mail campaign in that there is no involvement with printers, lettershops, or lists. However, a space advertising campaign has the added factor of having to meet the publication's closing dates for space reservations and materials. These dates vary considerably. Check the consumer or business Standard Rate & Data Service (SRDS) publications for magazines to determine these dates for publications in which you wish to place ads. There you will also find the specifications for the types of artwork each publication needs, so that you can direct your production people accordingly. For newspaper ads, SRDS has an online newspaper rate and data publication that provides the same helpful information.

Enhance Your Understanding: New Vendors/New Ideas

No matter how busy you become in your position at an agency or company, you owe it to yourself and your employer to stay open to new applications and ideas. One way to do this is to allot time regularly for informational visits with new vendors. You'll find out about emerging technology, new formats, ways to save money, and what others in your industry are doing. Even when you feel isolated and "chained to your desk," such visits can provide you with fresh perspectives and potential breakthroughs. In addition, today there are many vendor webinars online, sponsored by companies and trade organizations. You can learn about new techniques, applications, and case histories in just a half-hour or hour spent "attending" a seminar on your computer or tablet.

22

Lists, Service Bureaus, the Post Office, and Lettershops

The more the creative person knows and understands about list selection, merge/purge and mailing, the more valuable he or she can be to the marketing team at large. Thus while for most creative people, their personal responsibility for a direct mail package ends when they proof their copy on final art or approve color on a press check, learning more about the nuts and bolts of production is a wise investment of time.

This chapter will explain the basics of list selection and list brokerage; list maintenance, merge/purge, and other functions of a computer service bureau; postal regulations and relations with the post office; and lettershop functions.

List Selection

No matter how excellent your product and how outstanding your offer and creative execution, your direct mail package is destined to fail if it is sent to the wrong list of new prospects. Today, marketers take full advantage of online resources and sophisticated software to hone in on the best target markets, lists, and list segments for their offers. There are four basic types of outside lists a direct mailer may use, rent, or buy. These are the firm's own customer lists, lists of other proven response buyers, compiled lists, and enhanced databases.

Customer Lists—Basis for the In-House Database

Sometimes called "house lists," these files belong to the firm because they contain names and addresses of individuals who have purchased merchandise or services in the past. Customer names are the most responsive of all because these individuals have established a relationship with the firm. In the best case, a franchise has been established: these individuals want or need the company's goods or services, they are satisfied with prices and payment terms offered, and they know and trust the company.

Many marketers also keep lists of inquiries and referrals. The prospects on these lists are those who have not yet purchased a product or service. They have expressed interest through a mail, phone, or e-mail response; have filled out a form online; or have been referred to the firm by an active customer. These names may prove to be more responsive than names rented from other firms, but they are generally less responsive than customer lists. Customer lists form the basis for the in-house database discussed in detail in Chapter 4. These house lists have to be maintained and cleaned on a regular basis to ensure they maintain their deliverability. Specifically, according to David Fant,

President of Market Mapping Plus in Grand Rapids, MI, "Processing of a house list for in-house mailings needs to be done every 95 days to maintain USPS Automation Discount Rates."

Mail-Order/Direct Response Buyers

Lists of proven mail-order or direct response buyers are next on the hierarchy, after customer lists and inquiries/referrals. The old printed version of the Standard Rate and Data Service (SRDS) book of lists available for rental was the size of a metropolitan telephone book, attesting to the variety of mail responsive lists that are available. This information is now available online in the form of the *Direct Marketing List Source*. If you do not have access to SRDS information, check online—some list brokerage and list management firms allow you to preview information about the mail-responsive and e-mail responsive lists that they offer for rental, on their Web sites. See Exhibit 22.1 for an example of an online list data card. Trade publications such as those listed in Appendix A often feature ads for list brokerage and management firms you can visit online.

Firms may choose to rent the names of their buyers or inquiries for one-time use at a "per thousand" fee. When you rent such lists, you may test an "nth name" random sample of as few as 5,000 names initially, and then rent larger quantities from the list if the original test proves successful. Rental fees generally range from $70 to $100 per thousand and up, depending upon demand for the list, and the "list selects" you make. According to David Fant, "Some high-quality lists such as *Wall Street Journal* subscribers can start at around $135 per thousand with select charges added on top of the base price. When purchasing a list you are in reality renting the list's use. The list owner retains the rights to the names and addresses and typically will have you sign a rental agreement stating that you are forbidden from adding these names to your in-house data- base or prospect list." Many lists are offered with selections based on age, sex, income, presence of children, purchase history, geography, zip code, or other relevant factors. E-mail lists, telephone lists, and opted-in SMS text lists, often are available as well. David Fant adds, "You will be charged an output fee based on how you will take delivery of the names and addresses. This output fee can include e-mail delivery of a text file, disk, CD, FTP site download, or printed hard copy of the list on mailing labels."

The three classic criteria for list evaluation are recency, frequency, and monetary, known as RFM. In his FRAT model, the late direct marketing expert Robert Kestnbaum combined frequency, recency, and amount (monetary) with "type," for type of product or service purchased. Sophisticated software from firms like IBM's SPSS allow you to use mathematical models (predictive analytics) to quantify the impact of RFM or FRAT, and to predict future buying patterns of customers based on these measures. You should expect to pay more for recent, or "hotline" names—individuals who have purchased from the firm within the past three months or six months. Customers who buy often (frequency) are also especially attractive. The monetary criterion helps you zero in on customers who can afford your price range, be it $35 for a monogrammed turtleneck top or $600 for a fine-quality home music system. In addition to general direct responsiveness, a list's affinity for your type of product is very important, as Kestnbaum noted. For example, if you plan to market a line of limited-edition art prints, you might rent lists of individuals who buy fine furniture, jewelry, and home accessories by mail. However, you probably would not be successful in trying to rent lists of art prints from other companies: they would turn down your rental request as being too competitive. Once you have built up your own list of art print buyers, however, you might well be able to exchange names with some direct competitors.

Exhibit 22.1. Mailing List Finder

Mailing List Finder — All Mailing Lists — Neiman-Marcus

① Start ② Results ③ Data Card ④ Request ⑤ Finished

Horchow Home Mailing List

Dedicated to offering complete redecorating packages, Horchow Home, a Neiman Marcus company, caters to owners of luxury homes.

[Get Count] [Get Pricing] [Get More Information]

SEGMENTS	COUNTS THROUGH 04/30/2010
310,510 TOTAL UNIVERSE / BASE RATE	$115.00/M
16,097 12 MONTH BUYERS	+ $11.00/M
9,549 6 MONTH BUYERS	+ $16.00/M
3,876 3 MONTH BUYERS	+ $26.00/M
PUBLISHING RATE	$80.00/M
FUNDRAISING RATE	$75.00/M
(SPECIAL PROMOTIONS MAY INCUR ADDITIONAL $15/M)	$15.00/M

POPULARITY:	***** 100
MARKET:	CONSUMER
CHANNELS:	
SOURCE:	DIRECT MAIL SOLD
PRIVACY:	UNKNOWN
DMA?:	YES - MEMBER
STATUS:	PREFERRED PROVIDER
GEO:	DOMESTIC (US)
GENDER:	80% FEMALE 20% MALE

DESCRIPTION

A Neiman Marcus company, the Horchow Home catalog caters to affluent homeowners seeking great style, big ideas for room makeovers, and Old World design sensibilities with new directions. Offering classic, timeless home furnishings, lighting items, Horchow Home focuses on the more prominent aspects of a well-appointed home. Horchow Collection customers shop the catalog for large urns, plush sofas, dining room tables, bedroom dressers wall art, and more.

Primarily married women of high income households, Horchow Home customers have discriminating taste and are comfortable ordering thousand-dollar+ merchandise through the mail.

Horchow Home customers enjoy redecorating and furnishing every room in the house. From the kitchen to the bedroom to the foyer, these consumers are selectively perceptive to fine furnishings for distinctive homes.

Regional and shelter publishers can reach readers that look to magazines for ideas, while fundraisers will find a charitable group of culturally and socially-aware women.

SELECTS

$100+ BUYERS	$41.00/M
$150+ BUYERS	$51.00/M
$25+ BUYERS	$16.00/M
$50+ BUYERS	$26.00/M
$75+ BUYERS	$31.00/M
AVERAGE PURCHASE	$16.00/M
CHANGE OF ADDRESS	$8.00/M
GENDER/SEX	$8.00/M
LAST PURCHASE	$16.00/M
MULTI BUYERS	$11.00/M
PRODUCT	$16.00/M
SCF	$8.00/M
SINGLE PURCHASE	$11.00/M
STATE	$8.00/M
ZIP	$8.00/M

ADDRESSING

KEY CODING	$3.00/M
3RD PTY SHIP FEE	$10.00/F
CANCELLATION FEE	$100.00/F
CARTRIDGE	$40.00/F
CHESHIRE LABELS	NO CHARGE
EMAIL	$60.00/M
MAG TAPE	$60.00/F
P/S LABELS	$8.00/M
RUN CHARGE	$10.00/M

RELATED LISTS

- BALLARD DESIGNS
- HORCHOW COLLECTION
- NEIMAN MARCUS
- GUMP'S SAN FRANCISCO
- POTTERY BARN
- COWBOYS & INDIANS
- I-BEHAVIOR DATABASE
- CRATE AND BARREL
- HAMMACHER SCHLEMMER MAIL ORDER BUYERS
- WILLIAMS SONOMA HOME

ORDERING INSTRUCTIONS

- To order this list, contact your List Broker and ask for NextMark List ID #56732 or click here to place your request.
- 10,000 NAME MINIMUM ORDER $350.00 MINIMUM PAYMENT
- 85% NET NAME AVAILABLE ON ORDERS OF 50,000 OR MORE ($10.00/M RUN CHARGE)
- EXCHANGE IS AVAILABLE
- REUSE IS AVAILABLE ON ORDERS OF 1,000 AT $350.00/F
- TELEMARKETING IS NOT AVAILABLE
- CANCELLATION FEE AT $100.00/F

[Get Count] [Get Pricing] [Get More Information]

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Nextmark.com offers a comprehensive Mailing List Finder online, covering 60,000 postal lists as well as e-mail lists, telephone lists and SMS texting lists as available. This is the page for the Horchow Home list.

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Compiled Lists

Compiled lists usually are created from a database of information put together for purposes other than promotion. Examples might be membership lists, automobile or boat registrations, telephone directory lists, or businesses by North American Industry Classification System (NAICS) codes(formerly SIC codes). Such lists are considerably less desirable for most consumer direct mailers than are lists of proven mail-order, e-mail, or online buyers, since the names they contain are not necessarily direct responsive (only about half to two-thirds of all consumer are), and may not be qualified for your offer. Compiled lists may be used with success—particularly in business-to-business applications—if they are specific enough in content. For instance, a compiled list of college marketing professors is a worthwhile possibility for a firm selling marketing textbooks. Today, compiled business-to-business lists are available in convenient, affordable, and frequently updated online formats that allow the business marketer to play "what if" games with databases of more than 24 million firms. Then for an appropriate fee, they can download names, addresses, and other information for use in mailings, e-mailings, or telephone marketing.

David Fant adds a note of caution about using compiled lists: "The quality of the list is determined by many factors. Unless you are fully aware of how the compiled list is built and how it handles duplicate entries, you can end up with many names and addresses that are either duplicated within the database itself, or that fall into an 'undeliverable' classification based on the USPS deliverability standards. A list broker can assist you in avoiding these and other pitfalls in building and selecting a mailing list."

Enhanced Databases

To refine and profile your house list or to identify the most likely segments of a compiled list, you may choose to use statistical techniques such as demographic and lifestyle overlays, predictive modeling, or regression analysis. These methods allow you to add demographics, psychographics, hobbies, and interests to your customer profiles, and to use powerful mathematical models to determine customers' likelihood of future actions. This may give you valuable ideas for cross-selling additional products and services. Techniques of this type may be too expensive to be cost-effective for small- and medium-sized firms, but for larger firms they can be invaluable in helping you gain a more robust profile of your best customers, determine what to offer them and when to offer it, and identify prospects most like them. David Fant comments: "In today's marketplace, many lists are being enhanced with lifestyle and interest information. If you want to use this type of select for your business, you don't need to do demographic or statistical analysis. Instead, simply select the lifestyle/interest enhancement you want for your business, and improve the performance of a complied list while keeping the costs low. In addition, if you purchase a list with various demographic selects, be sure to key code each record, and when the orders come in, track who is responding. Thus you can build a mini-customer analysis for minimal additional cost."

Cooperative Databases

Because identifying fresh direct response lists of prospects is so challenging in today's marketplace, many firms have opted to join the Abacus Cooperative, or other cooperative databases. In the case of Abacus, participating companies provide their mailing list data to Epsilon, the parent company of the Abacus Cooperative. Epsilon uses this data from multiple companies to enhance its extensive warehouse of purchasing information on both consumers and business buyers. This rich mine of data allows for sophisticated predictive modeling, which enables catalogers, retailers, consumer marketers, business-to-business marketers and non-profits that are members of the Cooperative to test

lists of likely new prospects for mailings. According to Epsilon, Abacus is the world's largest cooperative database, working with 2700 member companies in the U.S. alone.

List Brokerage

Some marketers choose to rent their lists directly from the owner or list manager, bypassing the function of list broker. But there are good reasons to retain the services of a knowledgeable list broker, especially if your list rental volume is substantial.

List brokers serve as advisors on list selection, and as expeditors for list rental arrangements and list delivery. The advice of a list broker customarily is free to prospective list renters. The broker is paid a commission (typically in the range of 10 to 20 percent) by the list owner whose lists are rented through the broker.

To establish a relationship with a list broker, the marketer needs to share information about the products and services being sold, present and projected volume, selling methods, and past list results. This requires a measure of trust on the part of the marketer, but the list broker's recommendations will only be as good as the background data he or she has received.

The list broker provides recommendations for rentals in the form of data cards (often presented via e-mail) carrying recent information on prospective lists. Data card information includes the list universe, average order size in dollars, and available "selects" by sex, geography, dollar amount, purchase type, and so on. The broker may also supply a rationale for each list: why it makes sense for your firm to test it for a given product or promotion. Brokers may also let you know what other firms are successfully using each list.

Smaller marketers, or those who mail infrequently, may bypass the list-brokerage function since brokers prefer to work with major mailers with frequent roll-out mailings in six- or seven-figure volume. If you fall into this group, you will find the SRDS publication on direct mail lists an invaluable source of information on lists and how to rent them. If you still believe you need the advice of a list broker, be prepared to pay him or her on an hourly or fee basis. David Fant encourages smaller mailers to consider this option before going it alone. As he says, "I make my living on small clients as do hundreds of other list brokers. It is very possible for the smaller mailer to seek out a broker who respects this type of client."

Computer Service Bureaus

Most direct marketers know the computer service bureau as a company that completes the merge/purge function. Although merge/purge is an important aspect of the service bureau's work, these firms may perform a number of other jobs for a direct marketing company, including address hygiene, postal discount processing, list maintenance, list analysis, and personalization. David Fant adds that many list brokers now have the ability to help you with customer and list analysis as well. He explains, "Since they will be assisting you with the selection of the best mailing lists, they may be a great resource to go to for customer analysis and targeting information."

In addition, the importance of proper list preparation should not be overlooked. According to the U.S. Postal Service, 17.8% of the mail has some type of error or major addressing deficiency. Missing address elements can reduce successful delivery between 50 and 60%. The cost associated with these undelivered mail pieces in a recent year was estimated in the billions of dollars. In this context, here are the main preparatory steps you'll need to take for optimal mail delivery.

Merge/purge is a shorthand term representing the function of combining lists (merge) and removing duplicate names (purge). This avoids mailing multiple pieces to the same individual. Merge/purge can eliminate duplicate records within a given list as well as records that appear on more than one list. If mailings are small, or if they involve only a few lists that may not include many duplicates, the marketer may not deem it cost-effective to perform the merge/purge function. However, if mail volume is large, and if a number of lists are being tested, it becomes essential to eliminate duplicates.

When using merge/purge, it is not unusual for a mailer to eliminate 12 to 15 percent of the total names rented for a given promotion. At a mailing cost of $600 per thousand, you would save yourself up to $9,000 on each 100,000 names rented. In addition, you eliminate the prospect's aggravation at receiving two or more of the same mailing piece. David Fant suggests that you keep a close watch on the percentage of duplicates for other reasons. "The higher the duplication rate, the greater chance that the list being merge/purged will be effective since a large number of existing customers are appearing in the rented prospect list. The higher the duplication rate between your customer file and the rented file, the more the rented list looks just like your house list – and therefore should be highly responsive." Merge/purge instructions to the service bureau should include prioritization of lists. The most expensive lists should receive low priority. Less expensive lists should come next, and finally the highest priority should go to the house list—names the mailer already owns and for which no rental fee should be paid. In the merge/purge process, the computer scans high-priority names first. The computer credits each name and address to the list on which it first appears. If a name and address appears on two, three, four or more of the rented lists, the computer makes a note for its analysis report, but "purges" the output of those names. Thus the output for expensive, low- priority lists might be 80 percent or less of the input names. If the mailer or list broker has negotiated a "net down" or "net name" agreement, only the names actually mailed (within pre-agreed limits) will require a rental payment. David Fant takes a slightly different viewpoint. He advises,

> When doing a merge/purge using multiple rented files *do not* delete duplicates. Use the house list first and definitely delete current customers from the rented lists. However, when de-duping prospects from multiple rented lists, have your service bureau or lettershop create a "multi-hit" file. These are names and addresses that appear in more than one rented list. First, you have paid to use that name and address so if they appear in three different lists, you can mail them more than once. Second, these are the most *valuable* names in that they appear in multiple lists of prospective customers, which enhances the changes that they will be a highly responsive prospect. A multi-hit file can frequently double the response rate of a single-name file.

In addition to merge/purge, several other important processes involving address hygiene, postal discount processing and mail preparation may be performed at this time:

- The *CASS*™ certification process improves the accuracy of delivery point, ZIP + 4®, 5-digit ZIP™ and carrier route codes.

- The NCOALink® Product is a secure dataset of approximately 160 million permanent change-of-address records of individuals, families and businesses that have filed a change of address with the USPS with the past 48 months. The NCOALink service allows mailers to process mailing lists and update lists with the new addresses prior to mailing. There are two levels of NCOA service. Limited Service goes back through 18 months of registered moves and Full Service goes back 48 months. (Keep in mind that these are the movers who have actually registered their moves with the Postal Service.)
- *DMA's Do Not Mail Names* should be eliminated. These are individuals who have contacted the Data & Marketing Association DMA Choice service asking that they not be sent unsolicited direct mail offers. Using this list is required for DMA members and highly recommended for all.
- *Postal discount processing*—The net name output can be prepared to meet postal specifications and minimize your postage costs: in zip-code sequence, standard mail presort, carrier-route presort, etc. In addition, the output names can be presented in the form of labels to be affixed to envelopes or order cards, or electronically for use in various printed personalization techniques.
- *Key coding* of each name and address can be done according to the mailer's orders.
- *Intelligent Mail Barcoding* is another service being offered by the USPS. The Intelligent Mail Barcode notifies you when a mailing is inducted into the mail stream and allows for tracking of individual pieces as they travel through the postal network. This program can assist you in tracking your mailing, it helps you comply with postal regulations for move updates, and the barcode integrates address correction as well as other postal services into one very useful code.

List Maintenance

Good list maintenance helps ensure the cost effectiveness of mailing to a house list. It also increases the list's value as a rental property to other firms. As new buyer names come onto the file, a service bureau can be charged with the responsibility of recording information such as name, address, e-mail address, category (such as buyer, inquiry, referral), original order history (source, date, dollar amounts), and other variables. In addition, the service bureau can check for duplication against the current file, correct zip codes, standardize street addresses, and carrier-route code each name. There are services that will append missing e-mail addresses to lists, but these must be used carefully—it is wise to e-mail only those customers who have opted in for this form of communication. In addition, if you elect to rent your e-mail lists, those customer names need to be opted in for communications with other firms as well. When house list names are mailed or e-mailed, the service bureau can also be charged with updating promotion and order history.

David Fant laments that many companies try to do list maintenance on their own. He says, "Sadly, this is an area where someone is given the directive to enter new names and addresses into the database and given little or no supervision to see if the work is being done correctly. Thus many in-house databases are filled with duplicates and incorrect or incomplete addresses. This costs the company time and money by mailing materials to someone who doesn't exist, or who is incorrectly entered in the database. If you maintain your database in-house, look at the content of the database on a monthly basis and make sure you CASS™ certify and do an NCOA update every 95 days to ensure it will meet

USPS deliverability standards. Duplicate entries, incomplete entries or entries that are typographically incorrect will increase waste and lower your deliverability rates and response."

List Analysis

At the discretion of the mailer, service bureaus can create a wide range of analysis reports that marketers may use to draw conclusions about rental lists—especially in comparison with their own house lists. For instance, *processing reports* profile each merge/purge, providing such information as gross input, percentage of customer names eliminated, percentage of duplicates eliminated, list prioritization, number of pander names eliminated, single versus multi-buyers, net output, percentage of internal duplicates, state-by-state totals, and other information. A *multi-buyer report* contains all records identified as duplications by a merge/purge. *Sales by state/sales by carrier route reports* let mailers find out which regions, states, and carrier routes perform best for certain products and offers. *Customer counts by sex, method of payment, average order size,* and many other variables can also be tracked. David Fant says that the importance of tracking cannot be overstated. He notes,

> By taking each list, including demographic segments and interests, and key coding them, you can find out who is responding to your offer. This information, when captured as a customer places an order or purchases a product or service will allow you to refine future list needs and help improve your targeting. Look at the address area of a catalog you might have lying around. You'll notice a key code that tells the marketer exactly where your name and address came from. When you purchase from them, they ask for that code and instantly know the source of this new customer.

Personalization

Some service bureaus offer various personalization services in-house, using their own equipment. Using the service bureau to create personalized materials may save time if the firm's capacity is high enough for your application. It may also eliminate some of the expediting work necessary to transfer the merge/purge output to a printer. Mailers may prefer to have the service bureau stop short of this step, preparing the electronic list of names to be transferred to a printer or lettershop for completion.

Postal Regulations

The United States Postal Service (USPS) recognizes direct mail as a huge market, one whose volume helps keep first-class rates down for consumers. As more and more consumers receive and pay their bills online, order items online, and communicate via e-mail and text, the importance of business direct mail to the USPS grows ever stronger. Some pundits speculate that direct mail is "dead or dying," yet that is far from the case: the USPS reports that in a recent year, *80 billion* pieces of advertising mail were sent in the United States.

USPS regulations allow for a wide variety of acceptable formats and mailing rates. However, direct mailers must observe a very specific set of postal rules and regulations—rules that have been modified on a regular basis over the years. One of the most valuable relationships for any direct mailer is an ongoing communication process with the local post office or Network Distribution Center. Postmasters and the Web site at *www.usps.com* can provide "how to" materials that will save considerable time in creating mailable pieces. In addition, it is essential that you understand exactly how your local postmaster enforces certain regulations that may be open to various interpretations.

Indeed, a cordial relationship with the postmaster can be very helpful if a critical matter ever comes up.

Most experienced direct marketers can tell at least one horror story about a postal problem. Perhaps it was a Business Reply Card that was not quite thick enough to be sent through the mail, resulting in lost orders. Or maybe it was a first-class piece with an outer envelope just a tad too wide, resulting in a postal surcharge. One marketer prepared a direct mail package that, according to his scale, weighed a shade under the basic maximum weight for standard mail letters (currently 3.3 ounces for both "regular" standard mail and for the "enhanced carrier route" standard mail). More than a million packages were printed and prepared at the lettershop before it was discovered that according to the post office scale, the kit weighed a shade over the maximum weight. With many thousands of dollars in extra postage due, the marketer decided to have the envelopes opened, and each piece inside the package trimmed down. All of this could have been avoided if a dummy kit had been carefully prepared and weighed on the official post office scale in the first place. The bottom line is this: if in doubt, ask your postmaster. A few minutes spent on the phone or in a face-to-face visit may save you a great deal of time and money. What's more, the Postal Service has Mailpiece Design Analysts who can approve copy layouts and print specs, update with current requirements and provide artwork for Business Reply Mail and other official design related information. Go to www.usps.com and search for Mailpiece Design Analyst.

Mailing Classes

Postage rates and regulations change frequently, and therefore the most specific advice this book can provide is that you obtain current rate charts and regulatory materials from your post office. According to current USPS regulations, the basic classifications of mail are as follows: priority mail express, first class and priority, periodicals, standard, and nonprofit rate.

Priority Mail Express. Marketers of high-ticket consumer items and business-to-business mailers may have strategies that justify the cost of express mail, particularly in responding to inquiries. Similar in price to commercial overnight delivery services, this mail class has the extra advantage of delivery on Sundays and holidays, 365 days a year. Priority Mail Express can be used for items weighing as much as 70 pounds. Rates are based on the weight of the addressed piece and level of service, without regard to zone. The minimum 1/2-pound rate is charged for materials mailed in the Priority Mail Express flat rate envelope provided by the USPS, regardless of weight less than eight ounces. Priority Mail Express is a zone based product. There is still a Flat Rate Envelope, which is a great value for next-day delivery, but other pricing options start at 1/2 pound rates through the 70 pound maximum, and are based on eight zones from the destination across the country.

First Class Mail, Postcards, Flats, and Priority Mail. The easiest to use but most expensive regular class, first-class mail theoretically provides mail "penetration" to all parts of the continental United States within about three days. There are no special sorting requirements, although mailers may obtain a discount for bar coded first-class mail, and mail sorted in zip-code or carrier-route order. This is only practical when larger quantities of mail are involved, since the cost of presorting by zip code

may outweigh the savings for small quantities. The presort option is often used by local department stores, banks, and other firms that have large numbers of customers in only a few zip codes. First-Class Mail is required for personal correspondence, handwritten or typewritten material, and bills or statements of account.

Most marketers consider first-class mail too expensive for mass mailings. In the testing phase they may use first-class mail because of its fast penetration, to obtain quick answers about the viability of their offer. First-class mail carries more immediacy than standard mail, and appears less like advertising to most consumers. First-class mail may well be used for mailings to existing customers, both for a prompt turnaround and because the volume of these customers' orders makes the more expensive mailing rate cost effective. Another reason for mailing first-class, at least periodically, is to take advantage of automatic mail forwarding and the return of undeliverable mail to the sender. This is a relatively inexpensive means of helping to keep your list clean.

Postcards. **Cards** that conform to USPS size and thickness restrictions can be mailed at a lower first-class rate than letters. To qualify for card rates, postcards currently must be rectangular and at least 3-1/2″ × 5″ and at least 0.007 inches thick. If they are larger than 4-1/4″ x 6″ or thicker than 0.16 inch, they are classified as a letter and charged the appropriate rate. Postcard rates also can be discounted for specific presorting work done by the mailer.

Large Envelopes (also known as "Flats"). **These** first-class pieces are larger than standard letter size. Currently "large envelopes" are defined as pieces that are between 6-1/8 and 12 inches high and between 11-1/2 and 15 inches long. They cannot be more than 3/4 inch thick. Large envelopes carry higher postal charges than letters, with exact postage determined by the amount of presorting work done by the mailer. First-class mail cannot be used for items weighing more than 13 ounces. The next weight class for regular mail is called *Priority Mail.* It covers items weighing between 13 ounces and 70 pounds. Priority mail delivery times are similar to those for first-class mail. Priority Mail is generally delivered anywhere in the country within two days.

Periodicals. There is a special set of rates for mailers sending out pieces that meet the post office's definition of a periodical. There are additional discounts for certain types of presort work done by the mailer. Check with your post office or online at *www.usps.com* for complete details and current rates.

Standard Mail. Most advertising direct mail is standard mail (formerly called third class mail). This category requires mailings of at least 200 pieces, addressed, sorted and marked as Standard Mail. There are content restrictions on Standard Mail that must be followed regarding personal information. The real savings for mailers are to be had in what the post office now called "automation" and "enhanced carrier route" in which a piece weighing up to 3.3 ounces can be mailed for much less than half the first-class rate for a one-ounce piece of mail. Standard Mail postage can be paid via a permit imprint, applied meter strip, or pre-canceled stamp. Actual postage rates are based on weight, presorting and entry discounts. Proper documentation in the form of a Postage Statement is also required.

Such mailings require the mailer to acquire a permit at the post office where he or she will drop the mail. There is a fee involved. In addition, the mailer must present the mail in the proper zip code and carrier route sequence, bundled, trayed or bagged according to post office regulations. There are bar coding and facing (labeling) requirements and other regulations to be followed in order to obtain

the most substantial savings. Your post office and your lettershop will be able to help you conform to proper mailing procedures and your postmaster can give you current rates and application information. Work with your lettershop to determine what level of preparation on your part is likely to result in the best overall price, considering both lettershop and postal charges. Many lettershops will let you use their standard mail indicia at no additional charge.

A further point about the standard mailing permit is that firms need a separate "additional entry form" for each town from which they mail, unless they qualify for and obtain a "Company Permit." Such an indicia can save money and time, and it also allows for the preprinting of outer envelopes for use at any location. An additional benefit of the Company Permit is that its wording includes the name of the direct mail firm rather than the city of origin and/or permit number. Some mailers obtain the Company Permit strictly for this small promotional benefit.

Nonprofit Rate. Nonprofit organizations may take advantage of additional savings when they prepare mail according to standard mail-type postal regulations. A post office permit fee must be paid. Your postmaster can provide information and details about qualifications and rates.

Business Reply Envelopes and Cards

Most tests show that mailers who pay return postage for their customers get a higher level of response than those who require the consumer to pay his or her own postage. Deciding to "invest" in a stamp and locating one to use may be enough of a stopper to lose response from some individuals. For this reason, most front-end mailings are accompanied by Business Reply Envelopes or Cards. Bind-in cards or envelopes in magazines and Free-Standing Inserts provide the same opportunity for prepaid postage. To qualify for this service, the mailer must obtain a Business Reply Mail (BRM) Permit from the post office that will be receiving the incoming mail from customers. In addition, the mailer must provide postage money in the permit account to pay for incoming mail at first-class rates plus a service fee.

The amount of the service fee varies according to volume, with the best rates available to those who pay the original Business Reply fee plus a flat accounting fee. This method should be cost-effective for any mailer expecting to receive more than 600 pieces of Business Reply Mail on an annual basis. Details and current prices are available from your postmaster or at *www.usps.com.*

No matter what plan you choose for the receipt of Business Reply Mail, it is essential to keep sufficient funds in your account at the post office; otherwise your incoming mail will be held until you have properly funded the account. Besides holding up the receipt of orders or inquiries, having mail held in this manner destroys the mailer's ability to forecast on the basis of number of responses received each day. Business Reply Envelopes and Cards must be prepared according to a special set of regulations. This information is readily available at your local post office or at *www.usps.com*. Your USPS "Mailpiece Design Analyst" can also assist with artwork, copy and standards for business reply mail.

Lettershops

Time was, the lettershop was little more than an envelope-stuffing service, with row upon row of individuals inserting materials into envelopes by hand. In recent years, the science of preparing mail has advanced at an astonishing rate. As David Fant points out, most lettershops now perform as service bureaus as well as lettershop addressing services. Personalization is available through

many lettershops, as well as variable printing where you can merge custom photos and text into your direct mail piece.

Today most mailings are prepared so that all of the pieces may be inserted by machine and the envelopes labeled or addressed and bar coded in zip-code or carrier route sequence by machine, sealed, and prepared for mailing, all with a minimum of human intervention. Some lettershops still provide hand-insertion services for mailings that are not machine insertable, and there are still cost-effective services available for smaller mailers who do not need six-station inserters and other sophisticated equipment. On the other hand, the range of lettershop services available to today's larger mailers is quite broad, and includes folding, collating, trimming, laser printing, and many more.

What to Look For in a Lettershop

To select a good lettershop, do a bit of detective work. Ask for the recommendations of other mailers whose volume and type of mailings are similar to your own. Visit the booths of lettershop services at trade shows and read their literature to learn about their capacity, specialties, and extra services. Then select several lettershops and visit their premises personally. Consider the following in evaluating each shop.

- *Neatness and organization.* The work of a lettershop is meticulous and detail oriented. Did the lettershop seem to run smoothly?
- *Equipment.* Compare the shop's printed equipment list against your own visual check. Does the firm's capacity match its promotional materials? How many machines were "down" during your visit? How many employees were standing around idle? Did the machines appear to run smoothly? Were there service people available to fix any breakdowns promptly?
- *Capabilities.* If you have need of special services, make sure this lettershop can fulfill them. For instance, most mailings have six inserts or fewer: if yours have more, the lettershop will need multi-station machines to handle them. Do you need a shop with polybag inserters, bursters or folding machines? Will you be using oversized outer envelopes? Do you need to have the lettershop affix seals, labels, or plastic cards? These are just a few examples of the special capabilities you may require from a lettershop.
- *Warehouse.* It is essential that the warehouse be clean, dry, and well organized. Are inventories stacked neatly? Would your materials stay in mint condition there until they are inserted? Ask to see how materials are recorded when they are received to ensure that your valuable printed matter is placed in inventory with care.
- *Post office arrangements and software.* Does the lettershop have a good relationship with the post office? Is there a postal official on site? If not, how far is the lettershop from the post office? Does the lettershop use the latest software for bar coding, sorting, and other functions, such as USPS's MERLIN®?
- *Customer relations.* Did the lettershop provide you with a list of the things they need to know to make your mailing run smoothly: source of materials, insertion order, codes, etc.?
- *Timing.* Find out how many shifts the lettershop runs each day. They can double or triple their available capacity for you if they are able to run second and third shifts.

Working with the Lettershop

A mailer must do four things to ensure good service from a lettershop. First, provide materials that are in good condition, packed according to the lettershop's specifications. Second, provide a complete record of what will arrive at the lettershop and how it is to be prepared. Third, keep in communication with the lettershop to make sure things proceed in a timely manner. Fourth, stay on schedule. It is not fair to expect the lettershop to make your mail date when delays in other functions lead to late arrivals of materials or lists.

Provide Materials in Good Condition. Your printer and computer service bureau will probably provide materials directly to the lettershop according to your orders. Check with the lettershop for instructions about how they prefer to receive materials: how boxes should be labeled, the preferred sizes for cartons, how materials should be stacked, and so on. Improperly boxed and shipped materials may become curled, damp, or otherwise uninsertable while in storage at the shop, and this extra care may therefore yield you savings in time and money.

The service bureau may provide labels or electronic files to the lettershop. If you are using labels, keep in mind that they may be generated in rows of one, four, or any number of other configurations. You have to know the configuration your lettershop needs for smooth machine operation. Also make sure the service bureau knows whether you want Cheshire labels, pressure-sensitive labels, or some other type of label to fit the lettershop's needs. By the same token, make sure any electronic files sent to the lettershop for addressing purposes are provided in a compatible format.

Provide Proper Documentation. If you give your lettershop a letter or form which tells what they will be receiving, how it will be marked, where it will come from, and what to do with it, your mailing will be off to a good start. The lettershop also needs the order of insertion you prefer. The following order of insertion is preferred by most mailers, because it allows the reader to see the letter first, while the reply form shows through the die-cut outer envelope, if you have one.

With outer envelope face down:
1. Letter
2. Brochure
3. Other pieces (premium slip, publisher's note, etc.)
4. Business Reply Envelope
5. Reply Form (facing backwards so label shows through outer envelope, if applicable)

Keep Communicating and Stay on Schedule. It is up to you to follow up on a daily basis and check with the lettershop to make sure things are proceeding smoothly. If they are not, you will have to prompt the printer, envelope supplier, service bureau, or other source of the problem to get things back on schedule. This is especially important because mail dates, for the most part, must remain firm. List rentals are protected only for a certain mail date, and you cannot make a casual decision to delay a mailing.

More Hints for Dealing with Lettershops

- Ask the lettershop for a hand-inserted sample of each mailing configuration in your project before machine inserting begins. Misunderstandings are much easier to correct at this point. These packages should also be weighed to make sure they meet postal regulations for the class of mail you are using.

- Get proper documentation for everything you mail through a lettershop. Postal form 3602 tells you the date your material was mailed, postage cost, number mailed, and how mailed: carrier route, five-digit presort, carrier-route presort, etc.
- Supply postage money to the post office or lettershop in plenty of time. The lettershop will not advance postage money. Make out the postage check to the U.S. Postmaster.
- Book your lettershop well in advance when big mailings are coming so that they can alert the proper authorities at the post office. This is especially important in smaller cities where million-piece mailings are rare.
- Design outer envelopes with enough tolerance left to right and top to bottom to ensure that inside pieces will be machine insertable. General guidelines: outer envelope should be at least 1/2″ wider and 1/4″ taller than the largest inserted piece.
- Graphic designers should work closely with lettershops when designing unique packages. To make sure pieces are machine insertable, certain rules must be followed. For instance, all pieces must be a minimum thickness and weight. If the outer envelope flap is deeper than 1-1/2″ to 1-3/4″, it may cause problems in inserting.

Also important: each inserted piece must have a closed side for the inserting machine to grab.

Enhance Your Understanding: Visits and Tours

Until you visit a large, bustling lettershop and tour a USPS Network Distribution Center (NDC), your understanding of the functions described in this chapter may not be complete. If you are not in charge of postal functions for your company or agency, ask those who perform these jobs to help set you up with a tour or two. In addition, local and regional direct marketing clubs often include such tours on their schedules of activities for members. While you're on tour, be observant. Ask questions about why things are done the way they are, and what other capabilities are available. Ask for a look behind the scenes in storage areas, holding areas, the postal loading dock, and so on. While you're at it, arrange for similar tours at printers of various sizes, graphic design studios, services bureaus and other key suppliers. You'll become a better-rounded marketer in the process.

Periodicals, Books, and Other Resources

Print and Online Periodicals

The following are some of the periodicals that will be of interest to creative direct and digital marketers. Many of these periodicals have robust Web sites with daily news updates, white papers, and other helpful materials, and many have multiple e-mailed newsletters to which you may subscribe. This contact information is subject to change.

Advertising Age—www.adage.com.

Business Publication Advertising Source—Published for online access by SRDS *www.srds.com*.

Canadian Advertising Rates and Data—Published for online access by SRDS *www.srds.com*.

Chief Marketer—*www.chiefmarketer.com*.

Consumer Magazine Advertising Source—Published for online access by SRDS *www.srds.com*.

CRM Magazine—*http://www.destinationcrm.com*.

Direct Marketing List Source—Published for online access by SRDS *www.srds.com.*

DM News—*www.dmnews.com*.

Hispanic Media & Market Source—Published for online access by SRDS, *www.srds.com*.

Digital Advertising Source—Published for online access by SRDS, *www.srds.com*.

Internet Retailer—*www.digitalcommerce360.com/internet-retailer/*.

Multichannel Merchant—*http://multichannelmerchant.com/*

Newspaper Advertising Source—Published for online access by SRDS, *www.srds.com*.

Print Media Production Source—Published for online access by SRDS, *www.srds.com*.

Promo: The Magazine of Promotion Marketing—https://promomagnews.com/

Radio Advertising Source—Published for online access by SRDS, *www.srds.com*.

Target Marketing—www.targetmarketingmag.com.

*TV & Cable Source—*Published online and offline by SRDS, *www.srds.com.*

Who's Mailing What— www.whosmailingwhat.com/

E-mailed Newsletters

There are a host of daily, weekly, bi-weekly and monthly topical newsletters delivered by e-mail to direct and digital marketers, and often available at no subscription cost. Here are some of the best sources to check for available newsletter subscriptions.

3D—DMA Daily Digest—To subscribe, contact *https://thedma.org/stay-in-touch/*

eMarketer—To subscribe, visit *http://www.emarketer.com/*

Fast Company Newsletters—To subscribe, visit *http://www.fastcompany.com/newsletters*

Media Post—To subscribe, visit *http://www.mediapost.com/*

Mobile Marketer—To subscribe, visit *http://www.mobilemarketer.com/*

Tech Crunch—To subscribe, visit *https://techcrunch.com/crunch-daily/*

Books and Other Resources

The following is a brief list of some of the books and resources this author has found especially helpful in formulating and executing direct and digital marketing creative strategies. It is by no means complete.

Books

Advertising Secrets of the Written Word: The Ultimate Resource on How to Write Powerful Advertising Copy from One of America's Top Copywriters and Mail Order Entrepreneurs by Joseph Sugarman. Published by DelStar Publishing, Las Vegas, NV.

Business-to-Business Direct Marketing by Robert W. Bly. Published by McGraw-Hill/Contemporary Books, New York, NY.

Business-to-Business Direct Marketing by Tracy Emerick and Bernard Goldberg. Published by Direct Marketing Publishers, Yardley, PA.

Business-to-Business Internet Marketing by Susan K. Jones. Published by Maximum Press, Gulf Breeze, FL.

Business-to-Business Marketing: Creating a Community of Customers by Victor L. Hunter. Published by McGraw-Hill/Contemporary Books, New York, NY.

Buying Creative Services by Bobbi Balderman. Published by McGraw-Hill/ Contemporary Books, New York, NY.

The Complete Database Marketer: Second Generation Strategies and Techniques for Tapping the Power of Your Customer Database by Arthur M. Hughes. Published by McGraw-Hill Trade, New York, NY.

Confessions of an Advertising Man by David Ogilvy. Published by Atheneum, New York, NY.

Contemporary Database Marketing: Concepts and Applications by Martin Baier, Kurtis M. Ruf, Goutam Charkraborty. Published by RACOM Communications, Chicago, IL.

The Creative Organization, edited with an introduction by Gary A. Steiner. Published by The University of Chicago Press, Chicago, IL.

The Customer Differential by Melinda Nykamp. Published by AMACOM, New York, NY.

The Direct Marketing Handbook, edited by Edward L. Nash. Published by McGraw-Hill, Inc., New York, NY.

Direct Marketing: Strategy/Planning/Execution by Edward Nash. Published by McGraw-Hill, Inc., New York, NY.

Direct Marketing Success Stories by Bob Stone. Published by NTC Business Books, Lincolnwood, IL.

Direct Marketing Through Broadcast Media by Alvin Eicoff. Published by NTC Business Books, Lincolnwood, IL.

DMA Lead Generation Handbook by Ruth P. Stevens. Published by the Direct Marketing Association, New York, NY. (Available through the DMA.)

DMA Statistical Fact Book. Published annually by the Data & Marketing Association, New York, NY. (Available through the DMA.)

Eicoff on Broadcast Direct Marketing by Alvin Eicoff. Published by NTC Business Books, Lincolnwood, IL.

The Greatest Direct Mail Sales Letters of All Time by Richard Hodgson. Published by Dartnell Corp. (an LRP Publications Company), Horsham, PA.

Handbook for Public Relations Writing by Thomas Bivins. Published by NTC Business Books, Lincolnwood, IL.

High-Performance Digital Marketing by Christopher Ryan. Published by RACOM Communications, Chicago, IL.

How to Create Successful Catalogs, 2nd Edition, by Maxwell Sroge. Published by McGraw-Hill/Contemporary Books, New York, NY.

How to Find and Cultivate Customers Through Direct Marketing by Martin Baier. Published by McGraw-Hill/Contemporary Books, New York, NY.

How to Profit Through Catalog Marketing by Katie Muldoon. Published by NTC Publishing Group, Lincolnwood, IL.

How to Start and Operate a Mail-Order Business by Julian Simon. Published by McGraw-Hill Professional, New York, NY.

The IMC Handbook: Readings and Cases in Integrated Marketing Communications, edited by J. Steven Kelly and Susan K. Jones. Published by RACOM Communications, Chicago, IL.

Integrated Direct Marketing by Ernan Roman. Published by McGraw-Hill Trade, New York, NY.

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Tested Advertising Methods by John Caples. Published by Prentice-Hall, Inc., Upper Saddle River, NJ.

A Whack on the Side of the Head by Roger von Oech, Ph.D. Published by Warner Books, New York, NY.

Other Resources

Creative Whack Pack—Card game and iPhone app by Roger Von Oech. Published by United States Games Systems; game available from amazon.com and in many bookstores; app available on the iPhone.

NEWSTRACK®Advertising Classics—Cassette tapes with highlights from the writings of Leo Burnett, Rosser Reeves, Albert D. Lasker, Claude C. Hopkins, Maxwell Sackheim, Alvin Eicoff, Fairfax M. Cone, and David Ogilvy. (Out of production but may be available on amazon.com or through other online sources.)

Glossary

This glossary provides an overview of some of the most frequently used terms and buzzwords for writers, graphic designers, and production people in direct and digital marketing. It is by no means complete.

A/B SPLIT—A testing method in which each copy of a newspaper, magazine, Web site, e-mail or other medium alternately carries ad "A" or ad "B."

ACTION DEVICE—A tab, sticker, or other item in or on a mailing package which makes the prospective customer "do something" that leads toward a sale. Example: stickers representing both magazines available for subscriptions and prizes available for winning, within sweepstakes packages from publishers.

AFFILIATE PROGRAM—Paying a percentage of sales revenue to a Web site that refers a purchaser to a seller.

AIDA—Attention, Interest, Desire, Action: the standard formula for the steps through which direct and digital marketing copy should take the prospect in order to induce a response.

ART—The general term for illustrations and photography used in promotional literature; also the final material presented for printing.

BACK END—Back-end activities are those that take place after an initial order is received. This term may also indicate the customer's buying activities with the firm after an initial order. See also Front End.

BANGTAIL ENVELOPE—An envelope which serves a promotional purpose via an extra flap that holds product information, an order form, or both. Often used in credit-card statements, premium notices, and the like, where the "bangtail" promotion rides along free.

BANNER AD—A graphic display of advertising on a Web page, offering click-through to a more detailed message/offer.

BAR CODING—Vertical bars and half-bars printed in a proscribed format on the outside of a mail piece to facilitate automated processing. This saves postage for the mailer when done according to post office specifications.

BASTARD SIZE—A nonstandard size of promotional piece which requires special handling and may well cost more than an item of more usual size or configuration.

BINDERY—The facility that binds together books, magazines, or pamphlets. "Binding" means wiring with staples, sewing, or plasticizing, depending on the thickness and desired appearance of the bound piece.

BINGO CARD—Deriving its name from its resemblance to this type of game card, the bingo card is a tear-out business reply device inserted in a magazine. The reader simply circles the appropriate

numbers on the card to request promotional literature or sales follow-up from advertisers in the publication.

BLACK AND WHITE—Another term for one-color printing, where black type or art on white paper is utilized.

BLEED—Where the printing on a piece goes all the way to the edge of the paper. This is accomplished by printing beyond the margins of the piece and then trimming to the margins.

BLOG—Short for "Web log"—an individual's open journal, diary or commentary about specific or general topics.

BODY COPY—The main blocks of words in a printed piece, as opposed to headings and subheads.

BOLDFACE or BOLD—A heavy-faced type.

BOUNCE BACK—An offer to a customer that comes to him or her along with the fulfillment of an order. Also a name for an offer to an "affinity" buyer, e.g., one to whom you would "bounce back" an offer on a second set of children' books after the first purchase of a set on that topic.

BROADSIDE—The name for a brochure that folds out to a flat size of $11'' \times 17''$ or larger. The "broadside" format lends itself to a dramatic product presentation whereby all elements of the offer may be presented on a single reading surface.

BROCHURE—Also called a circular, pamphlet, or flyer, this is the general term for a descriptive piece of literature used for promotional purposes.

BROCHUREWARE—Judgmental term for a Web site that is little more than a copy of the firm's print brochure transmitted via the Internet, and does not take advantage of the Web's depth and interactive properties.

BROWSER—A tool that enables World Wide Web users to navigate the Internet easily and to find items by topic rather than by the complex URL addressing scheme.

BULLETS—Dots or asterisks used to introduce short, declarative selling statements about a product. Also a term for the statements themselves.

BULK MAIL—See standard mail.

BUSINESS REPLY MAIL—A card or envelope with the address and indicia of the company receiving the order or inquiry. It allows the inquirer or buyer to mail the card or envelope back postage-free. The user must obtain a permit from the post office to utilize business reply, and establish an account with postage money to cover the cost of replies. Users pay the first-class postage for each reply they receive, plus a postal handling fee.

CALL OUT—Information used to describe or bring attention to a photograph, diagram or illustration in a promotional piece, usually connected to the applicable part of the visual by a line.

CAPTION—Typeset description of an illustration or photograph.

CARD DECK MAILING—A group of postcards that contain promotional information and business reply capabilities, sent to a group of people with certain characteristics (e.g., attorneys, marketing executives, physicians, etc.).

CARRIER ROUTE PRESORT—Sorting mail into a nine-digit zip-code sequence so that it is ready to be distributed to individual U.S. Postal Service carriers. This may save additional postage over five-digit zip-code sequencing.

CASH WITH ORDER—A request for payment in full when the order is placed.

CATALOG—A book or booklet whose purpose is to show merchandise, provide descriptions, and offer the said merchandise for sale via an order form, telephone, online, or retail outlets.

CD-ROM—Compact disk, read-only memory. Used by some direct marketers to deliver catalogs, lists, product information, etc., and/or to link prospects to a comprehensive Web site.

CENTER SPREAD—The middle two pages of a bound catalog, magazine, or book.

CHARACTER COUNT—The number of letters and spaces that will fill a specific area in a printed piece.

CHAT—A typed conversation over the Internet or online service between two or more people, conducted in real time.

CHESHIRE LABELS—Mailing labels prepared for use with automatic labeling machines. The machines affix the labels individually to the mailing envelope, letter, catalog, or order form.

CINEMATOGRAPHER—The individual responsible for the composition and lighting of filmed projects. For projects utilizing videotape, the title is videographer.

CLICK-THROUGH RATE (CTR)—Expressed as a percentage, this is a measure of the ratio of times an e-mail or banner ad is clicked on, to the number of e-mails sent or exposures to the ad.

CLIP ART—Illustrations, borders, and other graphics available for artists to use in design creation of artwork for printing. The cost of the clip art book, disk, or download is usually the only fee, as these designs are not copyrighted.

COATED PAPER—A smooth-finished paper that provides good photographic and printing reproduction. The paper is coated with a thin layer of clay and may be finished to a dull, matte, or glossy appearance.

CODE—Also known as a key code or source code, this is a number, series of letters, or other identifying device used to determine the source of an order or inquiry. It may appear on the order form or label, or within the return address or coupon on a space ad.

COLLATERAL MATERIALS—Printed materials used to support a sale or prospective sale, such as instruction manuals, certificates of authenticity, or warranty information.

COLOR SEPARATION—The translation of an original photograph or other piece of artwork into separate plates for four-color printing.

COMPILED LIST—As opposed to a list of buyers of a specific product or service, a compiled list does not promise any sort of past buying activity. Rather, it is a group of names gathered from directories, public records, registrations, and other sources which share one or more things in common (such as being marketing professors).

COMPREHENSIVE LAYOUT—Also called a "comp," this is a layout for a prospective printed piece that is complete enough to permit the ordering of finished illustrations, photography, and artwork for printing.

COMPUTER HOUSE—A firm that offers various computer services, including list computerization and maintenance, merge/purge operations, and computer-generated letters.

COMPUTER LETTER—A letter generated by a computer for the purpose of personalizing a name, address, previous buying record, or something else.

CONDENSED TYPE—A narrowed version of a typeface used to conserve horizontal space.

CONTINUITY PROGRAM—A program that has multiple parts, such as a series of books, records, collector's plates, or recipe cards shipped on a monthly, semi-monthly, or quarterly basis. The items are unified by a common theme and often by a common price per shipment.

CONTROL—A promotion package or ad that has been proven to perform at a certain level and that is used as the benchmark for future testing.

CONVERSION—Turning a prospect into a lead or buyer, or making a lead into a buyer.

COOKIE—Bits of code that sit in a user's browser memory to identify the visitor to the Web site. Users can disable cookies if they choose to do so. Cookies can also be embedded within a promotional e-mail's HTML to track "open" rates, forwarding, and the like.

CO-OP MAILING—Two or more (usually noncompetitive) offers combined in one envelope and sent to prospects to cut down the individual mailing, postage, and other costs. Standard Rate and Data Service publishes lists of organized co-op mailings.

COPY—A manuscript, typescript, or other written material to be used in preparing a printed piece such as a letter or brochure.

COPYRIGHT—An exclusive right that the law grants to authors and artists, or to the owners of other works.

COPYWRITER'S ROUGHS—Rough layouts prepared in pencil by a copywriter to indicate the relative sizes and positions of elements in an ad, brochure, or other piece of selling literature.

CORNER CARD—The imprint of the sender or the return address on an outer envelope or catalog, which may include the logo or slogan of the mailing firm.

COUPON—The return portion of an ad, which may involve a purchase or a request for more information.

CPM—Cost per thousand; a typical measure of cost for direct and digital marketing promotional activities.

CREATIVE DIRECTOR—The individual responsible for an agency or company's creative product. The creative director may begin as a copywriter, graphic designer, or a combination of both.

CROP—To trim off a portion of a photograph or illustration to eliminate extraneous background and/or make it fit available space.

CUSTOMER LIST—The names owned by a particular firm. These names may be collected through outside solicitation, purchase, or compilation. Also known as a "house list" or "house file."

CUSTOMER RELATIONSHIP MANAGEMENT—Combining the skills of database management, sales, marketing, and customer service to ensure that customers receive appropriate, customized, and consistent information and treatment at every point of contact with the company—be it online or offline, on the phone, or in person.

CYBERSPACE—A more romantic term for the Internet and other online forms of communication. The word originally appeared in the novel *Neuromancer* by William Gibson.

DATA MINING—Sorting through data to identify patterns and establish relationships.

DATABASE MARKETING—An automated system used to identify customers and prospects by name, and to use quantifiable information about these people to define the best possible purchasers and prospects for a given offer or relationship-building communication at a given point in time.

DECOY—To inquire or purchase from a company with the intention of learning about its products and methods of promotion.

DECOY NAME—A "`tip-off" name (a false name at your address, perhaps) inserted in a mailing list. Also known as a "seed name," or "salting the list." This assures that the mailer knows when his or her list is being used and how, and helps prevents its unauthorized use.

DEMOGRAPHICS—Social and economic information about people or groups of people, including age, income, educational level, and other quantifiable data.

DIE CUT—Special cut-out shapes on printed pieces created by using sharp steel dies to cut paper.

DIGITAL EDITING—A non-linear, random-access process that allows for swift and easy video editing and creation of customized versions.

DIGITAL PHOTOGRAPHY—Using a camera to create photographs recorded in pixels for easy transmission to the computer screen.

DIGITAL PRINTING—Enabled by digital technology, the simple transfer of information from a computer file to paper. It can be accomplished using a press, printer, copier, or fax.

DIGITAL VIDEO RECORDER—Device that records many hours of a consumer's favorite television shows automatically, whenever they are on. The consumer can watch the shows at will, and fast-forward through commercials.

DIMENSIONAL MAILING—A three-dimensional direct mail package. Also called a bulky package or bundling package.

DIRECT MAIL—The use of the postal service to send a common message to persons selected from a database or list, by zip code, or other means.

DIRECT MARKETING—Obtaining leads or selling by means of a specific message to a specific prospective buyer or inquirer.

DISPLAY TYPE—Large type in a printed piece, usually headlines or subheads.

DOMAIN NAME—A registered Web site name or address.

DO-NOT-CALL LIST—A list of phone numbers gathered and maintained by a governmental agency (usually national or state) at the behest of consumers. Companies are generally forbidden to call the numbers on this list, with certain exceptions for their own customers and prospects, and for political and non-profit entities.

DOT or DOT PATTERN—The individual elements that make up halftones. In full-color printing, dots in red, blue, yellow, and black are arranged to produce all other colors.

DOUBLE OPT-IN NAMES—A list of names of customers or prospects who have specifically indicated, and then re-confirmed (usually by return e-mail) that they are willing to receive certain

types of messages from a certain company, or from the firms to which that company may rent names for direct mail or e-mail purposes.

DOUBLE-TRUCK SPREAD—A two-page spread.

DUMMY—Any "mock-up" of a printed piece used to test its appearance, weight, readability, or other properties.

DUOTONE—Two plates are combined to create a piece of art with a darker and a lighter shade of ink.

E-COMMERCE—Electronic Commerce. The process of shopping, buying, and selling goods and services online, ranging from purchase influence to ordering and payment settlement.

ENAMEL PAPER—A coated stock.

ENCRYPTION—A process of coding information so that it can be protected for transmission over the Internet. Typically used for credit card numbers and other private information.

EXTRANET—Password-protected Web sites created by firms to serve their top customers and partners.

EYEBROW—Also called "overline." A lead-in to the main heading that appears above the heading on a printed piece.

FIRST CLASS MAIL—Mail that may or may not contain individual messages, but afforded priority treatment because of the amount of postage it bears. See also Standard Mail.

FLUSH LEFT/FLUSH RIGHT—Typesetting done so that copy lines up on the left side or the right side, with the other side ragged edged.

FONT—One variety of typeface, including all its characters and symbols.

FOUR-COLOR PROCESS—Also called the full-color process, it indicates the four color plates commonly used in color printing: yellow, magenta (red), cyan (blue), and black.

FREELANCER—An independent writer, consultant, artist, or other service provider who is not employed by any one firm, but who works with various firms or agencies.

FREE-STANDING INSERT (FSI)—A promotional piece that is not constrained by the specifications of a publication, but which is inserted loosely into that publication. It allows an advertiser to "ride along" with the daily newspaper, for instance, while still printing full-color material on a good-quality paper stock.

FREQUENCY/RECENCY/AMOUNT/TYPE (FRAT)—See Recency/Frequency/Monetary.

FRONT END—The marketing activities that take place before the entering of an initial sale or lead from a prospect. See also Back End.

GANG RUN—Running several same or similar print jobs together to save money and time.

GIF—Graphical Interchange Format. A bit-mapped graphic format used on the Web; typically for smaller graphics that should look crisp and bright, such as logos and icons.

GIMMICK—A small device that may be tipped onto a direct mail letter, order form, or brochure, to call attention to the piece or dramatize the offer.

GRAPHIC ARTS—The general term for the field of printing, and for creative work on promotional materials (including art, layouts, and photography).

GUARANTEE—The marketer's promise regarding the prospective buyer's satisfaction, and the specific terms of that promise (e.g., replacement guarantee, money-back guarantee, buy-back guarantee, etc.)

HALFTONE—A plate, printed piece, or process involving the shooting of artwork through a lined screen, which breaks up the art into a dot pattern.

HARD BOUNCE—An undeliverable e-mail address that either never left the transmitting server or never reached the destination server, but rather bounced back to the sender. See also Soft Bounce.

HEADS/HEADINGS/HEADLINES—A short phrase designed to attract attention to the offer at hand and lead the reader through the body copy and subheads that follow.

HICKEYS—Marks on printed material caused by dirt or foreign matter introduced during the printing process. They may appear on all pieces or only on a few samples.

HOME PAGE—The first screen visitors see when they arrive at a World Wide Web site. It usually includes welcoming messages and links to other pages on the site and elsewhere. Also used as a term for the entire Web site.

HOTLINE NAMES—The most recent buyers on a direct mail list.

HOUSE LIST—See Customer List.

HTML—HyperText Markup Language, which can be interpreted by a browser on the World Wide Web.

HTML EDITOR—Software that assist creators of Web sites and helps them avoid learning the nuances of HTML.

HYPERLINK or HYPERTEXT—Clickable text that links one piece of information to another on the World Wide Web.

HTTP—HyperText Transfer Protocol. The language of the Internet.

INDICIA—Envelope markings substituted for stamps or other regular cancellations in bulk mailings.

INFOMERCIAL—A long-form direct response television advertisement, typically 30 minutes in length, combining product background and product-in-use demonstrations, testimonials, and selling messages.

INQUIRY—A person who has not yet purchased anything from a firm, but who has been identified via a response to an ad or other solicitation in which he/she asked for (usually free) information.

INTERNET—A worldwide "network of networks" using Internet Protocol to link computers.

INTRANET—Internet-accessible information made available only to employees and other internal participants in a company or organization.

ITALIC—Letters sloped forward instead of upright, used for emphasis or effect.

JOHNSON BOX—Named after the late Frank Johnson, the copywriter who first used it, this is a boxed-in headline or short lead-in paragraph that appears at the top of a direct mail letter.

JPEG—Joint Photographic Experts Group. A bit-mapped graphics format that is optimized for scanned photographs. They can be compressed into smaller file sizes than GIFs.

JUSTIFY—To place space between letters so that the left and right margins of all lines in copy are the same. Creates a squared-up appearance.

KEY CODE—See Code.

KEYING—The practice of coding blocks of copy to the pictures they describe by means of a letter or number.

KILL—Eliminate or delete certain copy, illustration, or whatever is so marked.

KROMECOTE—A very glossy, coated paper stock.

LABEL—A piece of paper (it may be pressure-sensitive or not) that carries the name and address (and possibly an identification code) of a prospect or previous buyer. It is affixed to an order form, letter, or outer envelope for mailing purposes.

LAID PAPER STOCK—A paper, often used for letterhead printing, which is not woven but appears to be.

LANDING PAGE—A Web page especially prepared to serve as the first "landing place" for respondents to a promotional e-mail or banner ad. It pertains specifically to the offer being made and serves as a bridge between the promotion and the firm's main Web site. May also be called a bounce page, jump page, or splash page.

LAYOUT—A rendering of a proposed printed piece, indicating positions for headings, copy, art, and borders. The term may also indicate color treatments. See also Comprehensive Layout.

LEAD—A prospect that has not yet been converted to a buyer.

LEADING—The space that appears between printed lines. Some leading is necessary for readability.

LETTERHEAD—The stationery used by a particular business, printed to identify that firm via a logo, name, and address.

LETTERPRESS—A traditional printing method in which the print area is raised above the non-print area so that ink rollers touch the portion that becomes the printed image.

LETTERSHOP—The firm that handles the labeling of order cards and envelopes and the insertion and mailing of direct mail solicitations.

LINE DRAWINGS—Solid-black-line artwork that does not require halftone reproduction.

LIST—The names and addresses of prospects, customers, or both who have something in common, whether it be previous buying habits, occupation, and/or other attributes. Also known as a file.

LIST BROKER—A professional counselor to renters of direct mail lists. The broker provides recommendations on list rental for specific propositions, and may be made privy to the results so that he or she can help plan future testing and roll-outs. The broker also helps expedite the receipt of lists, merge/purge operations, and other list-related matters.

LITHOGRAPHY—A printing process that involves the use of plates made from photographs. Offset lithography is simply called "offset" in most cases.

LOAD-UP—On continuity propositions, a system whereby the customer is sent the bulk of product at once, to save on postage and packaging costs. Generally, the customer is then asked to remit the monthly or semi-monthly fee using payment coupons from a booklet until the entire set is paid for.

LOGOTYPE—Also called logo. The trademark or signature of a company, which may simply be indicated by a certain typeface, or by artwork.

LOOSE LEAD—A loosely qualified prospect who has indicated at least minimal interest in a product or service. See also Tight Lead.

LURK—To visit a newsgroup, social media site or chat group without posting entries or making comments.

MAIL DATE—The day agreed upon between a list renter and list owner as the "drop date" for a specific mailing at the post office.

MAILER—A firm that does direct mailing (lettershop), or a carton in which products are shipped. Also a term for a direct mail piece.

MAIL-ORDER BUYER—A person with a history of frequent and recent purchases by mail, and thus a good prospect for a new mail-order proposition.

MAIL PREFERENCE SERVICE—The Data & Marketing Association provides this service to consumers who may use it to have their names eliminated from or added to direct mail lists. Both DMA-member companies and non-member companies may use this information to better serve consumers.

MASS CUSTOMIZATION—Offering products with a host of pre-developed options that allow buyers to put together what seems to be a product that's "just for them," but actually combines elements that are readily available for combination.

MERGE/PURGE—A computer process whereby lists may be merged together to facilitate zipcode sequencing and the testing of segments, and can be "purged" of duplicates, pander names, other undesirable names, or names that are to be saved for later mailing.

METATAGS—Words and phrases added to the HTML source material of a Web page to characterize its content and help search engines identify its most appropriate categories.

MOBILE MARKETING—Promotional activity designed for delivery to cell phones, smart phones and other hand-held devices, usually as a component of a multichannel marketing campaign.

MOONLIGHTER—A freelancer who is also employed regularly by a single firm.

MULTICHANNEL MARKETING—Strategic marketing using multiple marketing channels to effectively reach and influence a customer or prospect.

MULTIPLE BUYER—Also called a multi-buyer or repeat buyer. A person who has purchased more than once from a firm, on different occasions.

NEGATIVE OPTION—Used by many book and music clubs, this calls for the customer to send back a response if he or she does not want to purchase a monthly selection. The terms must be spelled out carefully and agreed to by the customer, under Federal Trade Commission regulations. See also Positive Option.

NESTING—A procedure designed to cut costs and save time in the mailing/insertion process. One piece of literature is placed inside another before insertion into an envelope, thus cutting the number

of positions necessary on the inserting machine. The procedure may also be used to nest an appropriate order form with selling or other literature.

NET DOWN—The quantity of names left after a merge/purge eliminates duplicates.

NETIQUETTE—The informal rules for using the Internet with courtesy.

NEWSPRINT—A low grade of paper used chiefly for newspapers. Made from groundwood pulp and sulphite pulp and finished by machine.

NEWS RELEASE—An announcement sent to newspapers, magazines, television and radio stations, or other media with news about a person, event, product, or service. Also called a press release.

OFFER—The specified buying terms presented to the prospect, including price, payment options, delivery terms, and premiums.

OFFSET PAPER—A type of paper suited to offset lithography. It usually refers to a lower grade of offset lithography paper, as opposed to a more expensive or coated stock that might also be used for offset printing.

ONE UP—Printing one impression of a printing job at a time. Also two up, three up, four up, etc.

OPACITY—A measure of paper quality indicating the amount of "show through" from one side to the other when paper is printed on both sides.

OPT-IN NAMES—A list of names of customers or prospects who have specifically indicated that they are willing to receive certain types of messages from a certain company, or from the firms to which that company may rent names for direct mail or e-mail purposes.

OPT-OUT NAMES—A list of names of customers or prospects who have specifically indicated that they do not want to receive certain types of messages from a certain company, or from the firms to which that company may rent names for direct mail or e-mail purposes.

OUT OF REGISTER—Lack of alignment of colors that are to be printed one right over the other, resulting in "hanging" dot patterns.

OVERLINE—A phrase or heading that appears above the main headline on a brochure or other promotional piece. Also called a "kicker."

PACKAGE—The entire direct mail solicitation, typically including the outer envelope, letter, brochure, order card, Business Reply Envelope, and whatever other elements may be included.

PACKAGE INSERT—A promotional offer that is included in the shipment of a product. It may be from the firm shipping the product or, via a fee or royalty arrangement, from a different firm,. Standard Rate and Data Service publishes information on available package insert arrangements.

PACKAGE TEST—A test of a direct mail element or elements within a given package, against the control package.

PAGINATION—Determining how type will break from page to page, or how catalog products will appear from page to page.

PANDER NAMES—Names of consumers who have asked to be placed on a "do not mail" list, made available through service bureaus.

PANTONE MATCHING SYSTEM (PMS) COLORS—Standard, numbered shades and colors

that are available to printers in premixed form, selected when a specific background or accent color is desired.

PASS-ALONG—The factor of additional readers for a direct mail piece or ad, obtained when the recipient passes the piece along to others. Self-mailers are considered best adapted among the direct mail formats for obtaining pass-along readers.

PDF—Portable Document Format. The current standard for electronic mechanicals. Graphic designers use Adobe Acrobat to save all the text, illustrations, and photos in a universal language. Clients then can preview and approve the piece using Acrobat Reader software.

PERSONALIZED URL—Also known as a PURL, this is a landing page that is personalized to the individual by name and often by other known information about their interests, buying patterns and the like.

PERSONALIZATION—The addition of the name and/or other individual information about a prospect or buyer to a promotion.

PICA—A measurement of lines of type. There are six picas to an inch.

PICK UP—An indication that a designated piece of copy or art will be reused without modifications.

PIGGYBACK—An offer that "rides along free" with another offer.

PLATES—Short for printing plates, which are used to separate image from non-image material during the traditional printing process.

POINT—A unit of measurement for type, with 72 points to an inch of height.

PORTAL—A Web site that serves as a gateway to a wide range of information on the Internet. It often includes a search engine.

POSITIVE OPTION—A system whereby the customer must send back a reply if he or she does want merchandise. It is used for some club appeals. See also Negative Option.

PREDICTIVE ANALYTICS—The area of data mining concerned with forecasting probabilities and trends, including what a customer is most likely to be in the market to buy next.

PREDICTIVE MODELING—A process used in predictive analytics to create a statistical model of future behavior or buying.

PREMIUM—An offer of a free item to the buyer as an incentive to purchase or try a product.

PRESS PROOF—A proof made on a regular press and used to check color before the full run is made.

PRESS RELEASE—See News Release.

PRESSURE-SENSITIVE LABELS—Also called peel-off labels.

PROGRESSIVES—Also called progs. A set of proofs that can be separated to show each color on its own, and put back together to see how the four colors combine.

PROOF—A reproduction of art and/or type used for proofreading, editing, and checking for layout errors.

PROSPECT—The name of a person who is seen as a potential buyer for a product, but who has not yet inquired or purchased from a firm.

PSYCHOGRAPHICS—Qualitative lifestyle or attitude characteristics, as opposed to quantifiable indicators like demographics.

PUBLICITY—Any form of non-paid promotion in the media.

PUBLISHER'S LETTER—Also called a "lift letter." An auxiliary letter in a mailing that keys in on a specific selling point and/or answers objections to help close the sale.

PULL MEDIA—Marketing media that draws a target audience in, such as television or a Web site.

PUSH MEDIA—Marketing media that is sent directly to members of a target audience, such as e-mail.

QR CODE—A matrix barcode (or two-dimensional code), readable by QR scanners, mobile phones with a camera, and smart phones.

REAL TIME—Conducted in the present moment, as opposed to delayed communications.

RECENCY/FREQUENCY/MONETARY (RFM)—Three criteria by which a name on a rental list is evaluated: how recent was the last purchase, how often has the individual purchased, and how large is the average order. Another version, popularized by the late Robert Kestnbaum, adds the type of merchandise to the criteria. This is known as FRAT, or Frequency/Recency/Amount/Type.

REFERRAL—Also called "friend of a friend" or "the buddy system." This is a plan whereby the seller asks customers or prospects to identify friends who are likely to be interested in the same kind of merchandise or offer. The customer may be offered a premium for doing so.

REPLY CARD—Also called "Business Reply Card" or "BRC." A postage-paid order card or inquiry card that bears the sender's address and postal indicia.

RESPONSE RATE—The percentage of orders per thousand mailed that results from a mailing or ad insertion in a publication.

REVERSE TYPE—Instead of the common dark-on-light typeface presentation, reverse type shows the type itself in a light color, presented on a dark background. It is dramatic in appearance, but more difficult to read than regular type, especially in smaller sizes.

ROI—Return on investment. Used as a financial measurement of a campaign's success.

ROLL-OUT—A scheduled mailing of the remaining names in a list universe, if a list test is successful and a possible subsequent, larger test validates the initial results.

ROP—Run of paper or run of press. A newspaper space placement that is within the regular editorial sections of the newspaper, as opposed to a free-standing insert.

ROUGH—The first draft of copy or a layout.

SANS SERIF—Type that does not have these flourishes.

SCREEN—A grid used in a special camera to create halftone prints.

SELF-MAILER—A one-piece, direct mail item that is not a catalog, but which does not come in an envelope. For best results it should incorporate all the elements of a direct mail package including letter, brochure/display, and reply device.

SERIF—A typeface featuring lines or strokes that project from each character.

SEARCH ENGINE—A Web site that allows visitors to type in words or phrases, and then returns a list of suggested site matches to facilitate visitors' research process.

SEARCH ENGINE OPTIMIZATION—The process of modifying a Web site to make it as attractive as possible to search engines.

SHARE OF WALLET—The percentage of a buyer's total expenditures in a particular product category that is spent with a certain company.

SHEET-FED PRESS—An offset press that prints on sheets of paper that are fed into the press one at a time. Usually used for smaller quantity and/or higher quality printing. See also Web Press.

SIGNATURE—A section of a catalog or book, which may be eight or more pages in length. Catalogs may be repositioned by signature to generate a new look for re-mailing.

SMS—Stands for the "short message service" commonly used for texting via mobile phones.

SKU—Stock-Keeping Unit. A firm wants to keep careful control of its SKUs to make sure it offers sufficient variety to satisfy the market without risking loss of profit by providing more than the optimum number of customer options.

SOCIAL MEDIA—Works of user-created video, audio, text or multimedia that are published and shared in a social environment, such as a blog, wiki or video hosting site.

SOFT BOUNCE—An undeliverable e-mail address that reached the destination server but could not find the specific address residing there. See also Hard Bounce.

SOLO MAILING—A solicitation for a single product or product line.

SOURCE CODE—See Code.

SPAM—Unsolicited bulk commercial e-mail sent to people with whom the sender has neither a prior business relationship nor permission to send e-mail.

SPONSORED SEARCH—A paid feature of search engines whereby advertisers bid for prominent position in a special sponsors' section that appears when specific keywords or phrases are entered.

SPLIT RUN—Two versions of an ad run in the same publication via a system whereby every other copy of the publication carries one ad and the next in line carries the other. This allows for statistically accurate testing. Same as A/B Split.

STANDARD MAIL—Mail composed of a large quantity of identical pieces, presorted and batched according to post office requirements to save the mailer money on postage. Standard mail privileges require a permit from the post office.

STANDARD RATE & DATA SERVICE (SRDS)—Chicago-area firm that publishes guides to the rates and requirements of a wide range of business and consumer media.

STET—A proofreader's word which, when applied to a word or phrase of copy that has been marked out, means "leave it as it was."

STOCK—Paper or other material used to print on.

STOCK PHOTO—Photos made available by professional photographers for non-exclusive use at a negotiable fee based on circulation and intended use.

STORYBOARDS—A series of drawings created to provide a rough idea of the visuals planned for a television spot, infomercial, or video. The corresponding audio may be displayed below each drawing.

STUFFER—An enclosure in a package, statement, newspaper, or other medium for the purpose of selling a product.

SWIPE FILE—The direct mail packages, space ads, and other samples of competitive advertising material saved by a copywriter or art director for inspiration in developing new ideas.

TEASER—Also called an envelope teaser. The copy on the outside of an envelope whose purpose is to move the reader to open it and read the offer inside. Also refers to a teaser ad: an enticing ad that encourages the reader to watch for further developments in later-running ads.

TESTING—A preliminary mailing or ad insertion that determines the relative chances of success of a given proposition in a given medium.

TEXT MINING—Deriving high-quality information from text by divining patterns and trends using statistical methods. It has been used as a method to improve the relevance and clarity of copy.

THUMBNAILS—Miniature layout sketches used to give a general idea of what a direct mail piece will look like.

TIGHT LEAD—A highly qualified prospect who has indicated strong and immediate interest in a product or service. See also Loose Lead.

TIP-ON—Something glued to a direct mail letter, order card, or other printed piece. It may be a gimmick or an action device.

TRADE PUBLICATION—A magazine intended for those involved in a specific trade or profession.

TRAFFIC BUILDER—A direct mail piece that does not have the solicitation of a direct order as its main goal, but rather is meant to bring customers into a retail store.

UNIVERSE—The total number of people who fit a certain set of characteristics. Also, the total number of people on a specific mailing list.

UP-CHARGE—A vendor's additions to the price initially quoted. Should be discussed with the customer before they are added to the bill.

UP FRONT—Getting the payment for a product or service before it is shipped.

URL—Universal/Uniform Resource Locator. An addressing scheme for World Wide Web sites.

VALIDATION—A mailing that takes place after an initial test, to verify the results before a roll-out.

VALUE BORDER—An elaborate art border resembling those on insurance policies and certificates, used on reply forms or other direct mail pieces to add the perception of worth and importance.

VIRAL MARKETING—In e-mail marketing, sending a message that is so compelling that recipients are moved to forward it to many people they know. Also applies to various other forms of word-of-mouth marketing.

VORTAL—A vertical portal that serves a specific industry, such as plastics.

WEBINAR—A seminar presented via the Web. The simplest version combines a conference call for audio with an online Power Point presentation for video. More advanced versions may include interactivity and full-motion video. Webinars are usually recorded for later online viewing at the convenience of customers and prospects.

WEB 2.0—Moving beyond one-way communications to a web where the user takes charge of his or her own web experience, including reviews and social media conversations.

WEB 3.0—The "semantic Web," where the Web can "understand itself" and becomes a guide, offering a world wide database and harnessing the power of artificial intelligence to provide customized recommendations

WEB PRESS—An offset printing press that has a rotary action and uses large rolls of paper. It is used for larger quantity printing (usually 50,000 pieces and up). See also Sheet-Fed Press.

WHITE PAPER—A short treatise aimed at educating industry customers. It should be devoid of selling messages, and should help establish the credibility of the author and the firm he or she represents.

WIKI—A collaborative Web site that can be directly edited by anyone with access to it. The most prominent example is Wikipedia.

WINDOW ENVELOPE—An envelope with a see-through area that allows for a labeled reply device and which may also serve as the address mechanism. The window is die cut, and may remain open or be covered with a see-through material.

WORLD WIDE WEB—A system for accessing Internet resources including text, graphics, sound, and video.

XML—eXtensible Markup Language. An Internet language that is more powerful than HTML and incorporates document management technology.

ZIP-CODE SEQUENCE—The arrangement of names and addresses on a list, beginning with 00000 and progressing through 99999. This provides basic sorting for standard postal bulk-rate mail. It may go further, to a nine-digit number, for carrier-route coding.

BowTie Cause:

Tied to Social Enterprise

By:

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How to Tie a Bow Tie

Step 1: Lift the collar.

Step 2: Place the bowtie around neck.

Step 3: Cross the longer end over the shorter end.

Step 4: Loop the long end under where the two ends cross.

Step 5: Fold the dangling end to make a loop.

Step 6: Drop the longer end over the skinny center of the bow.

Step 7: Pinch the bow together in front of the long end.

Step 8: Feed the middle of the dangling end back through the knot.

Step 9: Pull at the loops.

Step 10: *Straighten* the bowtie.[1]

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[1] http://www.wikihow.com/Tie-a-Bow-Tie

Dhani Jones, Founder of BowTie Cause, elevated Step 10 to "***Rock*** the bowtie." Dhani's name was popularly recognized as a linebacker from 2007-2010 for the NFL Cincinnati Bengals. He was an expert with the pigskin, but his role in BowTie Cause demonstrated his expertise with social enterprise. As depicted in business press, contemporary company leaders wore hooded sweatshirts and laid-back sneakers: it appeared the secret to get market share and shareholder value up required entrepreneurs to dress down. Dhani's signature bowtie, looped to perfection, instead symbolized the promise for enlightened community dialogue for the sake of common good.

Dhani recognized that bowties were a tricky accessory. He also recognized that the ten simple steps that resulted in one crisp bowtie could contain a message of support folded into its four corners. According to BowTie Aficionado, as few as 1% of men knew how to tie a bowtie.[2] Yet, through his daily practice, Dhani showed he knew what eluded most men. He not only knew how to tie a bowtie, but also how to rock a bowtie to support a cause.

Not only did the steps to properly tie a bowtie elude most men, but men additionally received mixed messages about when to wear bowties. When and why would a man wear a bowtie instead of a traditional necktie? The idea that a bowtie could generate attention, begin a conversation, and garner support for social injustice was the genesis for BowTie Cause. Through BowTie Cause, Dhani realized that a bowtie could transform a personal style choice into a symbol of social support.

Five years into its operations, BowTie Cause remained Dhani's signature contribution to society at large. As an organization, BowTie Cause had partnered with 109 causes, manufactured more than 5000 bowties, and donated $300,000 to a range of causes. Within a cluttered environment of fashion accessories and charitable causes, Dhani realized that BowTie Cause needed a clearly articulated Integrated Marketing Communications (IMC) Plan for gaining wider awareness and recognition as a signature solution to generate funds and awareness for various causes. What specific markets should be targeted? How could the bowtie be communicated as a symbolic icon related to specific causes? Not an expert in this area, he realized that there were far more than 10 steps involved in bow-tying to make this vision a reality.

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[2] http://www.bowtieaficionado.com/2014/12/02/bow-tie-infographic/#.VZQCTWDvOS0

The BowTie Cause Model

History of BowTie Cause

Dhani's path to create social change started with his time on the football field. During the sixth round of the 2000 NFL draft, the New York Giants selected Dhani as a linebacker after his record-setting career at the University of Michigan. Early in his NFL career, Dhani learned that Kunta Littlejohn, a childhood friend, had been diagnosed with lymphoma. For years prior to his diagnosis, Kunta had worn bowties. He vocally proclaimed that, "If you wanna be somebody, you gotta rock a BowTie." Dhani was at first skeptical about Kunta's statement but began to wear bowties in silent support of his ailing friend.

Dhani's initial uncertainty about Kunta's adoration of bowties soon turned into a signature for philanthropy. After retiring from the NFL in 2010, Dhani started BowTie Cause as a conduit to help others rock bowties in support of the causes that deeply impacted their lives. Dhani wanted the bowtie to be more than a fashion accessory and sought to associate the bowtie with social entrepreneurship. Dhani realized that donning a bowtie could support a cause, start a conversation, or be an advocate for change. As such, the BowTie Cause mission statement represented this vision:

Our mission is to generate awareness – and funds – for organizations that make a difference. We accomplish this by telling the story of your organization through the design, creation and promotion of a signature BowTie.

As Dhani built relationships with organizations in Cincinnati (home of his final NFL team), Dhani recruited talent to lead BowTie Cause operations. Dhani served as Chairman of BowTie Cause, and his friend Kunta (now a cancer survivor) took the role as Chief Inspiration Officer. Amanda Williams joined BowTie Cause as CEO nearly three years into operations; her finance and banking background brought strategic planning expertise. Amanda prioritized repositioning BowTie Cause as her first objective. She commissioned and guided a website relaunch that emphasized an improved user interface, updated logo, and a relevant tagline (*Get Tied to A Cause*). In conjunction with the website relaunch (www.bowtiecause.com), Amanda worked to streamline owned social media channels to reflect the improved style and to consistently communicate the

mission. As the BowTie Cause Executive Team, Dhani, Kunta, and Amanda delivered the BowTie Cause model to highlight three key competencies. The team executed the BowTie Cause mission statement through consistent (1) organizational representation, (2) collaboration, and (3) process.

BowTie Cause is a social enterprise. Social enterprise—which is also called social venturing, social innovation, and social entrepreneurship—is a recent development in which organizations seek to meet urgent social needs while operating as a business. Social enterprises *are* businesses with the distinguishing feature of having a mission of providing social welfare services for people who are disadvantaged or otherwise excluded. Businesses which provide some significant benefit for the whole of society, in such areas as the arts, the environment, or community development, may also be considered social enterprises. They include for-profit and not-for-profit organizations, of which BowTie Cause is the former.[3]

To "generate funds," per the mission statement, BowTie Cause donates 25% of profit from online bowtie sales to the organizations represented by the customized bowties. Each uniquely designed bowtie captures the essence of its cause through color, pattern, texture, and other fabric embellishments. The suggested retail price for each bowtie was $57. The current price is $65. The added value for the cause organization results from the difference between the revenue from retail sales and the cost of bowtie production. Additionally, the initial $57 price point represented Dhani's Cincinnati Bengals number, so "57" was an extra nod to Dhani's leadership. The BowTie Cause model delivers economies of scale. For example, an order of 100 bowties costs $28.50 each to manufacture; for an order amount of 250 bowties, the cost is $27.50. See Appendix A for additional details about the cost structure and financial benefit to organizations.

The BowTie Cause model requires collaboration. The BowTie Cause team shares creative expertise with the cause organizations in the design of a bowtie that best portrays the mission of the cause. The cause partners know their historic roots and tactics as well as the needs of the populations they serve, but they generally do not have social enterprise knowledge to design a wearable story. BowTie Cause guides partners through the manufacturing process and coordinates design, creation, and promotion. From the time of initiation, causes receive their bowtie orders in 12 to 14 weeks. Every bowtie prototype articulates the cause's story. The packaging of the bowtie also reflects the organization: each bowtie is packaged to promote the cause's story,

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[3] John R. Boatright, "Social Enterprise," in The SAGE Encyclopedia of Business Ethics and Society, 2nd ed, ed. Robert W. Kolb (Thousand Oaks, CA: Sage Publications, 2017)

logo, website, and social media channels. This balance between organizational representation and collaboration is anchored in the common mission to generate funds. See Appendix A for an illustration of the process timeline.

Finally, the BowTie Cause mission explicitly aims to "generate awareness." BowTie Cause partners with organizations from an array of sectors. This flexibility allows BowTie Cause to work with groups that varied from sport teams' philanthropies, universities, and medical societies. Options for BowTie Cause to source prospective partners are endless. Increased diversification of partners enabled BowTie Cause to expand its reach and contribute to the fragmented cause marketing space. Appendix B lists BowTie Cause affiliates.

Cause Marketing and Social Enterprise

For BowTie Cause to grow through market expansion, it relies on an abundance of causes. Society's controversies, although largely unsought scenarios, create opportunity for BowTie Cause to be a contributor to causes that need both awareness and funds. Cause marketing, related to social enterprise, typically combines the cooperative efforts of a for-profit business and a non-profit organization for mutual benefit.[4] Dhani and the BowTie Cause team, as social entrepreneurs, regarded cause marketing as a means to benefit society. Consumers have an expectation that cause marketing will be part of any enterprise's operations. Per GfK[5], 63% of consumers reported only buying products that appealed to their beliefs, values, and ideals. Customers want to contribute to society through website clicks and in-store purchases, and cause marketing makes this convenient. "The number of consumers who say they would switch from one brand to another if the other brand were associated with a good cause has climbed to 87%."[6] This dramatic increase came at a time when charitable giving stagnated at 2% of the GDP.[7]

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[4] http://www.entrepreneur.com/article/197820
[5] http://trendwatching.com/trends/enlightened-brands
[6] http://www.entrepreneur.com/article/197820
[7] http://www.ted.com/talks/dan_pallotta_the_way_we_think_about_charity_is_dead_wrong

BowTie Cause incorporates both the spirit and the convenience of cause marketing. The uniquely designed physical bow tie itself serves as a beacon that exposes the larger public to a focal cause. The choice to exhibit the cause in the form of displaying the special bow tie is a touchstone to the inner values and priorities of its wearer.

BowTie Cause's Competitive Niche

Kunta pioneered the bowtie in the midst of a bowtie renaissance. Dhani articulated this "resurgence of the gentleman"[8] through his signature combination of dapper dressing and philanthropic efforts. As such, the BowTie Cause team recognized favorable marketplace conditions to find success through a differentiated product strategy. The challenge for BowTie Cause was to signal consumers as to how and why "Rocking a Bowtie Cause bowtie" went beyond a fashion statement and morphed into a social statement.

The U.S. market for apparel and accessories surpassed $15 billion in a recent year, and sales of men's products have continued to outshine women's sales. An anticipated 3% increase in men's accessories indicated US consumers accepted product development in menswear and desired more options.[9] Yet, ties lost their place as a staple of corporate dress. With continued popularity of casual workplaces and stay-at-home employees, annual tie purchases steadily decreased as retailers responded to consumer preferences for "casual work wear."[10]

Despite slumping necktie sales, the marketplace for other men's accessories experienced resurgence. Decades of casual workplace dressing, including jeans and t-shirts, begged for an upgrade that allowed men to embody personal style through elevated products. Men desired comfortable, unfussy styles that also allowed them to "dress the part" for professional commitments. Unlike infinite consumer choices offered to women – scarves, jewelry, and handbags – men sought straightforward items to serve multiple purposes that merged "business casual and business comfortable."[10]

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[8] http://articles.latimes.com/2009/nov/29/image/la-ig-diary29-2009nov29
[9] Euromonitor International. Passport GMID.
[10] Mintel International Group Ltd. Mintel Reports.

BowTie Cause saw this an as opportunity to merge this aesthetic with a premium product. Recent sales of men's denim signaled that men appreciated premium apparel to be used for multiple occasions. Sales of premium denim had first skyrocketed, then reached maturity and declined a near double-digit drop-off in sales.[7] Men appeared ready for low- to mid-priced garments to complement their premium-priced denim to keep their look fresh. In other words, there appeared to be an opportunity for appropriate accessories to supplement their casual dress. The durability of denim did not require constant replenishment, so while men wore-in their favorite jeans, their closets were void of other fashion-forward choices. BowTie Cause's masculine product assortment marked the brand's response to the expected industry uptick in men's accessories.

Men's fashion gravitated toward nostalgia, championed by society's fascination of popular culture influences ranging from Mad Men to Entourage. Products like pocket squares, cufflinks, eyewear, and bowties formed a mix-and-match wardrobe. Fashion-savvy men could simultaneously embody the well-groomed style of Mad Men's Don Draper and the laid-back look of Justin Timberlake. Nostalgic associations with bowties began to evolve. The historic image of bowties as "older" or "stiff" succumbed to modern interpretations of how men, representative of a range of lifestyles, "tied one on." The playful, yet sophisticated, nature of bowties supported BowTie Cause positioning. As shown in Appendix C, survey participants expressed descriptions associated with the word "bowtie."

Although consumers reported a range of perceptions about bowties, positive perceptions like "stylish" and "cultured" matched changing perceptions of luxury. Fifty-five percent of consumers reported that wearing a bowtie implied a sense of luxury.[11] With recent recession pressures lifted, luxury products satisfied a wider array of consumer desires. Product development freely combined form utility and fanciful appeal. In doing so, accessories responded to consumers' preferences for "masstige"[12] products, designed to blend mass pricing and distribution with prestige quality. Table 1 indicates how brands position luxury product offerings to fit three distinct preferences for luxury. This continuum ultimately points to opportunity for masstige products to include traits from each category.

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[11] Proprietary consumer data from BowTie Cause.
[12] https://hbr.org/2003/04/luxury-for-the-masses

Table 1 Luxury Continuum

	Types of Luxury
Accessible	Lowest, cheapest form of luxury that is accessible to most consumers in the marketplace
Aspirational	Middle tier form of luxury that most consumers aspire to attain
Absolute	Highest, most expensive form of luxury

Source: Euromonitor International.

Within the luxury spectrum, current positioning of BowTie Cause (see fig. 1) held a unique position among menswear brands. Indirect competitors, like Coach and Ralph Lauren, earned market share through diversification across luxury categories. Attempts to penetrate each luxury category with a unique product line confused consumers about the true meaning of a luxury product. For example, Coach simultaneously offered $45 leather key rings and $598 duffel bags, leaving consumers skeptical about what the brand meant. Too many masstige product extensions threatened vulnerability and signaled loss of vision by the brand. Consumer confusion risked that brands could default on their core competencies.

Luxury Mixed with Cause

What differentiated BowTie Cause's positioning within a competitive luxury continuum was its focus on using the bowtie as signature of a cause. The rising popularity of bowties presented this opportunity. While apparel brands with dominant market share boasted internal foundations as cause-related activity (like The Coach Foundation or the Ralph Lauren Pink Pony Fund), BowTie Cause products disrupted existing practice to invite both organizations and consumers to support *many* causes through *one* product. This contrasted with other brands' support of *one* cause through *many* products.

Figure 1. BowTie Cause demonstrated positioning of a masstige product that represented multiple causes; this differentiated positioning created a niche amongst a fragmented industry of indirect competitors.

While BowTie Cause indirectly competed to gain market share from mainstream fashion brands, it remained a social enterprise brand. Similar brands like Livestrong and (Product)[Red] experienced admiration from global audiences who sparked dialogue about social causes through signature accessories. These brands combine consumers' dress and donation patterns. Like BowTie Cause, each brand achieved awareness through heavy endorsements by publicly-known figures. However, controversies arose from cause affiliations for both Livestrong and (Product)[Red] brands.[13] Consumers again became confused. Brands associated with causes needed to restore trust in fashionable products that made a societal contribution. BowTie Cause's positioning, therefore, was challenged to present a high standard of transparency about its organizational representation of multiple causes. Appendix D compares BowTie Cause to Livestrong and (Product)[Red].

The modern bowtie held appeal to philanthropic groups seeking original ways to tell their stories of support. Through philanthropy, consumers may contribute in three distinct ways. The "3 T's of Philanthropy" are donations of (1) time, (2) treasure, and/or (3) talent.[7] For many the modern frenetic consumer lifestyles

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[13] http://www.conecomm.com/productred

suggest that time is a scarce luxury: finding adequate time to volunteer for favorite causes stressed commitments, to work and family. Consumers' tendencies to prioritize workplace commitments resulted in increased disposable income, so luxuries like bowties were attainable with earned disposable "treasure." The $65 retail price for a BowTie Cause bowtie enabled busy consumers to support causes consistent with their beliefs and interests, rather than expend precious time. Purchases from BowTie Cause satisfied the aspiration for luxury accessories while providing an accessible way to give treasure without depleting already scarce time to volunteer.

Signature Segments

BowTie Cause has two distinct market targets – the ultimate consumers and the cause partners. The visual design of each bowtie required that the values of these two groups were consistent. Therefore, segmentation required BowTie Cause to satisfy needs both of wearers and philanthropies.

Ultimate Consumers

Through proprietary research, BowTie Cause had clearly defined consumer segmentation. The ultimate consumers of BowTie Cause prioritized clothing and philanthropy choices as special expressions of their identities. They were motivated to make purchases that brought them both esteem and confidence. Their choice to wear bowties was to garner both attention and respect from others. Straightforward demographics were inadequate to classify ultimate BowTie Cause consumers. This segment generated 30% of BowTie Cause sales, so up-to-date research was crucial. Three consumer segments emerged, designated as "Ringleader," "Happy-Go-Lucky," and "Old Guard."[14]

Ringleaders: The Primary B2C Psychographic

Among ultimate consumers, ringleaders formed the target market that combined altruism with action. Ringleaders not only shared their time and treasure through actively choosing causes to support, but they

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[14] http://www.conecomm.com/beyond-demographics-1

also rallied others to follow their lead. These consumers most closely resembled Dhani and Kunta's initial challenge to be somebody by rocking a bowtie. Ringleaders believed everyone can be someone, so as opinion leaders, they wore and worked for the brand. By wearing BowTie Cause, they mobilized others to build awareness and openly exchange conversations about causes, values, and visions for a better society. Ringleaders transcended gender expectations also associated with bowtie; they were made up of both men and women. Women in this category would also openly engage with BowTie Cause without regard for the masculinity of the bowtie. These women understood the cause; for them, the physical bowtie was secondary to their connection to the cause.

Happy-Go-Lucky: The Secondary B2C Psychographic

Given consumer perceptions of bowties as "quirky" (see Appendix C), the Happy-Go-Lucky segment promised to be central to BowTie Cause growth. Happy-Go-Lucky consumers primarily valued convenience in their purchase decisions. As such, BowTie Cause satisfied time utility through its "two for one" offering: Happy-Go-Lucky consumers simultaneously gave treasure to a cause while saving time during the e-commerce ordering process. However, to effectively persuade Happy-Go-Lucky consumers, BowTie Cause needed to appeal to the "feel good" factor involved with their investment of treasure. Happy-Go-Lucky consumers wanted to impact society but did so only after being pulled to the cause by the brand itself. Happy-Go-Lucky consumers did not seek social enterprises but instead depended on the brand to connect them to the cause through tools like social media. Such behavior demonstrated the importance of BowTie Cause's openness to consistent dialogue with consumers about causes and values. Their need for convenience and reactive approach made BowTie Cause a head-vs-heart connection for them.

Old Guard: The Tertiary B2C Psychographic

Finally, a tertiary market included consumers who were traditional bowtie wearers. By combining luxury with cause, these Old Guard consumers stumbled into socially responsible purchases. They conventionally wore bowties – to special occasions rather than everyday – and routinely purchased based on price, quality, and convenience. Amongst old guard consumers, BowTie Cause posed an opportunity for brand switching: one-third of old guard consumers considered adjusting their brand preferences in favor of a brand associated with a cause. Old Guard consumers represented males over the age of 55, and BowTie Cause offered a

relevant option for these professionals. Consequently, Old Guard consumers had more professional exposure that required attendance at high-profile events (like galas and auctions) hosted by the causes represented in the BowTie Cause portfolio. Old Guard consumers also had experience with traditional ways of donating and could be persuaded to adjust their donation preferences through an accessory already present in their wardrobes.

Cause Partners

Cause partners received explicit mention in the BowTie Cause mission statement. To effectively understand the stories within the diverse cause sector, BowTie Cause sought to articulate the organizations' missions in its design process. BowTie Cause generated 70% of its sales through organizational buying by cause partners.

To maintain existing wholesale relationships and cultivate new ones, the BowTie Cause team included a Cause Curator. As a business development professional, the Cause Curator reported to Amanda as the CEO and treated each cause organization as an account. The Cause Curator retained records and detailed notes of sales funnel cycles as well as to record all contacts with organizations. Collected data referenced information like email threads, dates of contact, and website pages. The Cause Curator communicated with causes through email, phone calls, Skype, and in-person meetings. Weekly workload allocation ensured the sales funnel matched sales goals projected from previous years' sales ledgers. The Cause Curator created a clear, standardized CRM implementation.

The Cause Curator role was to be the consistent contact with each cause organizations. Using proprietary CRM documentation, the Cause Curator organized relationships as "current" or "prospect." In both current and prospect relationships, the Cause Curator interacted with multiple stakeholders in organizations' buying centers and procurement groups. Users who directly benefited from the missions of the cause partners – cancer patients, veterans, or students – did not typically participate in the wholesale and design process. It was essential that the Cause Curator be knowledgeable and empathetic about the scope of services that could be represented in a bowtie. See Appendix E for excerpts from documentation generated by the Cause Curator.

For causes with existing relationships, the Cause Curator aimed to renew the relationships through production of existing designs or slightly modified and updated designs. For example, the Juvenile Diabetes Research Foundation (JDRF) exemplified the most established relationship within the BowTie Cause portfolio. The JDRF mission was "to find a cure for type 1 diabetes and its complications through the support of research."[15] To support its mission, JDRF collaborated with BowTie Cause to produce three distinct bowtie designs. Health-related organizations in general were the best sector for the BowTie Cause platform. For existing relationships, such as that with JDFR and other health-related organizations, the Cause Curator learned to coordinate buying opportunities with the budget cycle of the cause. Designing three JDFR bowties, for example, demonstrated a "modified rebuy." Such modified rebuys challenged the Cause Curator's abilities to penetrate the existing organizational structure, since new contacts were frequently involved. This selling goal, in turn, reinforced long-term relationships and avoided ad hoc transactions.

The Cause Curator also initiated new prospect leads. Although the Cause Curator sourced prospects from organizational websites and non-profit trade associations, personal referrals proved most effective. Internal referrals to new cause stakeholders working for the same mission but on different projects proved productive; referrals also came directly from Dhani. To support this "new buy" process, the Cause Curator shared the BowTie Cause materials (Appendix A) with prospects to describe the mission, process, values, and other specifications. In total, the branded collateral presented BowTie Cause capabilities as a long-term partner, rather than a transactional vendor.

In particular, local organizations showed the greatest potential as clients of BowTie Cause. Navigating these smaller, lesser-known organizational structures, however, proved a challenge and made an organized Request for Proposal (RFP) process essential. To identify the roles and responsibilities of stakeholders new to BowTie Cause, the Cause Curator was tasked to convert opening communication with prospects into pipeline opportunities. Therefore, understanding of the prospect cause's mission was necessary to demonstrate how BowTie Cause could generate awareness and funds, primary goals for these smaller organizations.

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[15] jdrf.org

One Signature Communicated Through the Promotional Mix

Social Media

Clear segmentation addressed B2C and B2B opportunities, and therefore the promotional mix simultaneously required messages for ultimate consumers and cause partners. Social media content illustrated both the BowTie Cause mission and partners' missions. BowTie Cause tried to make its online voice relevant to its own brand and to the causes it represented. A content calendar recorded major events, such as National Hunger Awareness Day or World Environment Day, and queued relevant messages though online channels. Such content stimulated dialogue with Ringleaders and Happy-Go-Lucky consumers to view and create online messages. Metrics, including bounce rates, page views, etc., tracked month-to-month trends and set goals. Through a contract with Kooda Media, BowTie Cause measured impact in the digital environment while keeping focus on generating funds and awareness. See Appendix F for excerpts from social media tracking, and see Appendix G for a sample timeline of social media content.

BowTie Cause took a risk by purposefully downplaying social media. Compared with BowTie Cause competitors, social media presence remained intentionally quiet. BowTie Cause maintained presence on Facebook (with approximately 7000 fans) and Twitter (with approximately 4000 followers). Google Plus, Pinterest, and Tumblr also directed clicks to content via Facebook and Twitter. All social and digital content was internally produced by BowTie Cause (in partnership with Kooda Media). For example, a promotional video about Dhani's involvement consistently appeared via YouTube and Facebook. More recently, Instagram emerged as a medium capable of visually highlighting the design of the bowties and wearers' experiences for nearly 500 followers. BowTie Cause understood it could not altogether avoid social media, rather it strategically attempted to use its own media to balance presence and sidestep noise. The goal was to control its presence in social channels and cohesively represent its brand with appropriate messaging in channels owned by its cause partners.

BowTie Cause strengthened its brand through the effective use of a hashtag: #TiedToACause. All social content - either about specific products or specific cause partners - mapped to this hashtag. Its simple text embodied its mission and encoded a message that stimulated meaningful online dialogue. This hashtag

created a connective thread that openly invited new and existing consumers and causes to engage with their values. #TiedToACause became a digital signature and an extension of the signature bowtie.

User Experience (UX)

While the hashtag #TiedToACause was associated with social media interactions, e-commerce and wholesale purchases could not solely depend on social media posts. Social media use could contribute to the consumer experience, but could not be depended upon to initiate cause interest in the endeavor. The BowTie Cause website was the crucial touchpoint to unite the experiences of ultimate consumers and cause partners. After nearly four years of operations, BowTie Cause initiated a website redesign to enhance the user experience (UX). Such redesign was needed to unite aesthetics and function.[16] The redesign led to marketing research about consumer perceptions of the updated features. Per survey data, the most important visual cue within the upgraded website was the word "shop." This indicated that consumers visited bowtiecause.com with the intention to purchase. Additionally, users rated the design as visually pleasing (mean=4.16, on a 5 point Likert scale). Survey respondents reported the website design as "unique and innovative" (mean=3.93) and that website graphics were clear (mean=4.07). Consumers mostly agreed about ease of use (mean=3.91), ability to find pages within the site (mean=3.69), and customized orders (mean=4.0) See Appendix H for findings from survey data including heat maps and qualitative comments. Also, see Appendix I for integration of the website relaunch via social media.

Google Analytics

Although the proprietary marketing research commissioned by BowTie Cause implied consumers accepted the website's aesthetics and functionality, data from Google Analytics offered a different perspective. In 2015, consumers visited bowtiecause.com from desktop, mobile, and tablet devices equally. Each visit lasted approximately two minutes, so BowTie Cause had a short time frame to attract consumers' attention to its cause and products. Furthermore, the time users spent on the new website decreased by 30 seconds. The website perhaps became easier for consumers to navigate. Yet, consumers may have more quickly lost interest.

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[16] http://www.marketingprofs.com/articles/2015/27842/10-user-experience-testing-tools-marketers-need-to-know-about

After clicking through about 4.75 pages, 1 in 2 consumers "bounced" from the site. Additionally, the number of pages clicked slightly decreased since 2014, so returning consumers – knowledgeable of BowTie Cause's message and offering – may be navigating with greater efficiency.

Brand Ambassadors

Data about the user experience encouraged integration of social and digital interactions. The goal of the BowTie Cause promotional plan was to motivate purchase and the wearing of signature bowties. These objectives paralleled the mission to raise funds and generate awareness. With a sound online experience anchored, efforts began to involve personalities in the promotional mix. As a nationally known and popular athlete, Dhani served as the champion for endorsement. Dhani showed how to invest personal treasure with the purpose to "change the world."[17] He made the signature bowtie part of his personal mission. In doing so, he frequently referenced Kunta's story; thus, Kunta too served as a BowTie Cause Ambassador. Dhani's personal attachment to both philanthropy and style personified the ideal BowTie Cause Ambassador.

BowTie Ambassadors became a core medium to enhance BowTie Cause's promotional mix. Ambassadors represented BowTie Cause signature traits and embodied ringleader psychographics. Specifically,

A BowTie Cause Ambassador does not simply make a statement, they are a statement. Their actions, beliefs, and character speak to the things they stand for. A BowTie Ambassador rocks BowTies because of what they represent - not just because they are cool. A BowTie Ambassador is a leader, an influence, a catalyst for conversation and change.[18]

Ken Rosenthal, a Senior Major League Baseball commentator for Fox Sports, regularly showed how to rock a bowtie. Ken embedded the signature vision of BowTie Cause Ambassadors during each television appearance. Given the national popularity of major league baseball, Ken exposed BowTie Cause to fans who might have traditional expectations of how bowties are worn. Ken's primary reason to rock a bowtie remained simple: he wanted to "raise awareness for all the organizations with which BowTie Cause was

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[17] http://bowtiecause.com/the-cause/dhanis-words-mobile/
[18] www.bowtiecause.com

partnered. Not only did Ken talk about various causes and his bowties during his Fox air time, but he also supported the BowTie Cause brand by driving fans to the site to shop online. Bowtiecause.com devoted a page linked to all bowties Ken wore on air. Ken was an energetic ringleader and an overall sales increase accompanied each of his Fox appearances. The sales boost was not only for the specific tie he wore, but also for additional bowties that consumers discovered on the site related to their signature style and donation preferences. See Appendix J for additional details about Brand Ambassadors.

However, like social media, BowTie Cause understood celebrity endorsements demanded cautious use. Consumer data collected[11] indicated that not all consumers considered celebrity endorsements as a purchase influence. Thirty percent of survey participants reported "likely" or "very likely" to respond to celebrity influence, and 21% reported they were "undecided" about likelihood to be influenced by celebrity endorsement. Further, 25% of survey participants expressed inclination to wear a bowtie when favorite athletes wore bowties. Dhani and Ken clearly activated the signature message as they rocked bowties in athletic settings. Given that nearly 50% of survey participants avoided celebrity endorsement influence, the Brand Ambassador tactic opened BowTie Cause branding to a wider variety of consumers who personified "celebrity" qualities, yet manifested ringleader traits.

Integrated Promotional Mix for Wearers and Causes

The core message of the promotional mix – to change the world by rocking a bowtie – integrated across social media, digital UX, and Brand Ambassadors. The message resonated through business development by the Cause Curator. Yet, due to its twofold segmentation, BowTie Cause diffused across the product life cycle at multiple rates. The purchase decision for ultimate consumers was a short journey to point, click, and rock the bowtie. The organizational buying process to reach the bottom of the funnel occurred far more slowly. The messaging potentially fostered the need for two campaigns to represent two BowTie Cause segments. Yet, a split in the cohesive promotional mix signaled a communication problem for this brand as it strived to establish a cohesive communication strategy for sharing stories, raising awareness and funds for myriad causes.

The Decision Problem

BowTie Cause lacked one cohesive IMC plan to enable cause-related organizations and philanthropic consumers to know and accept its signature bowtie as a visual symbol of support for worthy causes. They had many pieces in place, but as Dhani, Kunta, Amanda and the team met, they realized that they needed to question and reexamine every aspect of their efforts.

Several questions arose for review:

- Is there a clear statement of the position BowTie Cause has within the social entrepreneurship space?
- Is the current website responsive both to consumers and organizations?
- Can SEO be improved?
- Are there specific appeals that should be aimed at each consumer segment?
    - Should the BowTie Cause "Success Pack" be revised?
    - Should social media take a more prevalent role in the IMC mix? If so, in what form?
    - What other channels should be included in the communication plan?
- Should additional high-profile celebrities be sought as Brand Ambassadors? Who would do this and how should prospects be chosen?
- Should the product line be extended to include other accessories, notably those targeted toward women?

It promised to be an interesting meeting. One signature bowtie could be tied in ten steps, and yet they knew that their challenge was to produce a Marketing Plan that could "tie it all together."

Appendix A: BowTie Cause Success Pack

BOWTIE CAUSE

Thank you for your interest in collaborating with BowTie Cause. Our mission is to provide opportunities for socially-conscious organizations to spark conversation, raise awareness and ultimately generate funds. Today, we primarily accomplish this mission through the co-created design of signature BowTies and the engagement inspired by them.

Organizational Representation

Every BowTie comes specially packaged including bow tying instructions and a custom storycard, which incorporates your organization's narrative, logo, website and Twitter handle. the cost structure is outlined below:

▶ Order Amount	100	250	500	1000 or more
▶ Cost Per BowTie	$28.50	$27.50	$26.00	$23.00
▶ Retail Value	$5,700	$14,250	$28,500	$57,000
▶ Benefit to Organization	$2,850	$7,375	$15,500	$34,000

We suggest that each organization sells each BowTie at $57. The difference in the cost of the BowTie to the organization and revenue from retail sales directly benefits the partnering organization.

Collaboration

BowTie Cause will order additional BowTies to be sold on the BowTie Cause website and will take on the cost to fulfill this inventory. BowTie Cause will then donate 25% of the profit from the online sale of each BowTie to the respective organization.

Process

Narrative Formation	Design	Fabric Sample Reviewed	Production	BowTies Delivered
Week 1	Week 1-2	Week 3-5	Week 6-12	

Added Value

▶ Each organization's story will be included on the BowTie Cause website with a link to the organization's website.

▶ Social media will be utilized to promote all partnering organizations.

▶ Each signature design will be entered into the annual BowTie Challenge. The winning BowTie will be worn by Ken Rosenthal at the World Series.

We look forward to collaborating with you!
Please contact info@bowtiecause.org with any questions.
Go to BowTieCause.com to learn more and see some of our incredible partnerships!

Appendix A: BowTie Cause Success Pack (continued)

BOWTIE CAUSE

SUCCESS PACK

BowTie Cause would like to thank you for your business! We are excited that you have selected the BowTie as an avenue for your organization to raise funds and awareness. Getting your powerful message across to as many individuals as possible is of the upmost importance. We are excited to begin the next phase of this collaboration to help your organization raise awareness for your cause by rockin' a BowTie.

This Organization Success Packet is a guide compiled of best practices from over ninety of our partnering organizations. As you work through the details of your event, we are always happy to answer questions you may have. If you have any suggestions as to how we can make this collaboration better, please feel free to share your feedback with your BowTie Cause contact.

BOWTIE CHAMPION

A BowTie Champion is a person (internal or volunteer) who is in charge of overseeing the project and communicating with BowTie Cause as your event approaches. Through past collaborations we have found that having a designated individual, a BowTie Champion, ensures your BowTie gets to customers and supporters in the most successful way. BowTie Cause will address all decision making with your designated decision makers, but the BowTie Champion will be the contact for BowTie Cause to make certain that your signature BowTie is successfully leveraged before, during, and after your event.

EVENT DETAILS

Event Date?......................☐
Emcee?...........................☐
Where is the event being held?
What is the atmosphere/vibe
of the event?....................☐
Pre event press event?
Ticket cost?.....................☐
Who is attending?
(demographic)...................☐
Likelihood that attendee will
spend? (auction, table sales)........☐
What is the goal for the
BowTie Inventory? (pre-sale,
event sales).....................☐
Location for BowTie Cause at
the event?.......................☐
How many volunteers
dedicated to supporting the
BowTie?..........................☐

We would like to know as many details about the event as possible. The more information we have, the more help BowTie Cause can offer in order to make certain all aspects of the event are achieved.

BOWTIE MARKETING

Pre-event publicity material?........☐
How will the BowTie be
presented?.......................☐
Mention during the event by
the emcee? (when, how often).......☐

Appendix A: BowTie Cause Success Pack (continued)

BOWTIE CAUSE
SUCCESS PACK

BOWTIE CAUSE COMMITMENT

Every collaboration creates its own unique experience; however, we hope to set a standard as to what you can expect from us throughout this process. BowTie Cause will use our available resources to assist in raising awareness for your event.

SOCIAL MEDIA

Two Tweets the week of your event . . . . ☐
One Facebook post the week of your event . . . . ☐
One Facebook post the week after your event (Only if images from the event are provided) . . . . ☐

If Dhani is scheduled to be at your event, we will need the following information.

INFORMATION FOR DHANI

Does Dhani have a speaking role at your event? If so, length of speaking time? . . . . ☐
Topic/talking points? . . . . ☐

BUT WAIT, THERE'S MORE...

After the event we would like to follow-up with your organization to make certain we have captured all pertinent information. This information not only helps us create better collaborations in the future, but it also allows us to fulfill our social engagement responsibilities to your organization.
1 - It is our goal to help your organization achieve it's sales goal for the BowTies; therefore, we are able to help with suggestions on how we can move any remaining inventory if needed.
2 - Please send BowTie Cause a few photos from the event. The photos will be used by BowTie Cause through our social media outlets in order to highlight your event.
3 - If you have any feedback on how we could improve the collaboration we would greatly appreciate it.

WHAT TO DO AFTER

Have we made BowTie Cause aware of the remaining inventory? . . . . ☐
Have we given the pictures of the event to BowTie Cause? . . . . ☐
Have we given our feedback to BowTie Cause about our experience? . . . . ☐

THANK YOU

We would like to thank you for your commitment to your cause. We are so happy that you selected BowTie Cause to be a part of your event and that you chose the BowTie to help spread your powerful message. We look forward to hearing your successes and growing our partnership with you in the future.

Appendix B: BowTie Cause Partners

Organization Type	Organization Name	Organization Type	Organization Name	Organization Type	Organization Name	Organization Type	Organization Name
							BowTie Cause Partners
Armed Forces	USO	Foundations	JDRF	Foundations	Cancer Support Community	Foundations	Hunger Network
	Armed Forces Foundation		Leukemia and Lymphoma Society		Autism Speaks		SPCA Cincinnati
Arts	Cincinnati Ballet		Livestrong		Pints for Prostates		Hibiscus Children's Center
	Cincinnati Pops Orchestra		Most Valuable Kids		Lighthouse Youth Services		International Swimming Hall of Fame
	SPIVA Center for the Arts		Cincinnati Zoo		Hope Starts Here		Esophogeal Cancer Awareness Center
	Headlands Center for the Arts		Society of St. Vincent de Paul		Children's Tumor Foundation		American Brain Foundation
	Cincinnati Art Museum		Ronald McDonald House Charities		Chiquita Classic		Detroit Tigers Foundation
	Cora Jean's Old School Café		Alxheimer's Association		The Spirit of Construction Foundation		Envision Children
	May Festival		Boys Hope Girls Hope		James Beard Foundation		Lungevity
	Cincinnati Opera		91.7 WVXU		Cancer Family Care		The Jason Motte Foundation
Education	University of Michigan		Kenzie's Closet		Santonio Holmes III & Long Foundation		Life Center
	Cincinnati Country Day School		Maggie's Hope		Elizabeth Glaser Pediatric AIDS Foundation		Mito
	Breakthrough Cincinnati		Ferdinand's Ball		ALBA		Jewish Family Services
	University of Arkansas		Pablove Foundation		Mission Kids Child Advocacy		Lymphoma Research Foundation
	BTN Live Big		Stand Up To Cancer		Boy Scouts of America		Patrick Dempsey Center
	University of Toledo		Arkansas Commitment		Ulman Cancer Fund		Rock CF Foundation
	ICSJ		ALS Association		Ed Block Courage Award Foundation	Health Related	University of Michigan C.S. Mott Children's Hospital
	Morehouse		Cystic Fibrosis Foundation		Flying Pig Marathon		Arkansas Children's Hospital
	Page Education Foundation		Dress for Success		J. Kyle Braid Leadership Foundation		Scoliosis Research Society
	Syracuse University		Arkansas Prostate Cancer Foundation		National Kidney Foundation		University of Cincinnati Neuroscience Institute
	Nativity School		Village Life Outreach Project		Cooperative for Education		National MS Society
	Mullen		9/11 Memorial		Variety		This Star Won't Go Out
	The Space		Ovarian Cancer Research Fund		Mercantile Library	Specialty	BowTie Foundation
	University of Cincinnati		Easter Seals		The Spirit of Cincinnatus		
	Lupus Foundation of America		American Diabetes Association		SAGA		
	Carnivor		The Charlie Foundation		St. Elizabeth Foundation		
	Wine Down Wednesday		Heroes Foundation		The Salvation Army		
	Marvin Lewis Community Fund		Project Haiti		Transitions		

Appendix C: Survey participants word associations with the word "bowtie"

Appendix D: Comparison of BowTie Cause to Livestrong and (Product)[Red]

	Livestrong	(Red)	BowTie Cause
Non Profit	Yes	Yes	No
Product Offerings	Multiple	Multiple	Few
# of companies partnered with	Multiple	Multiple	Multiple
Online/In Store	Both	Both	Online only
Celebrity Endorser	Formerly- Lance Armstrong	Bono & U2	Dhani Jones
Celebrity's Image	Negative	Positive	Positive
Cause(s) they support	Improving the lives of those with cancer	Funding HIV/AIDS programs in Africa	A wide variety of organizations from health to education to the armed forces

Appendix E: Excerpts from Cause Curator Documentation

Week of:

	Actual	Goal	
Emails	64	50	128%
Calls	5	20	25%
Meetings	6	5	120%
Follow-Ups	25	20	125%
Portfolio Contacts	5	2	250%
Networking Events	1	0.5	200%

Appendix F: Excerpts from Online Tracking Records

	Previous Week	Current Week Fans	Increase #	entions / RTS (Tw	Total Reach	#of Posts	gh Engagement Post(	Reach / Likes
Facebook	5713	5718		5	1.4K	7	6.17 Lupus BowTie announcement - Ken	10 Total Likes, Comments, Shares
							6.16 Quotes + picture of Ken wearing Pints for Prostate BowTie	16 Likes, comments, shares
Twitter	3357	3379	22	36 RTS | 45 Favs | 62	1.047 Impressions	29	6.17 Lupus BowTie for K Rosenthal	12 RTS | 473.4K impressions
Instagram	145	150		5		6	Picture of Mannequin w/ BTC BowTies covering it	22 Likes | 1 comme
Google+		9		-9	1589 views	2	n/a	n/a
Pinterest		4	4	0				
Blog		Transformations - Kunta Littlejohn						
Promotion?	Review BowTie purchase and receive 10% off	Doggie BowTies on Instagram						
Weekly Highlig	Twitter	Lupus BowTie announcment circulated well						

Sessions	Users
324	289

Pageviews	Pages / Session
1,572	4.85

Avg. Session Duration	Bounce Rate
00:02:41	55.56%
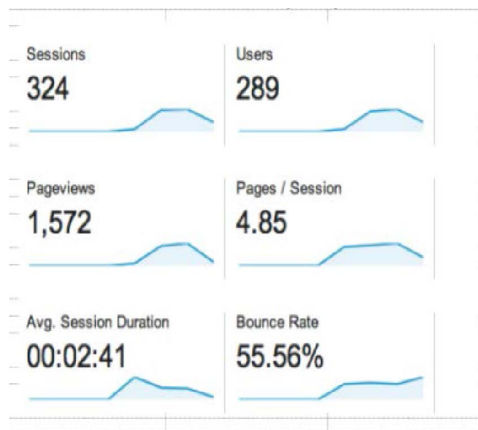
Appendix G: Example of a Social Media Content Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 Galloping Pig Promo	2 Quote of the Day (Facebook/Google+)	3 Ken Rosenthal/Bowtie Promo (Facebook/Twitter) **ADA**	4 #BowTie Selfie Submission (Twitter/Instagram)	5 Blog Post	6 Ken Rosenthal/Bowtie Promo (Facebook/Twitter) **ADA**	7 Ken Rosenthal/Bowtie Promo (Facebook/Twitter) **ADA**
8 Galloping Pig Promo	9 Quote of the Day (Facebook/Google+)	10 Ken Rosenthal/Bowtie Promo (Facebook/Twitter) **J Kyle Braid**	11 #BowTie Selfie Submission (Twitter/Instagram)	12 Blog Post	13 Ken Rosenthal/Bowtie Promo (Facebook/Twitter) **J Kyle Braid**	14 Ken Rosenthal/Bowtie Promo (Facebook/Twitter) **J Kyle Braid**
15 Galloping Pig Promo	16 Quote of the Day (Facebook/Google+)	17 Ken Rosenthal/Bowtie Promo (Facebook/Twitter) **Lupus**	18 #BowTie Selfie Submission (Twitter/Instagram)	19 Blog Post	20 Ken Rosenthal/Bowtie Promo (Facebook/Twitter) **Lupus**	21 Ken Rosenthal/Bowtie Promo (Facebook/Twitter) **Lupus**
22 Galloping Pig Promo **Father's Day**	23 Quote of the Day (Facebook/Google+)	24 Ken Rosenthal/Bowtie Promo (Facebook/Twitter) **Alzheimer's**	25 #BowTie Selfie Submission (Twitter/Instagram)	26 Blog Post	27 Ken Rosenthal/Bowtie Promo (Facebook/Twitter) **Alzheimer's**	28 Ken Rosenthal/Bowtie Promo (Facebook/Twitter) **Alzheimer's**
29 Galloping Pig Promo **National HIV Testing Day –EGPAF tie-in**	30 Quote of the Day (Facebook/Google+)					

Appendix H: Survey Data about BowTie Cause UX Website Relaunch
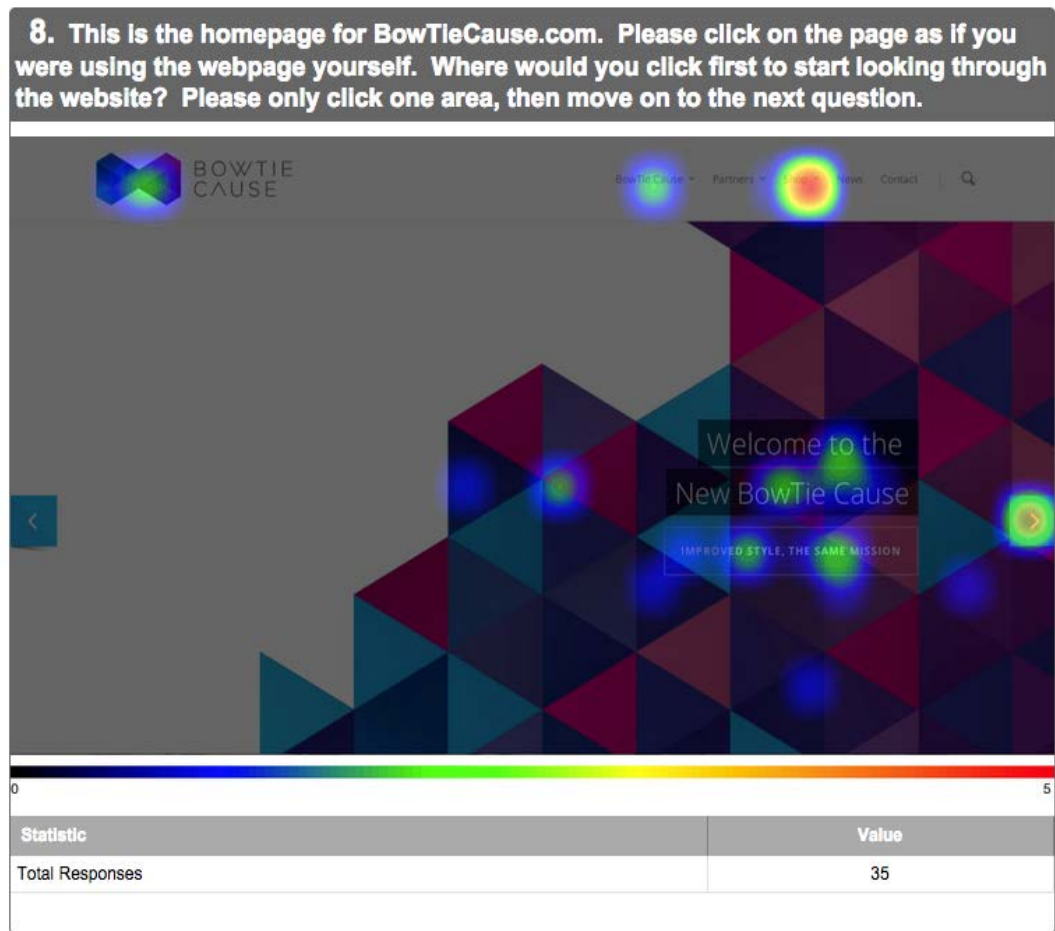
Appendix H: Survey Data about BowTie Cause UX Website Relaunch (continued)

Statistic	This retailer's advertised items are in stock.	This retailer provides information on how much an item costs with the shipping costs included.	This retailer provides accurate information about when orders will be received.	This retailer's website has a running total of purchases as you add more items to the cart.
Mean	3.96	4.09	3.91	4.07
Variance	0.63	0.45	0.54	0.43
Standard Deviation	0.80	0.67	0.73	0.65
Total Responses	45	45	45	45

Statistic	The retail site is visually pleasing.	The website design is unique and innovative.	The graphics and pictures on the website are clear and crisp.	The text on the website is easy to read.	I do not have to scroll from side to side in order to see the whole page.
Mean	4.16	3.93	4.07	4.14	4.09
Variance	0.93	0.95	0.76	0.63	1.20
Standard Deviation	0.96	0.97	0.87	0.80	1.10
Total Responses	44	44	44	44	44

Statistic	It is easy to get anywhere on this retailer's website.	I don't get lost on this retailer's website.	This website allows you to find a page previously viewed.	This website allows you to go back if you make a mistake or want to change your order.
Mean	3.91	3.84	3.69	4.00
Variance	0.54	0.73	0.63	0.68
Standard Deviation	0.73	0.85	0.79	0.83
Total Responses	45	45	45	45

Statistic	The website does not crash	The website pages load quickly	The retailer provides numerous payment options
Mean	4.20	4.18	4.14
Variance	0.68	0.76	0.49
Standard Deviation	0.82	0.87	0.70
Total Responses	44	44	44

Appendix H: Survey Data about BowTie Cause UX Website Relaunch (continued)

Statistic	Overall, I am very happy with the service experience.	In general, I am very pleased with the quality of the service this retailer provided.	I feel pretty negative about this retailer.
Mean	4.14	4.30	2.34
Variance	0.59	0.49	2.00
Standard Deviation	0.77	0.70	1.41
Total Responses	44	44	44

Qualitative data re: survey question, "What made you happy with your customer service experience?

Text Response

Professionalism, simplicity

Well, I purchased a stand up to cancer bow tie last year for my boss. I think that there were a few glitches in your system because I wasn't sure when it was getting shipped. I had to call a couple of times. I really wanted him to get the tie too...he wears a tie everyday but only owns two bow ties. We did have to "youtube" how to tie the bow tie...it was a bit confusing...but, we got it. If you have any coupons, I could use one for a future purchase.

Thank you very much,

Sincerely,

Maureen L. Wright   gmail: littlemo78@gmail.com

How easy it was to navigate throughout the website!

The website is visually pleasing and easy to navigate

Easy to use website

The website navigation and the experience of buying clothing and supporting a cause.

EVERYTHING

Everything

Very easy and straightforward process. Easy to find what you want and easily purchase it.

The website looks clean cut and professional. The presentation is very luring!

I liked the fluidity

I enjoyed the layout of the website and how visually appealing it was. Since I've never owned a bow-tie, it made it easy to figure out which one I wanted, especially the search bar and items related to whatever else I was purchasing. I would recommend this website to my friends and would come back on it to shop for some fancy bow-ties! :)

Everything is quick and responsive. Love the color pallet chosen for the website.

Autism speaks bow ties!

The accessibility and organization of the site

Everything was made very easy, informative, and understandable to the consumer.

the colors on the website were really cool. It kept my attention and caught my interest.

I was tied to the cause of the bow tie i purchased. I just wish it wasnt as expensive or more money went to the cause.

I have purchsed several ties as gits. I have never had any problems and service & delivery are excellent. Also, my son will only wear Dhani's Bowties for a cause.

Well put together website, good products, and supports something worthwhile.

the website looks really colorful and appealing, and is also easy to navigate

The overall format of the page was something different and that something caught my attention

Love the many options of ties offered, and love that I can support so many different philanthropic organizations when purchasing these items.

The items are of high quality and are delivered promptly. Also, they support a cause that I believe to be important.

Appendix I: Social Media Presence Before and After Website Relaunch

Logo

Facebook

Appendix I: Social Media Presence Before and After Website Relaunch (continued)
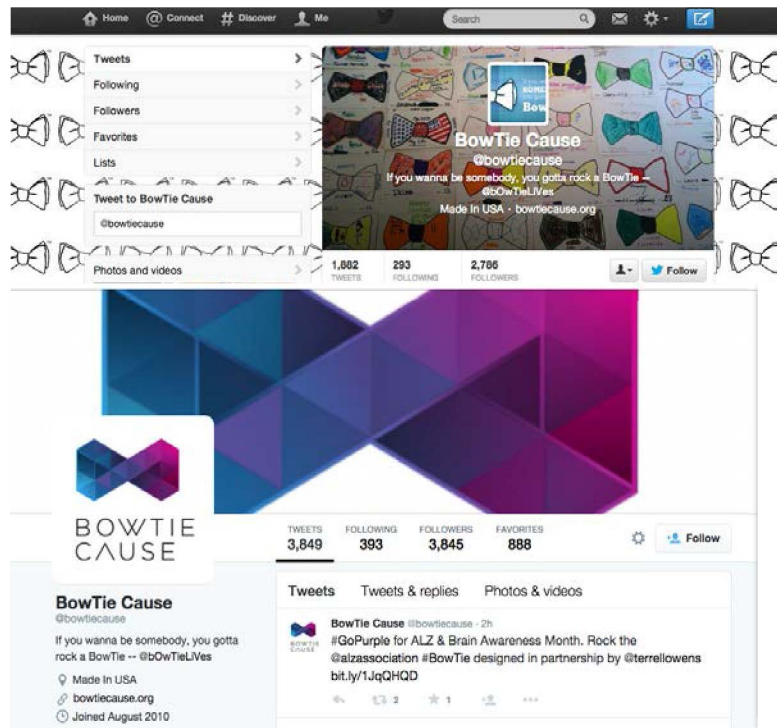
Twitter

Appendix J: BowTie Cause Ambassador Program

BOWTIE CAUSE

AMBASSADOR PROGRAM

BowTies w/ Discount

Fit For:

- Local personalities / media
- Moderate social media following
- Example = News Anchors

BowTies Given @ cost, wholesale $44

Promotional Expectations

- Instagram #BowTieSelfie wearing BTC BowTie using Hashtag (#TiedToACause). Tag @BowTieCause.
- Twitter #BowTieSelfie wear BTC BowTie using Hashtag (#TiedToACause). Tag @BowTieCause.
- Twitter message about the reciept of BTC BowTies using Hashtag (#TiedToACause). Tag @BowTieCause.
- Facebook image post of BTC BowTie using Hashtag (#TiedToACause).

BowTies + Capital

Fit For:

- Highly visible personalities
- Social media following of 500,000+ (Twitter)
- Example = Justin Timberlake

BowTies Gratis + Capital

Promotional Expectations

- Instagram #BowTieSelfie wearing BTC BowTie using Hashtag (#TiedToACause). Tag @BowTieCause.
- Twitter #BowTieSelfie wear BTC BowTie using Hashtag (#TiedToACause). Tag @BowTieCause.
- Multiple Twitter messages about the reciept of BTC BowTies using Hashtag (#TiedToACause). Tag @BowTieCause.
- Facebook image post of BTC BowTie using Hashtag (#TiedToACause).
- Wear BTC BowTie to an event, appearance and provide image to BTC.

BowTies Gratis

Fit For:

- Well known, influential personalities
- High social media following
- Example = Ken Rosenthal

BowTies Gratis

Promotional Expectations

- Instagram #BowTieSelfie wearing BTC BowTie using Hashtag (#TiedToACause). Tag @BowTieCause.
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How a Burger King Franchise Can Succeed in a Competitive Fast Food Industry

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Abstract

In this study, we consider the owners of two Burger King franchise establishments that have been struggling financially over the past three years. The owners are looking to grow the revenue of their two struggling locations and remain competitive in the changing fast food landscape. They realize that their competitors are not only other fast food brands but also the growing number of fast casual chains, ethnic cuisine restaurants, and convenience store establishments. They notice that their target customers, Millennials, have become more health conscious and exhibit an increasing desire to diversify their palates. As a result, the franchisees struggle to meet Millennials' expectations in terms of their menu items. In addition, they do not keep up with innovative technology, such as mobile apps for ordering and delivering fast food items, that has been gradually adopted by competitors. Thus, the owners of the two Burger King locations are faced with two key challenges: (a) how to stay competitive and (b) how to be more attractive to Millennials.

The Fast Food Industry

Industry Trends

The fast food industry, including limited-service (order and pay before eating) and quick-service (minimal table service) restaurants, was a $570 billion industry worldwide in 2017, with $245 billion in the United States and showing an annual growth rate of 3.2% between 2012 and 2017 in the United States. The industry has long experienced rapid growth. The quick-service restaurant industry alone has seen an approximate 28% increase in revenue, from $159.2 billion in 2002 to $203.2 billion in 2015.

The fast food industry is dominated by three companies: McDonald's, Starbucks, and Yum! Brands, Inc. (including KFC, Pizza Hut, and Taco Bell), with the Top Five brands accounting for over 40% of the market share in the United States. McDonald's had the largest market share in 2015, at 17%, and Yum! Brands' 2015 market share was around 10.8%. McDonald's, Subway, KFC, and Pizza Hut were ranked among the Top Five most valuable brands worldwide in 2016. McDonald's brand value far exceeded that of its competitors, at about $88.65 billion in 2016 (Starbucks came in second, with a brand value of about $43.56 billion).

Fast food has long been the most favored choice of food for US consumers, mainly for its convenience, affordability, and speed. It appeals to those who are looking for a satisfying meal on a budget, including college students and families, with 34% of children eating fast food every day. These restaurant chains are desirable, as they provide a recognizable experience no matter what location a consumer visits. In 2016, 80% of consumers ate at a fast food restaurant at least once per month, and 44% at least once per week. Customer retention is fairly easy for fast food restaurants, and over 90% of fast food consumers indicate that they would likely sign up for a loyalty program if their favorite fast food restaurants provided one. The industry thrived even during harsh economic conditions, as fast food chains were able to capitalize on the 2008 recession by offering low-priced menu deals. However, as consumer confidence and spending have increased over the past five years, the industry has struggled to keep up with changing preferences and the demand for healthier food options. Fast food chains compete with the food industry in general, whether with

higher quality restaurants or lower end food establishments. Donut and bagel shops as well as coffee chains can become strong competitors if they offer fast food options.

The Burger Industry

Hamburger fast food restaurants largely dominate the market, accounting for 30% of US quick-service restaurant sales in 2016. Pizza parlors are the second largest segment, with 15% of the market share, followed by sandwich shops at 12%, chicken restaurants at 8%, and Mexican restaurants as the fifth major segment, with 7% of the market share. The hamburger is preferred mainly for its portability and customizability, with 57% of consumers eating hamburgers on a weekly basis. Nevertheless, hamburger sales growth has slowed in recent years, and industry watchers speculate that this growth has peaked, as U.S. consumers prefer more exotic cuisines. With the decline in sales and changing customer demands, large hamburger chains have refranchised. The most franchised chain is Burger King, which now owns only 1% of its US locations. By the end of 2018, McDonald's planned to have 90% of its locations worldwide owned by franchisees. The refranchising strategy benefits the parent companies' bottom line. With the burden of cost now transferred to franchisees, the parent companies have very low overhead costs and no direct costs, all while continuing to raise capital and pay off debt.

The top leaders in the burger industry are McDonald's, Wendy's, and Burger King. McDonald's has the leading position in the industry, having generated $35.8 billion in sales in 2015 as a result of operating 14,248 locations in the US (more than Burger King and Wendy's combined) and selling 75 hamburgers per second. It is no wonder that McDonald's is the largest fast food restaurant in the US and the largest restaurant company worldwide in terms of both generated revenue and customers served. Despite having the highest market share of the global fast food industry, however, the company has been losing market share to Wendy's and Burger King (down from 18.6% in 2014 to 12.8% in 2016). In 2011, Wendy's beat Burger King as the second largest burger giant in the United States, with annual sales of $8.5 billion, compared to Burger King's annual sales of $8.4 billion for that year. Wendy's is increasingly becoming a threat to McDonald's, as it has shifted its focus to improving its value menu, offering more low-priced options.

The main concern for the burger industry, and fast food in general, is that US consumers are becoming more health conscious. This would not be such a major threat if it were not for the ever-growing supply of cheaper

healthy food. Because consumers have a wide variety of fast food options from which to choose, they also have more power to influence brands. Their preferences for healthier menu options force the fast food industry to undergo a transition by offering more healthy choices. Because many fast food chains have an unshakably bad reputation for being unhealthy they have decided to more aggressively emphasize low prices.

Competing Fast Food Options

Competing fast food industry products include pizza, pasta, sandwiches, and chicken as well as Mexican and Asian food. In 2017, the pizza industry had $45 billion in revenue in the United States, and had experienced an annual growth rate of 1.9% between 2011 and 2016. The key players in the pizza industry are Pizza Hut Inc., Domino's Pizza, Little Caesar's, and Papa John's International Inc. These top companies comprise 39.7% of the total industry revenue. The majority of the remaining pizza restaurants, 54.3%, are locally focused, independently owned stores. Industry growth had been rising slowly over the past five years since the recovery from the recession. However, as the economy improved, sustained growth was expected for the industry over the next five years.

A second major competitor to the burger industry is sandwich and sub store franchises, with $21 billion in industry revenue at the end of 2016. Jimmy John's and Subway dominated the market share. Despite the slow economic recovery, the industry had excelled in the past five years because sandwich shops could easily adapt to healthy food demands and offer highly desirable products at low prices. It's easy for consumers to switch from a heavy, unhealthy hamburger to a light, yet filling, turkey or chicken sandwich. The annual growth for 2011 to 2016 was a steady 2.8%. Strong revenue growth was expected to continue in the next three years.

Mexican and Asian foods have become increasingly popular in the fast food industry. Mexican restaurants were a $38 billion industry at the end of 2016; this segment rose quickly, with an annual growth rate of 3% between 2011 and 2016. Chipotle and Taco Bell, companies with the largest market share, have driven the rise in the Mexican restaurant industry. Industry revenue and the number of establishments were expected to continue growing in the next three years. This expansion and related demand can be attributed to increased immigration and increased acceptance of ethnic cuisine. For example, there has been an increase in demand

for Tex-Mex, which is a fusion of American and Mexican cuisine. Statistics show that in 2016, three of the 20 leading food item trends on fast food menus included ethnic cuisine options.

In regard to such ethnic cuisines, Asian cuisine also has grown in popularity. Asian restaurants are the fastest growing fast food category worldwide. Global sales of Asian fast food restaurants increased nearly 500% between 1999 and 2015, with a 135% increase in the United States. A survey conducted by the National Restaurant Association (NRA) found that in 2015, 36% of U.S. consumers reported eating Chinese food at least once per month, and 42% were eating it a few times per year. This trend continued into 2017 as a Statista survey found that ethnic-inspired breakfast items were seen as the leading trend in breakfast/brunch restaurant menus by 68% of respondents, and 45% of respondents endorsed traditional ethnic breakfast items.

Consumers' increasing desire to diversify their palates has helped micro cuisine franchises with "regionalized" menu options, such as Hawaiian food in California, to gain popularity in recent years. This interest in ethnic cuisine has been cultivated by Generation Z, those born in the early 2000s. Consumers appear to be moving further away from the past "one-Great-American-Meal-fits-all" mentality and increasingly preferring ethnic cuisine. The results of a National Restaurant Association survey show that 80% of US consumers eat at least one ethnic meal per month, and 17% eat ethnic cuisine at least seven times per month. This has caused ethnic food to become a regular part of most American diets, leading to an ever-growing demand for micro cuisine.

There are also notable substitutes in the industry that, despite having low market share, have high growth rates and, are increasingly competitors in the fast food industry. These include street vendors, most notably food trucks, and sushi restaurants. Street vendors were a $2 billion industry in 2016 and had an annual growth rate of 3.7% between 2011 and 2016. Demand for street vendors is increasing because they offer a large variety of foods at even lower prices than do fast food chains. Statistics show that in 2016, street food/food trucks were the 20th hottest food option in the United States. Despite the fact that food trucks are generating revenue of only $870 million per year, the industry had substantial annual growth, 7.9%, between 2011 and 2016. Food trucks are highly desirable for their low-priced, unique, gourmet cuisine. Their revenue expansion outperformed that of broader food-service sectors by more than double, and this trend was predicted to continue during the next three years. Sushi restaurants also comprise a $2 billion industry.

Although the annual growth of sushi restaurants is not as impressive as that of food trucks, at 3.3% between 2011 and 2016, revenue is expected to rise as operating conditions are forecasted to improve. Like the Tex-Mex industry, sushi restaurants gained popularity with the introduction of American-influenced versions of sushi, such as the California roll. Sushi has now become part of the mainstream food service, providing both an ethnic and a healthy meal choice.

Fast Casual Competitors

Fast casual restaurants, like fast food chains, do not offer full table service and are considered a quick-service option; however, they pride themselves on offering higher quality food than do fast food chains. The most notable examples of fast casual food include Chipotle, Panera Bread, Jimmy John's, Panda Express, Five Guys, and Chick-fil-A. Despite fast casual being the smallest segment in the restaurant industry, accounting for only 7.7% of total market share, it is growing rapidly and gaining market share, mainly from fast food restaurants. Its growth far exceeds that of the full- and limited-service foodservice segments. Between 2014 and 2015 alone, fast casual restaurants had a 10.4% ($33.4 billion) growth in revenue. The segment's sales growth rate almost doubled that of any other dining segment. Panera Bread had the largest 2015 sales, with $4.8 billion; Chipotle was second, at $4.4 billion, and Panda Express was third, with $2.6 billion.

Most fast casual restaurant chains are relatively new but are continuing to expand throughout the country at a rapid rate. For example, after its first day of trading on January 30, 2015, Shake Shack's stock grew 123%, increasing from $700 million to a market cap worth $1.5 billion in February 2015. Currently, there are over 11,000 stores among the Top Eight fast casual chains in the United States and a total of over 21,000 fast casual establishments. Out of the Top Ten fastest growing restaurant chains in 2015, seven were fast casual. Jersey Mike's Subs, which opened 800 new locations in the past three years and had annual sales growth of $402 to $675 million from 2013 to 2015, was at number one. Chipotle, which opened 229 new restaurants in 2015, was the second fastest growing chain. The fast casual industry continues to grow as fast food giants downsize. McDonald's had closed hundreds of stores in the past two years, and Burger King had been steadily closing stores for the past five years. Burger King's worldwide revenue dropped dramatically in recent years, most notably in 2013, when it dropped to $1.15 billion from $1.97 billion in 2012. It fell further in 2014 ($1.06 billion) and rose slightly in 2015 ($1.1 billion).

Fast casual options better meet consumer preferences than do fast food chains, as they are more desirable due to their higher quality and healthier variety of items. They also provide more dynamic menus, catering to the consumers' evolving tastes, and a more upscale atmosphere while still providing food quickly on site. These factors appear to make up for the slightly more expensive food and slower service. The average receipt price at a fast casual establishment can be up to 40% higher than that of fast food restaurants, yet fast casual establishments are still preferred over fast food restaurants. This can be explained by consumers' preference for healthier food options, for which there is an inelastic demand; i.e., they are not sensitive to changes in price or income. Foods labeled as fresh, organic, or local will always draw consumers, no matter the cost. Statistics show that, in 2016, 10 out of the 20 leading food item options on menus were healthier, fast casual options.

Competitive Convenience Stores

Convenience stores were a $204 billion industry in 2017, with 7-Eleven having the largest market share. The industry roughly doubled in size over the previous three decades, with annual growth slowing down to less than 1% between 2012 and 2017. Nevertheless, convenience stores remain an important choice of fast food for many consumers, particularly Millennials. In the past five years more work hours had reduced leisure time, causing full-time employed Americans to search for quicker (time-saving) food options that were still healthy. Further, convenience stores are perceived by consumers to have fresher and healthier options than do fast food chains, which allows them to compete with fast casual restaurants. These factors have the potential to make convenience stores more appealing than fast food and fast casual restaurants. The greater variety of food and beverage options attracts a more diverse consumer base, cutting into fast food and fast casual chains' sales. Of convenience store customers, 26% reported that they would have spent their purchase on fast food if they had not bought from the convenience store. Like fast food establishments, these stores provide convenience and inexpensive food but at higher quality than some fast food places, with more customizability, and at much lower prices. In response to the increased demand for convenience store foodservices, the industry operators have opened more stores and expanded into new markets, which resulted in increased sales. The number of convenience stores increased 28.7% between 2000 and 2015, and in-store foodservice had $31.2 billion in sales in 2014.

In addition, the decline in gas sales has led operators to look into convenience store foodservices to increase revenue. Storeowners have found that offering more foodservice options as in-store products is more profitable than gasoline sales. In 2015, convenience stores in gas stations accounted for 20.8% of in-store sales and 33.7% of gross profit. Gas station foodservices have become increasingly popular with Millennials and Generation Z, who do not have a negative perception of buying food at a gas station, as do older generations.

Building a Competitive Advantage

The fast food industry is highly competitive, and competition only seems to be increasing with the newfound popularity of fast casual restaurants and convenience stores in recent years. The fast food industry will lag behind, however, if restaurants do not evolve to match fast casual offerings. Fast casual outlet sales increased 10.5% in 2014, whereas fast food chain sales increased only 6.1% during the same year. It is becoming increasingly difficult for burger industry giants to be a consumer's first choice, even though they still take up most of the market share. Both McDonald's and Burger King have raced to diversify their menu options to keep up with competitors. Both chains have added a spicy hamburger option to compete with Chipotle; Burger King capitalized on the burrito and introduced a "Whopperrito." Nevertheless, this did not offset Burger King's decline in the year it was introduced. McDonald's took a different route, taking advantage of its already existing food options and expanded its menu according to consumer demand to remain competitive. For instance, it started to offer an all-day breakfast menu in October 2015. This strategy proved to be successful, as McDonald's saw an increase of 0.9% in store sales in that same quarter.

Fast food chains also have attempted to compete with up-and-coming fast casual operators by including healthier options on their menus. In addition to offering vegetables as a main course, they are using fresher ingredients with fewer additives. Nevertheless, it is difficult for consumers to associate fast food with freshness when looking for a healthy meal. For example, McDonald's salads accounted for only 2–3% of sales in 2013, as opposed to hamburgers and hash browns, which accounted for 13–14%. Burger King also failed in their attempt to provide healthier options, discontinuing their lower-calorie "Satisfries" less than a year after introducing them.

The best strategy for fast food restaurants to build their competitive advantage appears to be to incorporate new trends. Major chains will fight for public attention by quickly responding to any new successful trend. Burger King introduced the Mac 'n' Cheetos after Taco Bell had great success with its Doritos Locos taco. Customizability also has become a key preference of consumers. Research shows that 61% of consumers prefer to have customizable toppings on their sandwiches, and 43% prefer to build their own burger, options long offered in fast casual restaurants. Five Guys offers more than 250,000 ways to order a hamburger. To keep up with the competition, fast food restaurants began looking into customized burgers. McDonald's introduced a more upscale dining experience with "Create Your Taste" in 2014. In addition, fast casual chains, such as Chipotle, are trying to capitalize on hamburger demand. The company opened a new branch, Tasty Made, in 2016, specializing in burgers and fries. The restaurant reported strong sales and favorable reviews.

Competition in the burger industry intensified in 2015. Top competitors began announcing price promotions and new menu items. All three major players took part: Wendy's introduced the "4-for-$4"; McDonald's, the "McPick 2-for-$2; and Burger King offered two spicy menu items. Burger King's introduction of the Big King sandwich put it in direct competition with McDonald's' Big Mac. Burger King also introduced a $1 BBQ rib in response to McDonald's bringing back the McRib. Unfortunately, in an attempt to be more competitive in the fast food industry and, specifically, to compete with fast casual restaurants, fast food chains have slowed down service through increased drive-through wait time. The new options interfered with the already optimized quick service of burger and fries. McDonald's even acknowledged the problems caused by its overcrowded menu.

Millennials as a Target Market of the Fast Food Industry

Millennials are changing the restaurant game, affecting greatly the fast food and fast casual industries, especially as these consumers move into their prime spending years. These 20- and 30-something consumers have a more health-conscious and ethnically diverse palate than do their parents and grandparents. These newfound consumption habits make fast casual restaurants a more attractive option. As noted, fast food chains made multiple failed attempts at healthier menu offerings, including McDonald's creative salad, Wendy's Frescata (healthy sandwich), and Pizza Hut's fresh spinach option, to name a few. Fast food chains

are overcrowding their menus and decreasing efficiency with few or no results when it comes to healthy menu items. Fast casual restaurants, however, from the beginning have advertised themselves as healthier, fresher food options and do not have a negative image to repair, as do fast food chains.

Food Consumption

Millennials eat out much more often than do previous generations, making them a prime target of most foodservice segments. Of Millennials, 53% eat out at least once per week and comprise 51% of fast casual consumers. In 2006, fast casual accounted for only 3.1% of Millennials' food and beverage consumption, but this figure almost doubled, to 6.1%, in 2014 and continues to grow. Technomic.com reported that, between 2011 and 2014, there was a 12.9% decrease in monthly visits to McDonald's from consumers aged 19 to 21. During the same period, fast casual monthly visits increased by 2.3% for the same age group, and the monthly visits of consumers aged 22 to 27 to fast casual restaurants increased by 5.2%. It is clear that fast food consumption is largely decreasing due to the rise of fast casual restaurants.

Fast casual food is not the only threat to fast food operators. Millennials reportedly prefer convenience stores at twice the rate as fast casual restaurants. A marketing research group, NPD, reported that in 2006, convenience stores accounted for 7.7% of Millennials' food and beverage, increasing to 11.1% in 2014. Further, with the nearly half of Millennials aged 18 to 37 who eat ethnic cuisine four times per month, fast food establishments are losing business and are scrambling to attract Millennials. Even the largest fast food chain worldwide, McDonald's, does not rank among the Top Ten restaurant chains preferred by Millennials. This generation's consumption habits took a toll on fast food sales, as seen in the final quarter of 2014, when McDonald's reported a 21% decrease in net income.

With these figures in mind, it is no wonder that those in the quick- and limited-foodservice industry aim to capitalize on marketing strategies that will attract Millennials, specifically targeting health-conscious Millennials and college students. Sheetz and 7-Eleven expanded their menu options to include nutritionally balanced salads, wraps, and sandwiches. In addition, McDonald's targeted their McWrap sandwiches to attract consumers in their mid-teens to mid-thirties.

Purchases via Digital and Mobile Technology

Technology has become a key aspect of daily life, and companies must keep up with the ever-growing technological advances and consumer dependence on technology or lag behind their competitors. The fast food industry is no exception. In recent years, fast food chains have largely invested in mobile apps for customer purchases. Apps are an easy and convenient way to reach a much larger customer base, as, in 2017, 77% of Americans owned a smartphone (compared to 35% in 2011), and in the prior year, 78% owned a laptop. By 2020, over 10% of quick-service restaurant orders are expected to be placed via smartphone. At this rate, with the help of mobile ordering, the quick-service restaurant industry will realize revenues of $38 billion, with a five-year compound annual growth rate of 57%. The increased convenience, easier payment method, and faster fast food mean that mobile apps can significantly increase store sales of any fast food chain.

Mobile apps cater easily to individual consumer demand. Customers can take their time browsing menu options and track a step-by-step process of their transaction. For in-store pick-ups, apps make for much quicker service. Customers simply purchase food ahead of time, using the app, and pick up their order without waiting in line. Taco Bell has seen 20% higher average-per-order sale from the use of this innovation. Taco Bell is part of Yum! Brands Inc.'s "easy beats better" strategy, in which the company is focusing more on convenience than on quality. This proved to be highly successful for Taco Bell, and the chain saw a 30% higher average-per-order value from mobile purchases compared to in-store. Taco Bell has one of the most convenient mobile apps in the industry, with 46% of delivery orders' coming from digital channels. Pizza Hut is also part of Yum! Brand's mission of convenience. It derives 46% of its sales from digital channels and saw an 18% increase in spending on the average pizza order in 2015.

Pizza parlors have distinguished themselves with continually advancing technology seen in their more sophisticated web ordering system. Approximately half of Domino's and Papa John's sales are made through digital channels. Domino's has become a leading innovator in mobile ordering systems. In April 2016, the chain debuted its "no click" ordering app, which allows the user to order a pizza simply by launching the app. Papa John's has seen a steady 5% annual increase in orders made through digital channels, from 40% in the first quarter of 2013 to 55% in the first quarter of 2016.

Almost all of the giant fast food chains have created online and mobile platforms for customers to place purchases. Starbucks was one of the first fast foodservice chains to see great success in digital purchases, incorporating mobile sales in 2010. Of Starbucks' orders, 24% were made using the mobile app in the first quarter of 2016 (compared to 21% in 2015). Other technological innovations include kiosk orders (self-ordering system) and digital menu boards in the store and for drive-thru. The boards can emphasize promotions and high-profit offers by rotating menu options. This way, more menu items can be communicated to the customer. They also speed up orders, increasing sales. These strategies boost operational efficiency and increase order frequency and customer retention, which, in turn, increase profit margins.

Burger King Operation and Franchisees R. & K. J.'s Background

Burger King remains a force in the burger industry; however, it has been struggling in recent years, most notably when it lost its position as the second largest burger chain in the United States in 2011. The company's revenue began to slowly decline in 2009, and it saw a massive decrease in 2013, with revenues of $1.15 billion, down from $1.97 billion in 2012. The company's rigorous refranchising strategy in recent years proved effective, however, as it resulted in a $2.8 billion increase in revenue between 2014 and 2015 (compared to a $52 million increase between 2013 and 2014 after a reported loss of $0.82 billion between 2012 and 2013). Now, almost 90% of Burger King establishments are franchisee owned, allowing Burger King to focus on building its image and menu to better meet consumer demand. In 2003, fast food chains began to focus their marketing strategy on developing new products rather than on price promotion, and Burger King was no exception. This can still be seen today, as its menu has become more competitive in many aspects, offering healthier and more ethnic-inspired food options. Although Burger King does take advantage of social media and digital marketing, as its competitors do, their competitors make better use of technology. The little technological innovation that Burger King uses, such as online ordering and a mobile app, is common practice among its competitors. The company permits its franchisees to use these methods of technology to reach new consumers. To ensure consistency among its various locations, however, Burger King does not allow much flexibility when it comes to brand messaging and store image.

Franchising gives small business owners a unique opportunity to enter a multibillion-dollar industry with a pre-established, loyal customer base. Burger King offers its franchisees three methods of ownership:

individually/owner-operated, entity, and corporate. The franchise agreement sets forth specific standards, procedures, restrictions, and specifications by which the franchisee must abide. Burger King specifies everything from required products to be sold, offered menu items, and food preparation methods to customer service and delivery (if authorized). This provides franchisees with Burger King's successfully proven products and methods. Franchisees also receive ongoing support from the franchisor, with some offering financing opportunities. For example, Burger King offers "next generation kitchen equipment" and remodeling agreements.

However, there are many limitations and difficulties that come with being a franchisee. To start, there is a large initial franchise fee of $50,000 for a 20-year agreement under Burger King. Then, the franchisee must account for location costs, and acquiring and improving the desired real estate could cost over $2 million. There are also royalty fees; Burger King's monthly charges are 4.5% of gross sales. Notably, food costs are problematic for franchisees. To ensure consistency across locations, the franchisor requires all raw materials be purchased from the same supplier. The franchisor has a special relationship with the supplier, earning rebates on franchisee orders, which means franchisees must pay higher costs, 5–10% above prevailing market value. The franchisor may even cause greater competition by attempting to fit as many locations in an area as possible. Franchising is a very restricted operation. Those who want to improve their stores products and services or décor and employee uniforms would be violating their agreement, and any minor violation could have large consequences. Under Burger King, franchisees who do not finish remodeling on time are charged late payments and increased royalty fees until completion.

The R. & K. J. franchise operates several Burger King establishments. Figure 1 (see Appendix A) shows the business structure of an R. & K. J. franchise, which indicates that this Burger King franchise has two owners. One of them, R. J., is the managing owner. A vice-president oversees the operations, maintenance, and financials of the owned stores. A district manager is the liaison between the vice-president and the regional managers who directly oversee the day-to-day operation of the stores in their region. Each store has a store manager who reports to the regional manager. A financial controller, who reports to the vice-president, is in charge of financial operations and oversees the payroll and office management.

The R. & K. J. franchise has seen great success with stores located in urban areas; however, it is struggling financially with stores located in suburban areas. Two establishments in particular, Store A and Store B, are

a major concern. It has become increasingly difficult to attract new customers and to operate at a comfortable profit. The franchisee has yet to specifically target Millennials, a profitable market to attract, through advertisements. Continued operation at the current state could leave both locations in a long-term financial slump.

Franchises: Store A and Store B

Traffic, Customers, and Competition

Traffic. Both Burger King franchise locations are situated in high-traffic areas. Store A is located on a main route in its town, and Store B is located off Main Street. In this respect, there are many consumers to attract with minimal effort, especially for Store A, whose route sees heavy traffic throughout the day. Many potential customers are already in the area and will not have to travel far to reach the Burger King. However, there are many other restaurants that also take advantage of the ideal location, creating various competitors for the franchise stores.

Despite the stores' ideal locations, store traffic is light. Store A has faced setbacks in recent years; a nearby mall shut down, significantly slowing traffic. The major problem for the store appears to be a lack of advertising, which makes it difficult to find the Burger King. The store's entrance only becomes more confusing to locate with a large advertisement for Popeye's located within the same building. The drive-thru is also lost with the inconvenience of the parking lot structure. Store B, inversely, sees most of its traffic from the drive-thru. Unfortunately, this means that the store is left practically vacant, as most customers do not enter the store.

Customers and interior design. Both Burger King stores are located in suburban areas, making it challenging to attract middle- and upper-middle class customers who prefer healthier meal options. Nevertheless, stores in both areas have the potential to attract younger customers. A university and two high schools are within less than a 3-mile radius of Store A and over 15 other schools in the area. Store B is located within 2 miles

of the town's high school, and there are eight other schools within 3 miles of its location. Thus, both locations have the opportunity to increase customer flow if they focus on targeting Millennials, high school and university students, and employees on lunch breaks. According to the Food Institute (www.foodinstitute.com), 44% of Millennials spend more of their food dollars on eating out than do Generation X and Baby Boomers; and, thus, Millennials should be a prime target for fast food chains. Further, this percentage is growing each year, as Millennials age and see an increase in annual income. Millennial consumers eat out 10 times per month and visit six different fast food restaurants every 90 days. In the town in which Store A is located, 15% of the population is between the ages of 18 and 34 years, while, in the town in which Store B is located, 6.1% of the population is between the ages of 18 and 24 years, and 21.5% are between 25 and 44 years.

In addition to educational institutions, there are many businesses that surround both stores. For example, Store A is located near two libraries and 14 small businesses. This is a rich target market to tap into. Notably, Millennials' eating-out habits do not include lunchtime. Lunch breaks are becoming fewer for many American workers, with only 1 in 5 workers' eating out during lunch. Employees are also taking shorter lunch hours, making it more difficult to leave the office for a meal. Unfortunately, neither Burger King franchise store has a means of online ordering to reach these potential consumers, which makes it difficult for workers to view Burger King as a meal option during lunch hour.

As can be seen, changes need to be made to both stores to get potential customers (e.g., Millennials, small business employees) in the door. The menus lack innovation that would attract Millennials. For example, Store A's promotions include Grilled Dogs, Chili Cheese Dogs, and Bacon Cheeseburgers, which do not meet the needs of Millennials, as they fail to appeal to their concern with healthy food choices. Store A has major interior design issues, as it includes only the bare essentials, making the store appear outdated and uninviting. Conversely, Store B has a more modern, welcoming interior; however, the space is not well used, as most customers prefer the drive-thru.

Competition. High competition in both areas is also a concern. Store A has seven direct competitors within a 2-mile radius that offer healthier options and direct substitutes for Burger King's items. These competitors include Muscle Maker Grill and Hot Bagels & Café, which provide fresher options, and McDonald's and Wendy's, which dominate the fast food burger industry. There are 10 indirect competitors within a 2- to 8-

mile radius, including another Burger King, owned by a different franchisee. This store not only has an ideal location but also is newly renovated and easily accessible, with a comfortable environment. Store B also faces considerable competition; there are nine competitors within a one-mile radius. Even though none is a direct substitute for Burger King, the competitors, including Panera Bread and Subway, offer healthier, more preferred options. There are also two sushi restaurants, providing the ethnic cuisine option. Other competitors include two pizza places and a Bagels & Deli. Such competitors appeal more to consumers, especially Millennials. Finally, these competitors also have a more inviting atmosphere than do the Burger King franchise stores.

Reviews and Customer Satisfaction

Reviews. The Burger King franchisees should take note of their online reviews, as they influence consumers' choice of restaurants. Millennials especially, who rely on technology more than do previous generations, use customer reviews to guide them where to eat. Store A does not have many online reviews; the 19 on Google, 18 of which were within the past year, score it a 2.8/5, and the six on Yelp over the past five years give a 2.5/5. This is compared to the Popeye's next door, which had six Google reviews within the last year that score it a 1.6/5. The store also scores higher than does its substitutes, McDonald's and Wendy's, on Yelp; however, it scores lower on Google. It's important to note that McDonald's has far more customer reviews than does Store A, 38 in total over the past seven years, a clear indication that it is more frequented. Further, the Burger King performs terribly, compared to the healthier options of Muscle Maker Grill and Hot Bagels, which score 4.3/5 and 5/5 respectively on Google, and 3.3/5 and 3.8/5 on Yelp.

Store B performs very poorly in terms of online reviews. Its eight Yelp reviews over the past six years give it a 2/5, while its 22 Google reviews over the past five years score it a 2.5/5. This is very low compared to its competitors Panera and Subway, which have a Google score of 3.8/5 over the past five years and 4.6/5 within the last year, respectively. The restaurants in the shopping center next door, a sushi restaurant and a Bagels & Deli, also have high Google review scores, 4.7/5 and 3.7/5, respectively.

Customer satisfaction. Like online reviews, customer satisfaction surveys provide insight into a business's operational performance from the customer's perspective. The American Customer Satisfaction Index for Limited-Service Restaurants places Burger King at the lower end of the index, with a score of 76. This may

seem reasonable, compared to the index benchmark, 79, and the scores of direct competitors, Wendy's at 76 and McDonald's at 69; however, it is poor compared to fast casual competitors Chick-fil-A at 87 and Panera at 81. A customer satisfaction survey was conducted for Store A, with 36 students of a nearby university at which 70% of participants were between the ages of 18 and 30. Unfortunately, participants preferred McDonald's' and Popeye's to Burger King, at 58% and 64%, respectively. Despite the fact that 95% of survey participants stated that they eat fast food in general, 42% had never eaten at Burger King. This is of even greater concern when considering that only 14% of respondents indicated that they had never eaten at McDonald's. Store B was praised for location convenience, flavor, and price in an online survey of 13 participants. Customer dissatisfaction included food quality and customer service. A survey conducted for Store A made it clear that Millennials prefer healthier food options, as 61% preferred Panera Bread over Popeye's. When asked about fast food consumption on a weekly basis, the results indicated that only 3% ate at McDonald's weekly and 0% ate at Burger King weekly.

Use of Technology

As noted, online and mobile ordering have become important tools for many foodservice operators, as the use of technology is an effective strategy to reach consumers, especially Millennials. With Millennials' purchasing power rising, it has become imperative for restaurants to target them via mobile technology. US Internet users view online reservation services, free-wi-fi and online/mobile ordering as important. Fast food chains need to incorporate technology, as 34% of participants in a 2016 survey on restaurant technology indicated that they order food once per month via smartphone. Restaurant communication and information provided through online means also are features that Millennials value. Further, discounts and special offers appear to be a top priority for consumers, as 80% of US restaurant goers would like to receive them, and 49% of Millennials view them as among the most important feature of a restaurant's website. Unfortunately, the Burger King franchises do not fare well in this segment. Store A does not offer online promotions, and, although Store B does engage in online advertising, they also use outdated methods, such as newspaper ads and flyers.

Both Burger King franchise locations are lacking in even the simplest technological innovation. Store A has old soda machines and no online ordering services. Store B has no method of mobile payment or online interaction with customers. Making food ordering an easier process should be a key focus of the Burger King franchisees, as boxed-meal delivery services were expected to become a $3 to $5 billion market within

the next decade. These franchise stores even lag behind other Burger King franchise locations in technology in offering online ordering, use of mobile apps, and more updated technology in-store. The franchisees' other competitors also are far more technologically advanced. Panera Bread adopted mobile apps and online ordering, catering, and delivery systems. McDonald's and Wendy's also have mobile apps and other innovative technology. McDonald's has a nutrition calculator offered on its website, a very useful tool for the health-conscious Millennials of today.

Stores' Revenues, Costs, and Profits

This Burger King franchise's menu and offerings are not compatible with Millennials' demands. The inability to attract this rich market leaves the stores suffering financially; the business is barely making its debt payments and lacks liquidity (see Exhibit 1). The debt-to-asset ratio is a measure of the company's financial leverage (risk), indicating the percentage of assets financed by debt, creditors, and liabilities. This ratio is problematic for Store A, which had debt nearly five times higher than its assets in 2016 and nearly two times higher for the franchise as a whole in the same year. The times interest earned and fixed payment coverage ratios indicate doubt in the company's ability to make its interest expense and fixed payments. Store A cannot afford to make either payment, while Store B and the franchise as a whole are barely making their fixed payments. The franchise as a whole and both stores are in poor financial health, as indicated by the current ratio, which is below 1, which means that current liabilities exceed current assets, rendering the franchisee unable to convert its assets into cash if necessary to meet its short-term obligations.

Exhibit 1: Debt and Liquidity Ratios of Burger King Franchise, Store A, and Store B

	Ratios	**Franchise**		**Store A**		**Store B**	
		2015	**2016**	**2015**	**2016**	**2015**	**2016**
Debt	Debt to Assets	2.06	2.36	5.79	6.09	5.79	2.54
	Times Interest Earned	1.11	1.25	-1.31	-1.15	2.31	2.01
	Fixed Payment Coverage	0.31	0.27	-0.37	-0.24	0.36	0.40
Liquidity	Current Ratio	0.20	0.61	0.10	0.09	0.10	0.21

Store A saw a 5.57% decrease in revenue between 2015 and 2016. Fortunately, the store was able to decrease the cost of goods sold and reduce expenses during that same period, decreasing net loss by about 37%. However, gross profit still declined by 4.56% from 2015 to 2016 (see Exhibit 2).

Exhibit 2: Store A Statement of Revenue and Expenses

	2015	**2016**
Revenue	$987,782	$932,765
Cost of Goods Sold	328,516	303,597
Gross Profit	659,266	629,167
Top Expenses		
Wages	216,017	226,429
Rent & Real Estate Taxes	212,685	212,685
Interest Expense	101,271	68,450
Other Expenses	337,342	252,787
Net Profit (Loss)	**$(208,050)**	**$(131,183)**

Store B is more financially stable than is Store A. Store B managed to increase revenues by 2.63% and decrease the cost of goods sold by 5% between 2015 and 2016, increasing gross profit by 25% (see Exhibit 3). Net profit also increased during this period but only by about 17% due to the high increase in expenses, of about 29%. Most notable is the store's unusually large management fee in 2016. It is difficult, however, to pinpoint the correct allocation of costs and resulting profits. It would be more accurate to analyze the store based on revenue.

Exhibit 3: Store B Statement of Revenue and Expenses

	2015	2016
Revenue	$1,234,916	$1,267,392
Cost of Goods Sold	934,801	892,028
Gross Profit	300,115	375,363
Top Expenses		
Management Fees	69,500	128,000
Advertising	43,287	52,997
Royalties	46,058	44,127
Other Expenses	47,756	40,426
Net Profit (Loss)	$93,512	$109,812

The losses of Store A and low profits of Store B barely justify the continued operation and prime locations of both stores. The financial struggle is seen in the company's gross and net profit margins, which are the percentage of revenue after deducting the cost of goods sold and after deducting all expenses, respectively. They indicate management efficiency and measure how much money is available after accounting for expenses. Each store has its own major problem: Store B had only 28% of revenue after subtracting their cost of goods sold in 2016, while Store A had a negative profit in 2016, and the franchisee had the same revenue as costs in 2016, with a 0% profit margin (see Exhibit 4).

Exhibit 4: Profitability Ratios of Burger King Franchise, Store A, and Store B

		Franchise		Store A		Store B	
	Ratios	2015	2016	2015	2016	2015	2016
Profitability	Gross Profit Margin	0.860	0.870	0.840	0.840	0.290	0.350
	Net Profit Margin	0.012	0.000	-0.260	-0.170	0.025	0.025

Being a franchisee of Burger King has associated limitations for implementation of marketing strategies. The owners, R. & K. J., have serious concerns regarding the viability of their two stores' operation. They

need to rethink their marketing strategy and tactics to turn around the two stores and to see revenue growth. They realize that, to make the stores more profitable, they should answer the following questions:

1. What are the strengths, weaknesses, opportunities, and threats of the two Burger King stores?
2. How can the stores stay competitive in their respective local markets?
3. How should these stores attract more Millennials? What strategies and tactics should they use to be attractive to this cohort?
4. How should these stores attract small business employees? What strategies and tactics should they use to be attractive to this cohort?

Appendix A
Figure 1: Business Structure of Burger King Franchisee
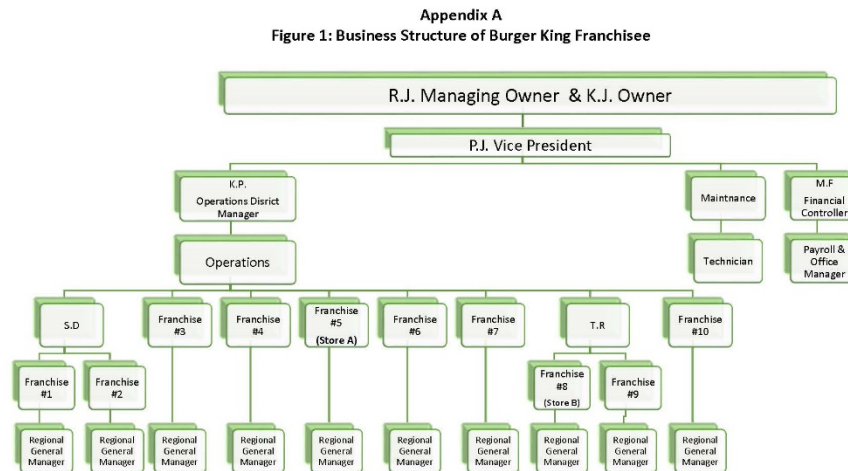
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Fear 2 Freedom: An IMC Campaign to Enhance Campus Safety Nationwide

By:

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"Oh my! That was our biggest and best Celebration Event yet!" Rosemary's eyes welled with tears as she and Amanda walked across the University of Virginia campus toward the parking lot. The campus was alive with students on that warm October afternoon.

"It sure was," replied her marketing assistant, Amanda. "In fact, the Dean of Students was so pleased that he wants to schedule another event for the spring semester. He realizes the importance of being proactive in everything related to our cause."

Rosemary stopped suddenly, gently tugged on Amanda's arm. "Our cause is now *everyone's*

cause. The dean understands that once others know the shocking statistics for sexual assault across our nation's college campuses, they'll jump on board too."

Every two minutes, someone is sexually assaulted in the United States. More than 17.7 million women and 2.8 million men nationwide are victims of sexual assault. Sexual violence is especially prevalent in college communities. In fact, nationwide, 1 in 5 female and 1 in 19 male students will experience sexual assault during their four years in college.

Fear 2 Freedom (F2F), is a global 501(c)3 non-profit organization formed in 2011 to combat sexual assault on college campuses nationwide. If you haven't heard of Fear 2 Freedom, you are not alone. Until now, it hasn't done much marketing. However, with your help, that will change. As a business case, it will challenge you to craft solutions for F2F's many marketing issues. But beyond a class assignment, consider "being the change" and "restoring the joy" on your college campus. Visit www.Fear2Freedom.org to learn more.

Introduction

Rosemary Trible, seen in Exhibit 1, is the wife of a former U.S. Senator and current university president. Rosemary was violently raped at gunpoint when she was 25 years old. Back then she was a rising talk show host at a Richmond television station. She had just finished filming a show at a location more than an hour from home. It had been a long day and she was too tired to make the drive. Instead, she headed to a nearby hotel for the night. Hiding behind the hotel curtains of her room was a man with a gun. He had seen a recent show where Rosemary had interviewed sexual assault victims. That program made him furious for daring to discuss the topic in public. He fixated on teaching Rosemary a lesson.

Exhibit 1: Rosemary Trible, President and Founder, Fear 2

In an instant, Rosemary's life was turned upside down. Left with mental and physical scars, her life became filled with fear, pain and embarrassment. For 40 years Rosemary waged a silent, internal war. But silence is the demon of healing in cases of sexual assault.

In 2009, Rosemary broke her silence with "Fear to Freedom," a book about the experience and its aftermath. (Exhibit 2) "I began my own journey from fear to freedom. I always said he not only tore my body, he stole my joy."

The book recounts her struggles with the physical pain and emotional anxiety of the assault. It chronicles her path to overcoming fear and provides advice to victims. Two years after its publication and numerous speaking engagements, Rosemary heeded the call to dedicate her life to being a voice for the voiceless. In 2011, she launched F2F.

Exhibit 2: Rosemary Trible's book "Fear to Freedom "
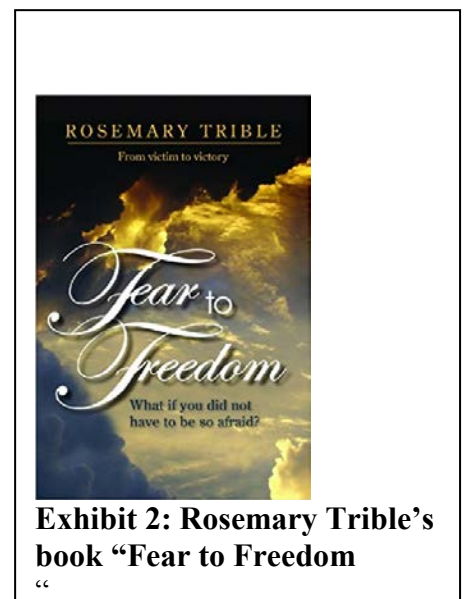
Fear 2 Freedom – A Lean Organization

F2F is a non-profit organization located in a small office complex in Newport News, Virginia. It rents two adjoining offices—one for ongoing business operations, the other for volunteers and supplies. The organizational chart is featured in Exhibit 3.

Rosemary serves as President, executive leader, strategic partner, main fundraiser and voice of Fear 2 Freedom. She is also its chief volunteer, opting to donate her time and energy to the cause. Others in the organization include:

- *Executive Vice President*: leads the rollout of F2F's National Campaign; assists with strategic marketing plan development; fundraiser.

- *Chief Operating Officer:* maintains all legal filings and financial documents; supervises new program and resource development.

Exhibit 3: Fear 2 Freedom Organizational Structure
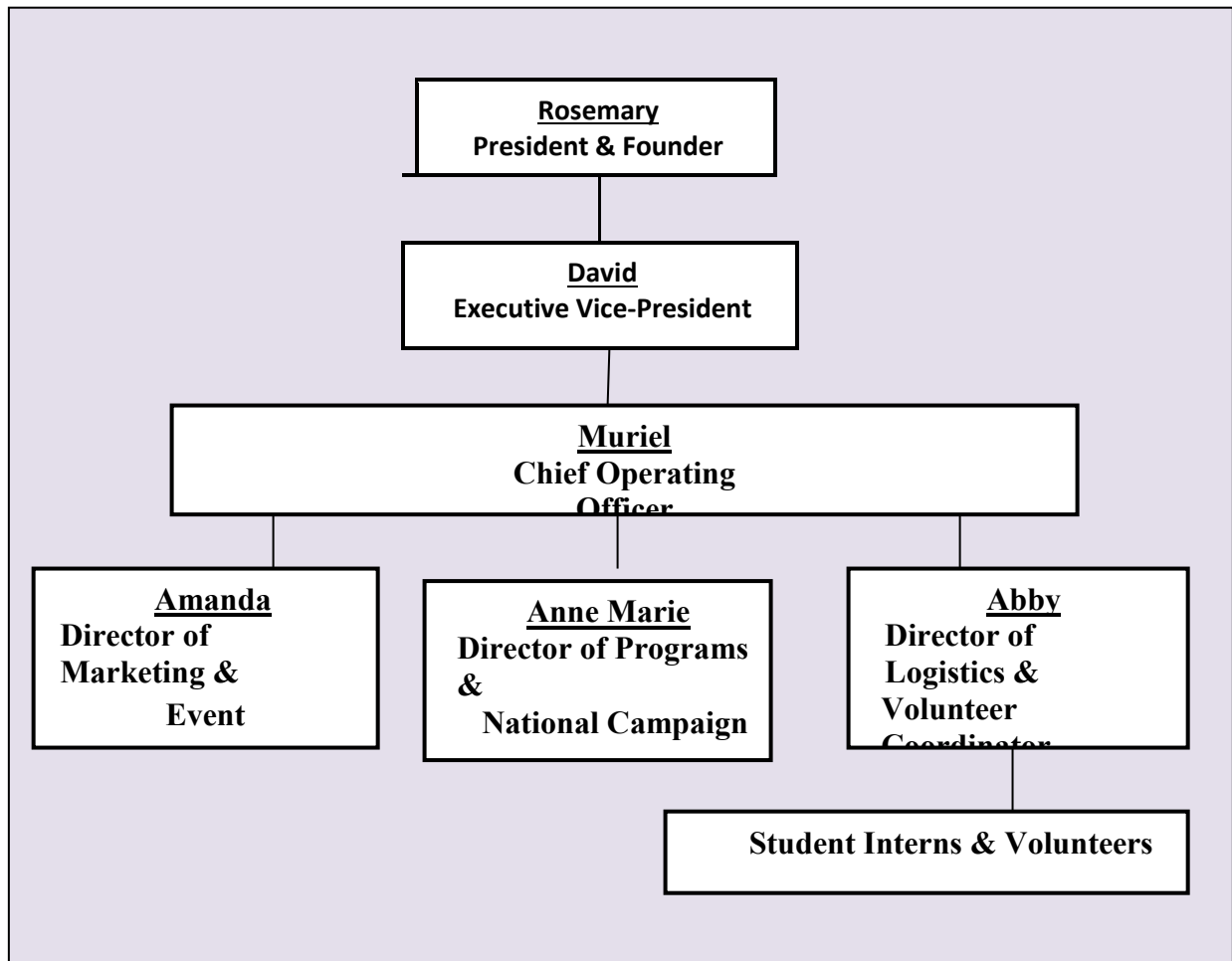
- *Director of Marketing & Events*: coordinates multiple annual F2F Celebration Events; develops all of Fear 2 Freedom's marketing materials; manages marketing campaign activities; distributes direct mail packages.

- *Director of Programs & National Campaign*: implements the National Campaign project; also coordinates multiple annual F2F Celebration Events at colleges, universities and military bases.

- *Director of Logistics and Volunteers:* coordinates materials for F2F Celebration Events; plans and implements community outreach programs; manages volunteers and interns.

F2F is a lean organization. Everyone chips in to keep costs low. Visitors receive a warm welcome with smiles, hugs, cookies and coffee cake. Its mission is to redeem and restore the lives of those hurt by sexual assault, bringing them hope and healing. It also seeks to empower college students to "Be the Change" and "Restore the Joy" on their campuses and in their communities.

When someone seeks medical attention after sexual violence, the victim's clothes are often kept as evidence. Too often, the victim has to leave the hospital in paper scrubs. A fresh change of clothes in the right size, some toiletries, and a cute and cuddly Freedom Bear stuffed animal make a world of difference. A primary function of F2F is to assemble and distribute After-Care Kits like the one shown in Exhibit 4. F2F relies on funding from grants, corporate sponsorships, foundations, hospitals and charitable donations. Its revenue stream is shown in Exhibit 5. It also receives in-kind contributions from area merchants for some of the supplies that go into the After-Care Kits. The cost of the contents in the After-Care Kit is about $30.

Exhibit 4: F2F After-Care Kit

Volunteers and students assemble kits either at the office or at events held on campuses and military bases. After assembly, kits are transported to a local hospital or community partner. The kits are then given to victims when they seek

medical attention after the trauma of sexual assault. The majority of the hospitals cover the cost of the kits. Community partners however, typically don't pay.

2015 Fear 2 Freedom

Pie chart showing revenue distribution:
- Corporate Donations: 1%
- Grants/Foundation Donations: 11%
- Individual: 70%
- Program Revenue: 1%
- (purple) 8%
- (green) 9%
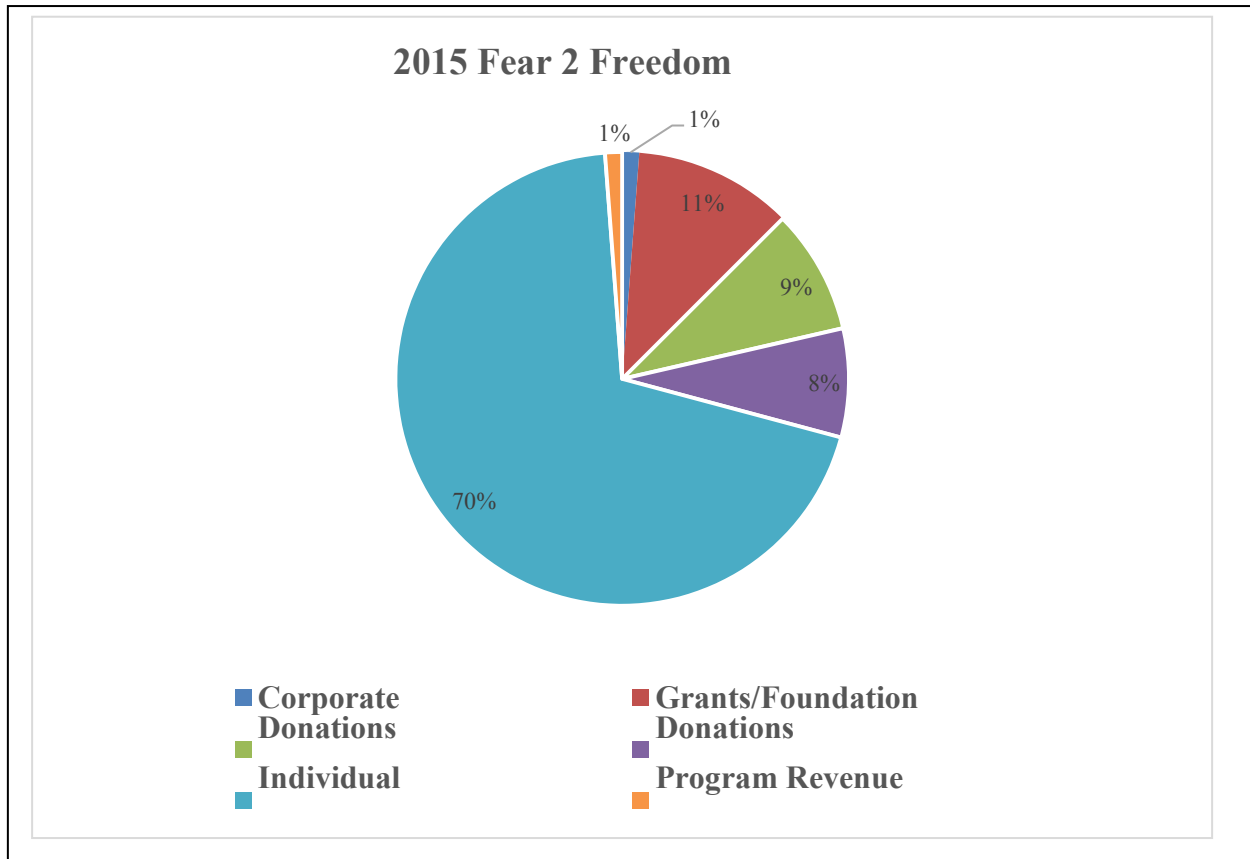
Exhibit 5: Fear 2 Freedom Current Revenue Stream

The Network

Dealing with the aftermath of sexual assault requires the work of a well-coordinated network of individuals and non-government organizations (NGOs). As shown in Exhibit 6, F2F partners with hospitals, national organizations, community groups, government, universities and the military to achieve its mission. Each partner serves a vital, distinct role in the healing process.
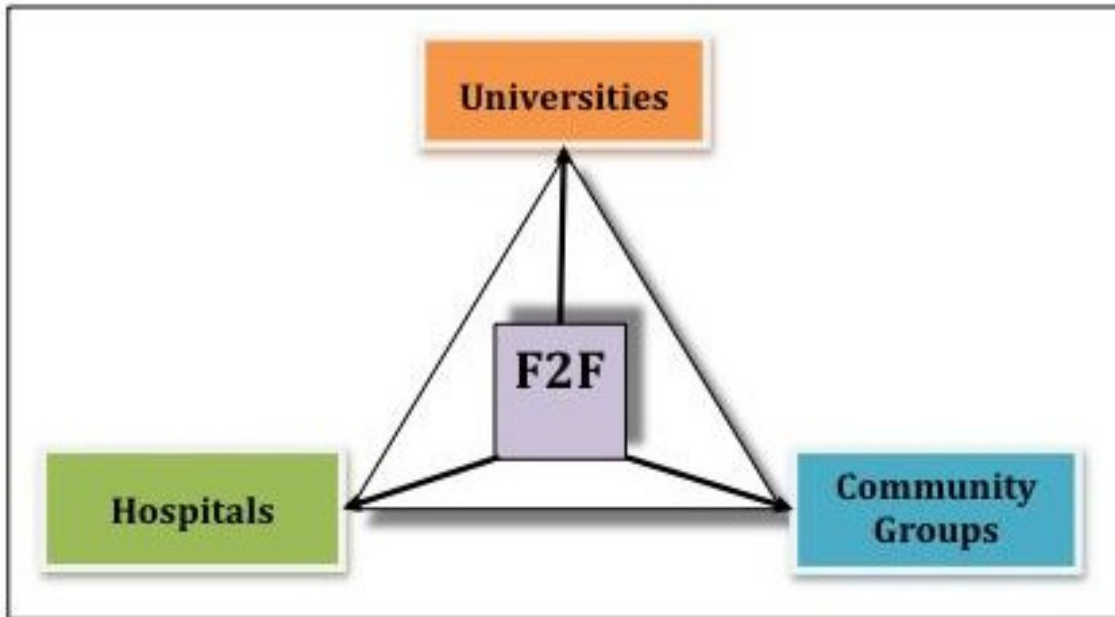
Exhibit 6: Fear 2 Freedom Partners

Hospitals

F2F partners with hospitals that have forensic or Sexual Assault Nurse Examiner (SANE) programs. Hospitals provide the F2F After-Care Kits to victims of sexual assault, child abuse, domestic violence and sex trafficking when they come in for treatment. Hospitals designate a member of their SANE team to interface with F2F. When a university or community partner hosts a "Celebration Event" where Kits are assembled, the students load the completed Kits in the hospital supplied ambulance for transportation to the hospital.

The need for these kits is steady and substantial. Since 2012, F2F has supplied more than 12,000 After-care Kits to 30 hospitals and community partners in four states and Washington DC. Please see Exhibit 7 for a breakdown. Internationally, F2F has sent 500 F2F kits to Thailand to women and children coming out of sex trafficking, as well as to Honduras, Nicaragua, Guatemala, Peru and Costa Rica. However, to date, F2F has focused the majority of its efforts on serving victims in the U.S.

State	Partner		State	Partner
Alabama	YWCA of Birmingham		Virginia (continued)	Latisha's House
				Loudon Abused Women's Shelter
Colorado	Western Slope Center for Children			Mary Washington Health Care
				Norfolk General Hospital
Ohio	Cleveland Clinic			Orphan Helpers
	University Hospital			Orphan's Promise
				Portsmouth Naval Hospital
Texas	Midland Rape Crisis Center			Project Horizon
				RCASA
Washington, DC	Children's National Medical Center: Child Advocacy Center			Riverside Hospital
				Riverside Doctor's Hospital
Virginia	Augusta Health			Safe Harbor
	Avalon			Sentara Williamsburg
	Carilion Clinic			SHE
	Central Lynchburg General			Shelter House
	Chesapeake Forensics			St. Mary's Hospital
	Doorways for Women and Families			The Arbors
	Gray Haven			Transitions

	Henrico County Victim Witness Services		Virginia Beach Justice Initiative
	HER Shelter		Virginia Health Systems
	Inova Health System		YWCA of Central Virginia
	James House		YWCA of South Hampton Roads

Exhibit 7: F2F Hospitals & Community Partners

National NGOs

National non-government organizations (NGOs) provide vital resources that also help F2F accomplish its mission. They include:

The Rape, Abuse & Incest National Network – The nation's largest anti-sexual violence organization. As a non-profit NGO, it operates the National Sexual Assault Hotline, and offers free, confidential services to victims. It also manages the Department of Defense (DoD) Safe Helpline, the source of help for the sexual assault victims in the military. RAINN educates the public and advocates for public policy to protect victims of sexual assault (RAINN, 2016).

Promoting Awareness Victim Empowerment – Established in 2001 by a University of Wisconsin-Madison student who was kidnapped and sexually assaulted at age seventeen. PAVE is also a non-profit NGO that focuses on educating high school and college students, military audiences, and members of the Hollywood entertainment industry. Its mission is to "shatter the silence" and prevent sexual assault. It also provides professional development training for law enforcement, therapists, and other professions that help survivors (PAVE, 2016).

Community Partners

Hundreds of local crisis centers across the country provide professional education, individual and group counseling, as well as criminal justice system advocacy.

Women Organized Against Rape (WOAR) - Philadelphia-based WOAR is one of the oldest community advocacy groups with which F2F has partnered. Founded in 1971, it is one of the first rape crisis centers established in the country. WOAR and others like it provide a 24-hour hotline and free counseling to children and adult victims of sexual assault in a limited geographic area. Volunteers often go with victims to the hospital or court. It provides training programs for schools, social service and city agencies on issues of sexual violence (WOAR, 2016).

Universities & Military

F2F focuses its efforts primarily on college and university campuses. However, it has recently reached out to the military, naval academies, and athletic teams. As Exhibit 8 reveals, F2F 17 university partners at the time of this writing, most of which are in its home state of Virginia. The majority of schools had worked with F2F for one to three years.

	No. of years
Alabama --Birmingham Southern University	1
Colorado – Colorado Mesa University	1
Ohio – Case Western Reserve University	2

Christopher Newport University	**5**
Virginia Commonwealth University	**4**
College of William and Mary	**4**
University of Mary Washington	**4**
Jefferson College	**3**
Liberty University	**3**
Regent University	**3**
University of Virginia	**3**
George Mason University	**2**
Old Dominion University	**2**
Tidewater Community College	**2**
Washington & Lee University	**2**
Radford University	**1**
Hollins College	**1**

Exhibit 8: F2F University Partners

Government Involvement

While hospitals, NGOs, and community partners educate stakeholders and counsel victims, government limits its involvement to creating policy and enforcing laws. In 2013, President Obama signed new regulations into law related to the Violence Against Women Act. After decades of confusion and legal loopholes, new sexual violence incident classifications were established. These definitions help local law enforcement agencies identify offenses. Sexual violence now includes:

☐ **Domestic Violence**: Includes felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person cohabitating with or who has cohabitated with the victim as a spouse, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.

☐ **Dating Violence**: Includes violence committed by a person who is or has been in a social relationship of a romantic or intimate nature with the victim. The relationship's length, type, and the frequency of interaction between the persons determine whether an action is classified as dating violence.

☐ **Stalking**: Involves conduct that causes a reasonable person to fear for his or her safety, the safety of others, or causes substantial emotional distress. Stalking is also defined as intentional behavior directed at a specific person, which frightens, intimidates, or harasses that person, and serves no legitimate purpose. The revised definition also includes behavior directed toward a member of that person's immediate family and may cause a reasonable person to experience fear, intimidation, or harassment.

Laws pertaining to campus sexual assault violations have intensified as well. Changes to Title IX and the Clery Act are dramatically affecting policies on college campuses nationwide.

Title IX

Title IX is a Federal civil rights law that dates back to 1972. This law prohibits gender discrimination in educational programs or activities by institutions that receive federal financial aid. Originally designed to address scholastic and athletic opportunities for young women, in 2011 its scope expanded to student-on-student sexual harassment and violence.

Title IX applies to more than 16,000 school districts and 7,000 post-secondary institutions, as well as charter schools, for-profit schools, libraries and museums. It requires that those that

receive federal financial aid create and publish policies against sexual discrimination, as well as investigate, address, and publish data on sexual violence (U.S. DoE, 2016).

The Jeanne Clery Act

Closely related to Title IX, the Jeanne Clery Act of 1990 requires that colleges and universities whose students receive Federal Title IV Student Financial Aid collect and report campus crime data. The Clery Act has three specific mandates. First, schools must submit an annual security report to federal authorities. Second, everyone in the campus community must be notified when crimes occur. Data comes from local law enforcement as well as campus security authorities, such as resident assistants, dean of students, and coaches. Anyone with significant responsibility for student and campus activities is obliged to provide data. Third, the Clery Act requires that institutions offer support for victims and rights within their campus disciplinary policies (Clery, 2008).

The Clery Act specifies an extensive list of crimes that must be reported, including sexual offenses. Universities must disclose information about crimes that occur both on and off campus. Off-campus offenses include those that occur in different states and countries. If a victim is a member of a campus community and is somehow involved in school-related activity, any crime must be reported.

Recent changes to Title IX and the Clery Act require universities to establish specific policies for handling and reporting violent acts. Institutions with existing policies are compelled to re-examine them to ensure they comply with Federal requirements. The new regulations help to create awareness, interest, and ultimately participation for causes like F2F.

F2F Combats College Sexual Violence

To support its mission to redeem and restore those wounded by sexual assault, F2F seeks to change the cultural understanding and empower university students to "Be the Change" and

"Restore the Joy." Rosemary wants to extend the reach of the organization to college campuses nationwide. She needs a targeted integrated marketing communications campaign to achieve this mission.

F2F has four specific objectives for its university campaign.

1. Restore joy by showing compassion and helping alleviate suffering.

2. Educate students about sexual abuse, date rape, and sex trafficking.

3. Motivate students to be part of the solution by assembling F2F After-Care Kits.

4. Empower students to make a difference in the lives of those wounded.

F2F defines its value proposition to university administrators as follows:

> ***Defining your campus campaign to prevent sexual assault takes a coordinated and fully integrated campus strategy. Fear 2 Freedom provides you with the resources needed to foster a culture of intervention, prevention and awareness. It's time to begin a positive conversation with students that empowers and encourages them to be the change and combat assault on campus. F2F provides the program resources you need to meet your Title IX campus training and reporting requirements.***

To accomplish its objectives, F2F offers three different levels of programs for colleges and universities. Exhibit 9 details the features and prices for each tier, which are based on college or university student enrollment size. Tier 1 uses videos, discussion, and marketing collateral to educate students on sexual assault, child abuse, and sexual violence on campus. Students are challenged to recognize the impact of sexual assault and the importance of consent and

bystander intervention. The content can be used for freshman orientation and by student organizations as well.

Program Feature	Tier 1	Tier 2	Tier 3
"Be the Change" video	A 30-minute educational video with testimonials from male and female victims, as well as statistics on university sexual assaults, child abuse, and sexual violence. Students hear the courageous journeys of healing from survivors intent to make a difference by sharing their stories. This documentary supports the education and training for students, faculty, and staff within Title IX requirements.		
University Discussion Panel	Guidelines support a formal discussion around topics of campus sexual abuse, intimate partner violence (IPV) and rape. Also includes suggested university procedures and resources.		
Statistics and Fact Sheet	An administrative resource tool that includes the latest figures, facts, and definitions of sexual abuse, sexual violence, IPV and rape.		
The Pledge	An oath that challenges and unified students to combat sexual assault on their college campuses.		
Resource Card	A *pocket-sized* reference guide for students with information on counseling, health related resources, and The Pledge. Cards are customized to each university.		
Survey Assessment Tool	An efficient electronic assessment tool to evaluate and survey the effectiveness of Title IX programming and campus climate on sexual violence and abuse.		
Empowerment Video	An inspiring collection of stories from student survivors who are to be the change through their own journeys of healing.		

The Shadow Event		A restorative 60-minute event to support the healing of campus abuse survivors. It increases awareness, prevention, and intervention. Survivors share their stories in a safe, anonymous environment. Audience members respond with written words of encouragement. The event helps students learn the realities of abuse from one of their peers.
"Lesson Plan" with Event Checklist		A full lesson plan and event checklist for the shadow event is available to support each campus.
The Celebration Event		F2F connects universities with local hospitals and community groups. After-Care Kits are assembled by attending students.
Price (based on # of students) • ***< 1,000*** • ***1,000 – 5,000*** • ***> 5,000***	$ 800 $1,000 $1,200	$1,300 $2,300 $1,500 $2,500 $1,700 $2,700

Exhibit 9: F2F Three-Tiered University Programs

Tier 2 offers all the program features of Tier 1, plus The Shadow Event and lesson plan. An advantage to this level is additional student interaction. The F2F Shadow Event is a unique, transformational university experience to highlight the personal testimonies of sexual assault victims and their journey of restoration and healing. This allows survivors of sexual assault (women and men) to anonymously share their stories with their peers. Students hear from their fellow students on their experience of abuse behind a screen in a safe and confidential environment. Those attending the event have an opportunity to express their personal support and compassion to the survivors by writing a note to the survivor. See Exhibit 10 for Shadow Event photos.
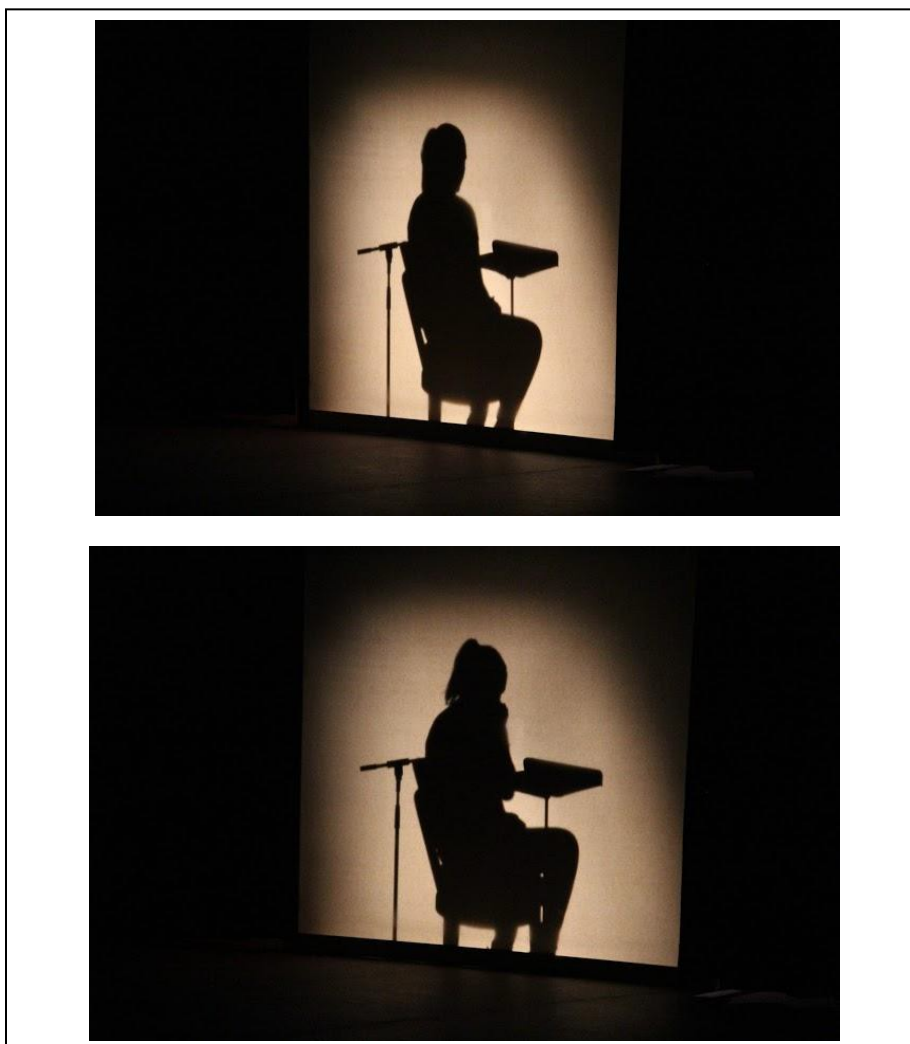
Exhibit 10: F2F Shadow Event Photos.

F2F believes that this generation of college students is the key to changing the shame and stigma of sexual assault. In Tier 3, students get even more hands-on experience with Celebration Events. Students, community partners, and hospitals join forces to combat sexual assault and assemble the After-Care Kits. Students hear from university administrators, survivors, and forensic nurses in this 90-minute interactive program. See Exhibit 11 for Celebration Event photos.

Exhibit 11: F2F Celebration Event Photos

Black-Tie Fundraising Gala

Recently, the organization hosted its first Gala to raise both awareness and resources for its cause. Country singer Lee Ann Womack was the featured entertainer for this inaugural

fundraiser. Companies and individuals sponsored tables for eight to 10 people. Individual tickets were also available. Despite many not being familiar with the efforts of F2F, the event sold out by word of mouth before any invitations were distributed. See Exhibit 12 for photos from the F2F Gala Celebration.

Rosemary shared her vision about Fear 2 Freedom. Special guest Gil Harrington, founder of Help Save the Next Girl organization, also spoke about her daughter. Morgan. Morgan was kidnapped, assaulted, and murdered after attending a concert at University of Virginia. F2F raised $56,000 from a "paddle raise" auction of six items. By the end of the evening, the Gala raised almost $500,000 for the cause. F2F plans to host more Galas every three to four years.

Exhibit 12: F2F First Gala Event Photos

Competitors

The battle against sexual violence takes the cooperation of many businesses, agencies and

organizations. No one group can do it alone. However, as most involved in the battle are non-profits, there is also a battle for funding among the collaborators. F2F must be able to balance the competitive/collaborative dynamics as it expands to more college campuses. It must, "know when to compete fiercely and when to partner" (Brenner, 2011). Expansion means that F2F must compete with organizations not only at the national, but also at the local level too.

F2F is not the only organization that focuses its attention on college campuses. Universities have a range of choices to fulfill the mandates of Title IX and Clery Act. Competitors also include those videos or programs on sexual assault topics that are available for college and university campuses. A few of the more popular options include:

- **The Hunting Ground Film –** Universities pay $395 for the Institutional & Public Viewing Edition of the film. This includes an unlimited, site-specific public viewing license.

- **Bringing in the Bystander –** Offers college administrators one 90-minute session or several sessions over the course of a week. Costs are $1,600 plus $350 for training.

- **Haven –** A 45-minute online program that college students complete at home over the summer followed by a 15-minute follow-up session on campus in the fall. Currently about 600 campuses use the program and pay between $10,000 and $20,000 a year, depending on the size of the university. Haven maintains a record of when students complete the online program.

While videos and online training programs help make communities aware of the problem, many are skeptical about their long-term value (Howard, 2015). Universities committed to battle sexual assault proactively seek more organized approaches. If F2F can effectively reach decision makers at universities with a compelling message, it can achieve its mission of being the source for hope and healing across campuses nationwide.

Target Markets

F2F must make college and university administrators aware of F2F programs. Its ultimate objective is to secure formal partnership agreements for one of the tiered university programs. In addition to gaining administrative "buy in," it must also encourage students and student groups on each campus, such as sororities, fraternities, athletic groups and student organizations, to participate.

To be successful, F2F must effectively target both organizational (B2B) and college student (B2C) prospects. Colleges and universities across the U.S. are its primary target market. However, no single administrator is responsible for making decisions. F2F must communicate with multiple targets involved in the decision. These typically include:

- **University Presidents/Chancellors** – While they may difficult to reach, university leaders have the power to make things happen on campus. Regardless of whether presidents and chancellors themselves or their secretaries read the information, F2F has found that when the leader becomes a champion for a cause, the campus community soon follows.

- **Title IX Coordinators/Officers** – Title IX Coordinators and Officers are the easiest to reach with sexual assault subject matter. Their job is to foster safety on campus, so they actively seek the programs and opportunities that F2F offers.

- **Deans of Students** – Deans of Students (and similar roles) deal with sensitive student matters. Along with Title IX Coordinators and Officers, personal safety is part of their holistic well-being concern for students.

☐ **Student Life Offices** – Offices of Student Life provide funds for campus programs. Their purchasing power makes them important players in decisions about programs like F2F.

Beyond the campus community, F2F must continue to broaden its hospital and community network so the triad (Exhibit 6) is in place to support on-campus programs and events. Every new university that signs up requires the development of a supporting network. The specific target within hospitals is the SANE team of nurses that care for the victims.

While administrators, hospitals, and community partners provide the infrastructure, the primary focus of all that F2F does is the safety and well-being of students. In addition to making students aware of what is considered sexual assault, F2F strives to alert them to its signs and persuade them to take action. In the past, individuals that intervened risked personal assaults on their credibility. Studies have shown that promoting bystander intervention on campus effectively encourages students to act when they see risky situations unfolding (Howard, 2015). While a small percentage of sex offenses on campus involve the "stranger in the bushes," the vast majority is with a perpetrator who is also an acquaintance. In these cases, the victim lets his or her guard down and may not even initially recognize that a sexual assault has occurred. In fact, non-consensual intercourse is a common form of sexual assault on college campuses.

Current Marketing Efforts

Rosemary recently distributed the first national campaign email blast to a targeted audience. F2F compiled a list of presidents, Title IX Coordinators, and heads of counseling for each of the schools in the 26 states in Phase 1 of the F2F Strategic Plan. The same three levels of administrators at 50 Christian schools across the U.S. were also sent the email. A total of 559 outbound emails were sent to launch the F2F National Campaign. Exhibit 13 details the email blast statistics for a subject line test.

Email	Sent	Opened	Bounces	Opt-Out	Clicks
1st email with subject line: "New Title IX Campus Assault Film & Programming"	139	43	7	2	4
1st email with subject line: "New Film Addressing Campus Assault & Title IX"	144	56	0	0	14
2nd email with subject line: "New Film Addressing Campus Assault & Title IX"	276	81	17	1	13
Totals	**559**	**180**	**24**	**3**	**41**

Exhibit 13: F2F National Campaign E-mail blast statistics

The email blast, shown in Exhibit 14, was distributed via Constant Contact. The content included sexual assault statistics, a quote from Rosemary, an invitation to contact F2F to learn more, links to view the "Be the Change" film trailer, as well as links to contact F2F via its website and social media networks. The results to date showed that 14 college administrators visited the F2F website, 17 administrators viewed the video trailer, four administrators completed and submitted the F2F interest form, and one administrator visited the F2F Facebook page.

FEAR 2 FREEDOM **BE THE CHANGE**
NATIONAL CAMPAIGN

Dear Scott,

A shocking fact: The latest national statistics report **1 in 5 females and 1 in 16 male students** will experience **sexual assault** during their four years in college. Fear 2 Freedom can help you address this startling issue on your campus.

As an administrator, your challenge is to combat this threatening issue and foster a cultural change that supports **intervention and prevention** among your university students. Our **Be the Change National Campaign** meets the requirements of **Title IX and the Clery Act** regulations as we join together to combat sexual assault.

Included in the campaign is a **90-minute prevention program** that features a comprehensive educational film, "Be the Change." The film raises awareness and is an effective tool that empowers students to be the solution in a **positive and impactful** event.

The Title IX Programming and Resource Tool Kit Includes:

- Educational Film: "Be the Change"
- Event Discussion Panel - Instructions & Information
- Title IX and Clery Act criteria
- Programming for Intervention and Prevention
- Sexual Assault and F2F Resources
- Empowering and Positive Messaging

WATCH "BE THE CHANGE" EDUCATIONAL FILM TRAILER

To purchase or schedule a consultation and learn about the introductory pricing options, contact us or learn more at:

FEAR2FREEDOM.ORG/CHANGE

As the wife of a university President, I founded the global 501(c)3 non-profit Fear 2 Freedom (F2F) with the mission to change the cultural understanding surrounding this issue on college campuses and empower champions to "Be the Change."

Since 2012, Fear 2 Freedom has supported more than 12,000 survivors in their healing and restoration from sexual assault.

We look forward to a positive partnership with you to engage your students and foster a safe and positive campus community.

Kindest regards,

Rosemary

Rosemary Trible
Fear 2 Freedom
Founder and President

P.S. Together we can make a difference on your campus!

Exhibit 14: F2F National Campaign E-mail blast

Specific Case Challenges

Rosemary and the F2F staff realize that their marketing efforts to date have been reactive to opportunities and locally based. If the organization is to grow nationally, its needs a scalable marketing approach that effectively persuades university administrators, area hospitals, community partners, and students. Here are several challenges F2F faces.

Challenge 1 – Formulate a comprehensive plan to market F2F to colleges and universities nationwide.

F2F needs a marketing plan that effectively reaches both its B2B and B2C target markets. It must make each target aware of its services, stimulate interest and convert prospects into partners. Each target has distinctive interests and needs, making this challenge especially difficult. Your plan should include both media and message to be communicated to each target. To date, Rosemary has only used outbound email blasts (Exhibit 14) in her limited marketing efforts. So far, results from these blasts have been lackluster (Exhibit 13).

Challenge 2: Determine the most effective methods to target college students nationwide.

Technology and smart phones now impact safety efforts on college campuses. Recently, more college campuses adopted mobile apps to help combat sexual assault. These apps provide access resources for sexual assault victims. Rosemary has contemplated creating a F2F mobile app, however the initial development cost is quite high. She wonders if instead of developing a proprietary app, should F2F partner with one of the existing mobile apps that address sexual assault on college campuses.

Many apps are proactively focused on protecting students and preventing sexual assault from occurring. They include elements such as GPS, emergency contacts, automated messages, and features to ensure a safe walk home. Other apps offer reporting systems and resources to victims of sexual assault such as access to support groups, campus police, Title IX coordinator on campus and at clinics. Some popular sexual assault apps currently used on college campuses include:

- **Circle of 6 U** http://www.circleof6app.com/

- **Here For You** https://itunes.apple.com/us/app/loyola/id389224172?mt=8

- **LiveSafe** http://www.livesafemobile.com/

- **UAsk** https://itunes.apple.com/us/app/ask-dc/id666073950?mt=8

Rosemary needs to assess the value of each available app. Ultimately, she needs a recommendation as to which mobile app is best aligned with the F2F mission for college campuses. If F2F partners with an existing mobile app, how should it be promoted on campus? Is a social media marketing campaign the most effective way to generate buzz among college students? Should the parents of college students be targeted as well? Rosemary has many questions.

Challenge 3: Develop a plan for F2F to become more financially solvent.

F2F needs to better organize its fundraising efforts. The fundraising plan can include any methods you think are appropriate for the organization. Rosemary is open to any idea, such as creating a 5K or 10K race to raise both awareness and funds for the F2F cause, as long as the fundraising events and/or methods are logical and fully detailed.

Challenge 4: Identify other on-campus events F2F could offer to promote its cause and empower students.

Let your imagination go wild as you brainstorm for other activities and events F2F could offer in the university program. For example, the F2F Freedom Bear, seen in Exhibit 15, could be used in many ways to generate buzz and stimulate on-campus excitement.

Exhibit 15: F2F Freedom Bear

Ultimately, Rosemary wants all university students to join the F2F cause and be the change to restore joy and help alleviate suffering caused by sexual assault. She wants all students to be educated about sexual abuse and become motivated and empowered to make a difference on their own college campus. So, if Freedom Bear can become an effective part of the university program, then suggest ways to put the little guy to work on college campuses. Start with brainstorming how Freedom Bear could be introduced on your college campus to help achieve the F2F mission and goals. This marketing case can become a life-changing campus project for you to join the F2F movement and "be the change" in restoring hope and bringing joy to those students who have endured sexual assault on your own college/university campus.

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Flowers for Dreams:
A Blooming Experiential Brand

By

Stacy Neier Beran, Loyola University Chicago

Ashley Hasty, Indiana University

Stephen Dyme and his Flowers for Dreams (F4D) digital team were hundreds of images deep as they scrolled through the brand's Instagram account. They were hypnotized, and they were not the only ones. F4D's visual aesthetic captivated nearly 41,000 followers; the account's use of angles, lighting, and consistent filters cut through clutter associated with other brands' Instagram accounts, thus showing what it meant to create "Instagrammable" moments. F4D's account, after all, was constantly named one of Instagram for Business' six brands to follow.

This Instagram search served a role greater than getting lost in a rabbit-hole of boundless beauty: to Stephen, the vibrant thumbnail images provided data. He looked for evidence in the form of

comments, hashtags, and even emojis to identify who experienced what F4D offered. He needed insights about who passively followed F4D on social media but also who actively posted images of floral arrangements they had *purchased*. The popularity of F4D social media accounts, including Instagram and Snapchat, meant consumers in and around Chicago clicked with F4D as a brand. No other Chicago flower retailers - independent florists, grocery stores, or e-commerce sites – offered modern, hand-crafted arrangements with same day delivery. Coupled with the promise to donate one-fourth of profits to a rotating roster of local non-profit organizations, Flowers for Dreams became a relevant brand for both its product and its commitment to social good.

Yet, the digital F4D team, led by Stephen as F4D's founder and CEO, observed a developing disparity between who *posted about* F4D and who *purchased from* F4D. Followers who posted images closely aligned with influencer traits associated with Generation Y (Born 1977-1995; slightly older than the Millennials born 1982-2002). Yet, from internal sales data, customers of F4D – those who actually purchased F4D products – did not match psychographic assumptions about Generation Y. F4D customers instead fit behaviors associated with Generation X, particularly single women ages 35-45.

With plans to expand F4D into new markets and introduce new products, Stephen recognized the need to maintain existing relationships with Generation X customers. Yet, he began to favor the nascent opportunity to deepen the F4D's relationship with Generation Y. Assuming substantial differences between these two consumer segments, what marketing plans did Flowers for Dreams need to dream up in order to convert Generation Y influencers to buyers? What solutions might activate an abstract dream into a profitable reality? Stephen needed to identify an effective mix of experiential marketing tactics that would persuade Generation Y to buy more flowers. After all, increased flower sales equaled increased funding donated to charitable organizations and ultimately allowed F4D's "do good" vision to sprout in well-deserving communities.

A Budding Background

When Stephen designed F4D, he never imagined he would become the go-to "flower guy" upon which his family depended for traditional flower-gifting occasions. What blossomed into a $3 million annual revenue business was at first a way for Stephen and his friends to make money during their summer breaks from college. Stephen, in partnership with his co-founder Joseph Dickstein, staged flower sales tables at local high school graduations. These tables provided common bouquets of artificially-colored carnations and roses wrapped in clear plastic sleeves and rubber bands. Stephen primarily wanted to earn income as a flexible summer job. He also planned to use half of the money earned to purchase backpacks and school supplies for children he and his friends tutored. Looking back, the simple model Stephen established expressed his early desire that business and social good could co-exist. His dream to be a social entrepreneur was born.

Stephen and Joe increased the number of school graduations they attended through word of mouth referrals within their community. While Joe's skills aligned with operational efficiencies, Stephen's role developed to address marketing decisions. Buzz about high school graduation sales quickly led to selling flowers at university graduations, including DePaul University and Northwestern University.

Every graduation celebration provided Stephen with a test market: each flower sale afforded Stephen first-hand encounters with what customers wanted when they purchased bouquets. He suddenly appeared as an expert for everyone who bought flowers at graduations, but he realized the need to build knowledge about the florist industry if he wanted to grow graduation pop-ups into more than a side project. He commonly heard his initial customers complain about buying flowers as a "stale," "uninspiring," "outdated," and expensive transaction. As Stephen continued to learn about industry drivers and growth opportunities, he also commissioned a website to build digital presence, thereby reaching beyond graduation celebrations. The initial website allowed F4D to digitally communicate its key selling points - modern bouquets, honest prices, and local non-profit support - to a broader audience.

After nearly five years of operations, F4D had donated almost two hundred thousand dollars to local charities. Moreover, F4D's most recent fiscal year achieved more than 28,000 deliveries composed of roughly 42,500 bouquets. More than 4,000 mini bouquets were distributed throughout Chicago to publicize local events and build F4D brand awareness. F4D also hired approximately twenty full-time employees and contracted other part-time roles, including bike couriers for delivery.

"Do Good" As a Social Enterprise

F4D grew its operations during a significant economic shift to social entrepreneurship. Brands across many industries and consumers within multiple target markets expected purposeful marketing activities as a means to achieve good in society. Social Enterprise Alliance defined a social enterprise as, "an organization or initiate that marries the social mission of a non-profit or government program with the market-driven approach of a business."[19] An estimated 3.5% of the U.S. GDP was attributed to social enterprises, and one in three U.S. consumers increased how often they purchased socially responsible products.[20] Tapping into the zeitgeist of conscious consumerism, F4D met required criteria to establish itself as a dynamic social enterprise.

However, recognizing that the failure rate for small businesses exceeded the success rate, evidence-based growth decisions were now more important than ever for F4D to deliver the impact it promised to consumers and non-profit partners. F4D applied a simple model to identify its social enterprises activities. When Stephen probed into *what*, *how*, and *why[21]* of F4D's marketing strategies and tactics, each response confirmed F4D's tight positioning as a social enterprise. With that identity intact, Stephen committed to developing F4D as a brand that met the needs of both Generation X and Y consumers. See Exhibit 1 for a model to identify social enterprise core competencies.

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[19] http://socialenterprisecensus.org/
[20] http://www.goodmustgrow.com/ccsindex/downloads/gmg-info-2016.pdf
[21] http://www.huffingtonpost.com/ben-thornley/social-enterprise_b_2090144.html

Exhibit 1: Questions to Identify a Social Enterprise

Question	F4D Response
What does the social enterprise provide as a good or service to solve a social problem?	Modern floral designs with honest pricing that includes bike courier delivery and natural, sustainable packaging; "Every bouquet benefits an amazing charity!"
How does the social enterprise provide the solution?	25% of profits shared monthly with 12 local charities; F4D as a brand becomes the spokesperson for the charity, using all owned media channels to aid in awareness of the charity's mission and populations served
Why does the social enterprise attempt to solve social problems?	Constant representation of a "do good" business within a society that demands funding to solve infinite problems. F4D turned flowers into social capital; it attempts to take the best attributes about Generation Y to substantiate its giving mission e.g. the "power of integrative giving"

Generational Cohorts and Social Enterprise

Maintaining a social enterprise vision strongly suggested that F4D held potential to simultaneously satisfy the needs of both Generation X and Y consumers. Generation X consumers generally made their buying decisions based on thorough product research. Generation X consumers also self-reported to be savvy, skeptical, and self-reliant.[22] Therefore, Generation X required promotional messages from social enterprises to clearly connect to the value offered by the product. Generation Y generally preferred to review blogs to determine purchasing preferences; advertising, therefore, was not seen as a credible source to learn about a company's offerings. Importantly, Generation Y expected "brands to give back to society." Generation Y consumers enthusiastically avoided brands they perceived as greedy for financial

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[22] http://www.pewresearch.org/fact-tank/2014/06/05/generation-x-americas-neglected-middle-child/

gains. For Generation Y, showing support for local community endeavors differentiated social enterprise brands from "business as usual."[23]

Stephen recognized the nuanced distinctions between the two generations. The subtle differences motivated Stephen to see that both markets might be authentically engaged by F4D's social enterprise status. Stephen was also encouraged by industry statistics that showed each generation accounted for 10 to 11 percent of florist industry sales.[24] He did not want to underestimate the importance of sending an impactful message to both Generation X and Y. That message needed to convey that selling flowers was secondary only to the experience of improving communities that mattered to both consumer segments.

The Florist Industry and Competitive Positioning

Competing for the market share of the 20% total sales generated by Generation X and Y presented a sizeable opportunity for F4D. The florist industry in the United States boasted annual revenue of $6.6 billion and produced profits of nearly $200 million. Sales of arranged cut flowers generated approximately one-third (30.4%) of the industry's total revenue. Additional product segments including unarranged cut flowers, potted plants and giftware each contributed between 20-30% of industry revenue, resulting in a consolidated industry with limited product mix.[6] Florists therefore focused their retail strategies on a narrow assortment that offered a depth of choices amongst each category. For example, florists typically supplied popular flowers including cut roses, carnations, gerberas, chrysanthemums, tulips, and lilies, yet each type of cut flower came in countless varietals featuring distinct colors, petal size, and fragrances. Botanists have catalogued more than 400,000 types of flowering plant species,[25] and evolving consumer preferences required florists to provide a diversity of choices within each species. As consumers

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[23] https://www.forbes.com/sites/danschawbel/2015/01/20/10-new-findings-about-the-millennial-consumer/2/#48c62e9c1474

[24] Cohen, A. (2016) IBISWorld Industry Report 45311. Florists in the US. Retrieved May 19, 2017 from IBISWorld database.

[25] https://www.quora.com/How-many-types-of-flowers-are-there-in-the-world

frequently purchased flowers for occasions ranging from weddings to funerals, florists matched consumer demand for freshly cut flowers and supporting services including delivery and custom arrangements.

Stephen's journey to disrupt the current florist industry through social enterprise came at an ideal time. The existing florist industry forecast showed a 2.3% decline over five years,[6] yet e-commerce sites anticipated an 11% uptick within the same period. Therefore, F4D's online model provided a promising channel in the midst of an otherwise dismal outlook. Also encouraging to Stephen was how the florist industry was defined. Selling arranged and unarranged cut flowers, potted plants, and giftware required a traditional, brick-and-mortar retail presence; this definition entirely excluded ecommerce. The exclusion resulted from ecommerce florists' practices that bypassed local florist shops to source cut flowers directly from flower farms. Such disintermediation was not unique to the florist industry, especially as consumers' lives become hyper digital and mobile across industries. Online shopping was the norm for Generation X and Y: some studies concluded no differences existed between the generations' preferences for brands' ecommerce and brick-and-mortar stores.[26] As an ecommerce florist, the F4D framework shook apart industry parameters. Furthermore, Stephen had not uncovered another ecommerce florist that accurately translated consumers' intentions to both brighten their lives with flowers and brighten the philanthropic endeavors of local charities.

Nonetheless, Stephen closely monitored competitive alternatives that might prompt consumers to purchase flowers from other venues. Although industry market share belonged to no major brands, supermarkets and grocery stores notably expanded their cut flower sections in order to offer consumers a "cash-and-carry" option. Instead of depending on traditional delivery services such as Florists' Transworld Delivery (FTD), 1800Flowers, or Teleflora, consumers conveniently purchased inexpensive, freshly cut flowers along with other household commodities during frequent grocery shopping trips. As such, the experience of buying flowers for use at home or for gift-giving occasions had been reduced to a low-involvement, routine buy that was empty of experiential attributes. To counter the competitive threat grocery stores posed,

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[26] A Marketer's Guide to Reach Each Consumer Generation. (2017, June). *Yes Lifecycle Marketing.*

distinguishing F4D beyond commoditized blooms at a low prices become critical to persuade Generation Y to purchase.

Stephen perceived that F4D possessed a unique alternative compared to traditional florists and grocery stores. Yet, F4D's social media engagement also allowed Stephen to observe competing ecommerce brands as they entered the market. Relatively light regulations governed the florist industry, so new competitors also found barriers to enter to generally remain low.[6] It was no surprise, therefore, when brands like Farmgirl Flowers and The Little Posey quickly garnered devoted social media followers. Farmgirl Flowers, based in San Francisco, California, explained that its purpose was to innovate within the traditional florist industry via purchases of flowers exclusively supplied by American farms. In doing so, its mission connected to creating employment opportunities for farmers and floral designers. Farmgirl Flowers heavily promoted its points of differentiation to include designer quality, burlap packaging, fast ordering, and honest transparency. Recent delivery expansion to 48 states amassed a social media following that engaged 160,000 Instagram followers. See Exhibit 2 for details about Farmgirl Flowers.

Although attracting 53% fewer Instagram followers than Farmgirl Flowers, The Little Posey delivered bouquets within Austin, Texas. For a flat price of $35, The Little Posey provided same-day delivery of simply designed floral arrangements. Like F4D and Farmgirl Flowers, The Little Posey also leveraged its brand identity through minimalist packaging. While F4D and Farmgirl Flowers each emphasized burlap as a natural vessel to hold bouquets, The Little Posey endorsed a "going vase-less" design. Arrangements thus arrived to customers in hand-tied bunches secured in brown parchment paper. The Little Posey also offered a subscription service that mirrored F4D's subscriptions. Still, with nearly 41,000 Instagram followers in a broader geographic market, Stephen needed no convincing that F4D competed not solely on brand aesthetics that fueled colorful Instagrammable moments. F4D competed to "do good" for the charities it represented. See Exhibit 3 for additional information about The Little Posey.

Exhibit 2: Farmgirl Flowers

For additional information about Farmgirl Flowers, including its mission, press, and customer testimonials, visit https://farmgirlflowers.com/

Farmgirl Flowers' "The Farmgirl Way" standards

Farmgirl Flowers Instagram account

Exhibit 3: The Little Posey

For additional information about The Little Posey, including its concept and subscription options, visit https://www.thelittleposey.com/

The Little Posey "mood booster" standards

The Little Posey Instagram account
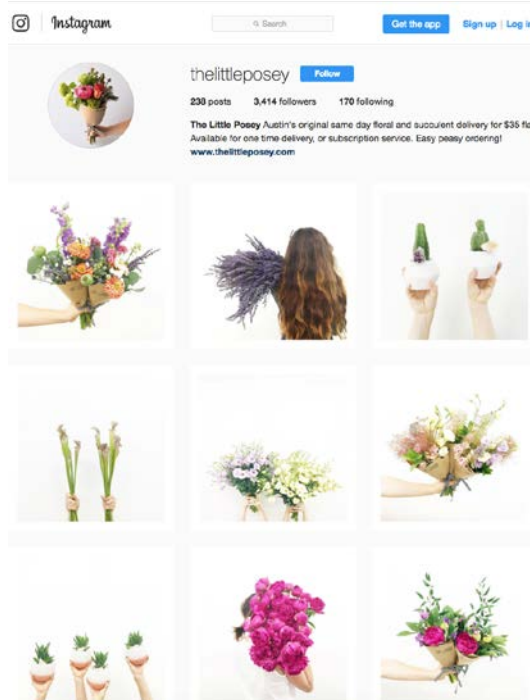
Core Product Offering

F4D differentiated its marketing activities on three core offerings. Each of these competencies – locally crafted, modern bouquets, honest pricing, and support for local charities – not only substantiated the "what, how, and why" (See Exhibit 1) that made F4D a social enterprise, but also authenticated brand standards for content creation.

Modern Bouquets

First, modern bouquets provided the core of F4D's product mix. As Stephen reinforced, "We wanted to make flowers cool." F4D's floral designers prided themselves in sourcing locally grown flowers in order to design unique arrangements. In particular, F4D's attempt to disrupt the florist industry manifested through the craftsmanship of each bouquet. The designers limited selection to only six bouquet designs. Each design included a variety of colors yet depended on the quality of the flowers available in market each day. The six designs changed each season, and each design was offered in four sizes, ranging from small to extra-large. Design descriptions referenced popular culture to reinforce F4D's commitment to offer a contemporary, on-trend experience. For example, "The Glorious B.I.G. Celebratory, boastful, and loaded with color" attributed its design to music embedded in popular culture. Offering a limited selection enhanced how consumers participated with F4D as a brand. F4D sought a curated, edited brand experience that enabled consumers to enjoy maximum satisfaction from their purchases. Providing a scrambled assortment - typical of the traditional florist industry - forced consumers to spend too much time choosing flowers instead of enjoying the experience of nurturing the flowers or the moment of giving the bouquet.

To create modern bouquets, F4D practiced its social enterprise values by fostering relationships with local flower farms. For example, Farmhouse Flowers, located only thirty minutes outside of Chicago, identified with F4D's social, community-driven practices. Farmhouse Flowers supplied fresh blooms to compose F4Ds designs, yet it also supported educational opportunities within its community: it hired local students across grade levels to provide jobs and essential knowledge

about the role of agriculture in the U.S. economy. Farmhouse Flowers described itself as a "family affair;" as a family-run business, its mom-and-daughter team connected to F4D's eagerness to promote gender equality. Next, Brightflower Farms provided nearly 20,000 flowers to retailers throughout the Chicagoland area. Yet, its owners also provided apprenticeships to support small business expansion in the agriculture sector. Furthermore, The Roof Crop, located only ten minutes from F4D's workspace, established "green roofs" as eco-friendly environments within the urban Chicago landscape. As such, the relationship between F4Ds and Roof Crop reinforced the importance of sustainable farming practices within high-pollution zip codes. Finally, F4D sourced two to three flower species from the Cook County Jail's urban farm, thus tasking inmates with the charge to improve their lives through community-based jobs. Farms like Farmhouse Flowers, Brightflower Farms, Roof Crop, and Cook County Jail met F4D requirements twice over: (1) values aligned between F4D and the flower supplier and (2) keeping local wholesale relationships guaranteed bouquet designs would exemplify the Instagrammable F4Ds brand aesthetic.

Packaging for bouquets and arrangements also showed F4D's commitment to simplifying the florist industry. Bouquets were wrapped in burlap and tied with raffia string. These materials created a consistent aesthetic that identified the F4D brand; the simplicity of the packaging served both to highlight modern floral design and also to eliminate synthetic, environmentally harmful materials (like plastics) extensively used by the florist industry. F4D recently expanded packaging options for each seasonal design. In addition to burlap and raffia, bouquets could be arranged into aspidistra, bark, birch, and tin containers. Customers also had the option to include a free, hand-written card that explained and personalized the mission and values of the monthly charity. The card provided another visual expression of F4D's brand standards that also attempted to create an emotional connection amongst consumers, the local charities, and F4D. Specifically, F4D knew Generation Y valued intense brand loyalty yet simultaneously perceived flower purchases as utilitarian rather than emotional. An enhancement as uncomplicated as a personalized note enriched the experience F4D sought to deliver.

Exhibit 4: F4D Modern Bouquets and Workshop Space
Featuring locally-grown flowers and sustainable packaging options
For more about personalized cards, visit
https://www.flowersfordreams.com/blog/category/flower-messages/

Bouquets

Arrangements

Breadth and Depth of Packaging Options:

Aspidistra (top left), Bark (top right), Birch (bottom left), Tin (bottom right)

F4D Studio and Workshop Space, West Town Chicago

See Exhibit 4 for additional information about the breadth and depth of the floral design mix as well as the bread and depth of packaging options.

Honest Pricing

Stephen's audit of the florist industry revealed that its complex pricing structure did not represent F4D's social enterprise vision. The traditional florist industry inflated prices to oftentimes include giftware and miscellaneous add-ons that customers did not necessarily need. F4D's passion for designing modern bouquets, for example, excluded overhead associated with chocolates, stuffed animals, and other goods, so F4D sincerely emphasized "honest prices" for cut flowers. To guarantee simple pricing, F4D practiced a "no waste" model: minimizing how much spoilage occurred during the construction of bouquets kept prices low. Prices ranged from $35 for a small bouquet packaged in burlap to $100 for an extra-large arrangement in a tin vase. Additionally, the price line model included free same-day delivery for online orders placed before 2pm. Next-day delivery and $10 same-day delivery was offered within Chicago; $10 next-day delivery was offered within Milwaukee and most suburbs of Chicago and Milwaukee.

F4D also offered a subscription service to customers who desired pre-scheduled delivery of F4D arrangements. Weekly, bi-weekly, and monthly subscriptions provided customers with arrangements to regularly enjoy as home or office decor. The flexibility of the subscriptions also presented customers with an unexpected option for gift-giving occasions. Because Generation X consumers viewed gifting flowers as an activity that aroused their emotions, F4D priced subscriptions to represent both Generation X's emotional connection and its higher household income. Monthly subscription prices ranged from $180 for a weekly subscription to $45 for a monthly delivery. Exacting brand standards applied to each bouquet no matter the subscription period, so subscription recipients repeatedly engaged with F4D's tagline that "Every bouquet benefits an amazing charity!".

Exhibit 5: Delivery areas included in F4D's honest pricing

CHICAGO SUBURBS WE DELIVER TO

ARLINGTON HEIGHTS	EVANSTON	OAK PARK
AURORA	GLEN ELLYN	ORLAND PARK
BARRINGTON	GLENCOE	PARK RIDGE
BERWYN	HIGHLAND PARK	RIVER FOREST
BOLINGBROOK	HOFFMAN ESTATES	SCHAUMBURG
BUFFALO GROVE	JOLIET	SKOKIE
CRYSTAL LAKE	LAKE FOREST	ST. CHARLES
DEERFIELD	LAKE ZURICH	VERNON HILLS
DES PLAINES	LIBERTYVILLE	WAUKEGAN
DOWNERS GROVE	NAPERVILLE	WHEATON
ELGIN	NORTHBROOK	WILMETTE
ELMHURST	OAK BROOK	WINNETKA

SEE ZIP CODES

MILWAUKEE SUBURBS WE DELIVER TO

BROOKFIELD	MEQUON	RIVER HILLS
CALEDONIA	MUSKEGO	SHOREWOOD
COLGATE	NEW BERLIN	SILVER LAKE
ELM GROVE	OAK CREEK	WAUKESHA
FRANKSVILLE	PEWAUKEE	WEST ALLIS
GLENDALE	PLEASANT PRARIE	WHITEFISH BAY
HUBERTUS	RACINE	WIND POINT
KENOSHA	RICHFIELD	YORKVILLE
MENOMONEE FALLS		

SEE ZIP CODES

Bike courier delivery service also enhanced the value of F4D's honest pricing. In order to ensure same-day bike delivery, a customer needed to place his/her online order before 2 p.m. on the day intended for delivery. When an online order was received, bouquet designers crafted the design by hand and placed it on a baker's rack in the workshop area (See Exhibit 4). The bouquets were then placed in wooden crates affixed to the fronts of bikes. The wooden crates showcased the F4D logo, thus branding otherwise plain details, similar to minimalist burlap packaging. Upon delivery, the purchaser received an email confirmation to close the full sales cycle from online order to receipt.

Fixing the cost of bike courier delivery into pricing also showed how F4D played into Chicago's existing bike culture. The city of Chicago readily invited its citizens to use bikes as a collective attempt to decrease harmful emissions generated in an urban environment. Chicago's bike network – zig-zagging almost 300 miles – earned the city recognition as the most bike-friendly

city in the United States.[27] Rain, snow, or shine, bike couriers pedaled through downtown and surrounding neighborhoods secured with blooming wooden crates. F4D wanted customers to associate the cost for buying bouquets with the humbleness of bike delivery, not with opaque fees that otherwise plagued the florist industry. See Exhibit 5 for delivery areas covered by F4D's honest pricing.

Local Charities

Modern bouquets and honest pricing allowed F4D to represent local charities. Annually, the F4D team accepted and reviewed hundreds of applications to select 12 local charities. Selected charities rotated monthly during the following year. The applications required non-profits to demonstrate their missions, values, and fortitude to solve problems impacting Chicago communities. Since it started operations, F4D provided monetary support to more than 40 charities. Maintaining honest prices enabled F4D to award 25% of its profits to the charities. These monetary donations fully supported F4D's mission as a social enterprise, yet implementing what Stephen referred to as "the power of integrative giving" meant more than signing over a donation check. F4D acted as a new promotional channel for each charity. Each charity benefited from targeted messages on owned F4D media. Followers of F4D's blog, for example, saw F4D employees volunteering at the selected non-profits' events. Email, social media, and the F4D's website all conveyed unified messaging to convey the charity's mission, tell its story, and highlight solutions from the non-profit's work. Bouquet packaging also included a small tag - approximately the size of a business card - that shared details about the charity including its website, social media, and logo. The promotional collateral served to expand awareness and activate unique visits to non-profits' digital medias. Although the donations received from F4D's bouquet sales enhanced the charities' bottom lines, the active collaboration between the charities and F4D established how the F4D's model could "do good" for all stakeholders involved.

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[27] http://www.chicagotribune.com/news/local/breaking/ct-bicycling-magazine-rating-20160917-story.html

Exhibit 6: F4D's Charity Support

Twelve logos of charities supported by F4D

Email announcement to encourage charities' applications to F4D

See Exhibit 6 for a selection of local charities chosen by F4D and email communication announcing application availability.

Strategic New Product Offerings

Combining modern bouquets, honest prices, and non-profit donations created F4D's cash cow, largely stabilized by Generation X customers. Yet, given 73 million Generation Y consumers in the US, F4D needed to design engaging new offerings that kept branded experiences as fresh as the daily-cut blooms. Stephen therefore prioritized three product expansions: (1) weddings & events (2) a flower truck, and (3) geographic expansion. The objective of each new offering was twofold (1) to convert Generation Y influencers into F4D customers through relevant, participatory experiences and (2) to enhance consumers' associations with F4D as a "do good" brand.

Weddings

The first F4D product expansion emphasized floral arrangements for weddings and other special events. Although Generation Y consumers waited longer to marry than Generation X traditionalists, 86% reported future intent to marry.[28] Consequently, Generation Y drew upon higher household incomes for wedding planning and simultaneously demanded personalized details to wow their guests.[29] Floral services for weddings were also expected to grow, driven by higher spend per wedding. F4D engaged wedding customers by building an experiential profile that invited participation through prospective brides' selection of appealing floral arrangement images and phrases to describe coveted wedding themes (including additional references to pop-culture with phrases like *Downton Abbey*). F4D wedding planners shared each phase of consultations, follow-up appointments, and day-of services. Customers also subscribed to *One*

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[28] Euromonitor Passport, retrieved June 2017

[29] http://www.gallup.com/poll/191462/gallup-analysis-millennials-marriage-family.aspx

Fourth, a community-based bridal magazine. The experiential nature of the wedding process needed to be as meaningful as the actual flower arrangements.

To integrate its honest pricing, F4D chose not to charge for initial consultations on weddings or events with a budget of $1,000 or more. Contrary to a "less is more" strategy when it comes to limited options for modern bouquets, F4D believed each wedding should be treated uniquely and therefore did not offer wedding packages. Instead, a F4D wedding designer created new and inspiring pieces for every bride. These one-of-a-kind wedding arrangements also generated engaging content for F4D's social media channels. To further accentuate its wedding experiences, F4D secured a supplementary Instagram account (@f4dbrides) to exclusively promote its customized approach. See Exhibit 7 for a screenshot of the @f4dbrides Instagram account.

Exhibit 7: Weddings

@f4dbrides Instagram account
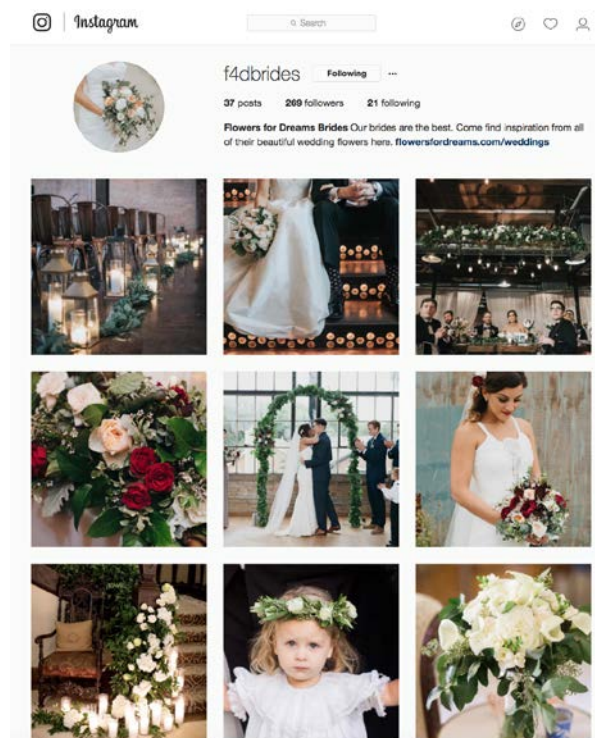
Email promotion of One Fourth magazine

Also of note, F4D supported the flourishing acceptance of same-sex marriages. F4D's blog and video featured a same-sex couple's journey in a series entitled *Chicago Love Stories*. This again represented F4D's constant support of local charities: the couple's story was posted during the month that F4D's highlighted Equality Illinois, a local nonprofit aimed to enhance social justice initiatives within the LGBTQ community. See Exhibit 8 for more information about the *Chicago Love Stories* blog series.

Seasonal Workshops

Seasonal workshops also aimed to encourage Generation Y participation in the brand. Similar to wedding services, these active, participatory events plugged into Generation Y's interest to spend more money on intangible experiences than tangible goods. For example, F4D scheduled flower crown workshops to spotlight Lollapalooza, an annual concert attended by more than 400,000

Exhibit 8: F4D's *Chicago Love Stories* blog, including embedded video content
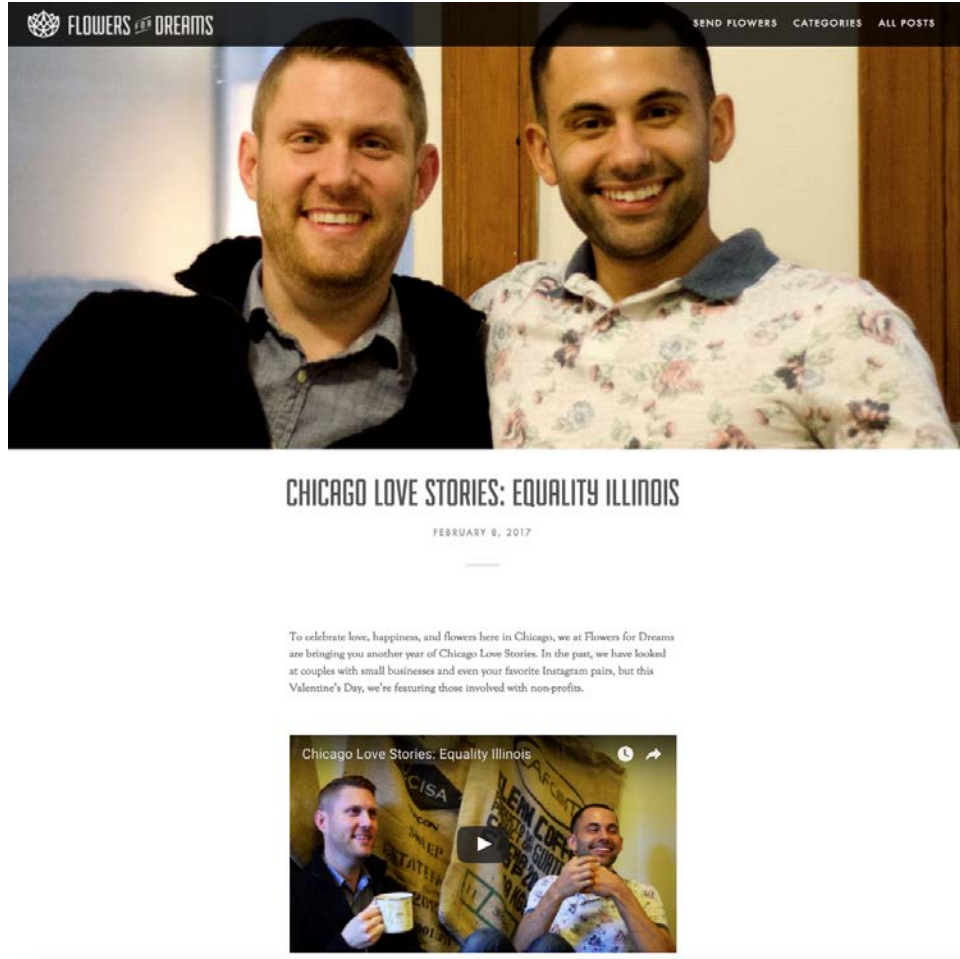
people each year.[30] In conjunction with the workshop, F4D offered a social media contest with a grand prize of two free workshop tickets and Lollapalooza Sunday passes. One thousand entries were received via Instagram and Facebook; Snapchat announced the lucky winner. Other small local businesses with cult followings in Chicago – Antique Taco and Koval Distillery – provided workshop participants' food and cocktails.

Two wreath-making workshops provided winter holiday entertainment. A Christmas wreath workshop invited participants to wear ugly Christmas sweaters and indulge in gingerbread

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[30] http://www.nbcchicago.com/news/local/400k-attend-25th-annual-lollapalooza-in-chicagos-grant-park-388797742.html

cookies and spiked hot chocolates while designing personalized wreaths. Wreath materials included leafy evergreens, pine, red berries, and pinecones, which overcame assumptions that F4D's modern designs were limited to brightly colored Spring/Summer bouquets. A brunch-themed rustic workshop also engaged participants in wreath-designs, yet a marked difference between workshops was noted. The Christmas wreath participants fit a culturally cool "hipster" vibe, while the brunch wreath workshop suited Generation X interests.

Building on the Winter Workshop successes, F4D offered Spring bouquet workshops. Participants had the opportunity to build individual Spring bouquets. F4D again partnered with local shops to provide food and beverage. Sweet treats from BomboBar, seasonal cocktails from Rhine Hall, and fresh roasted coffees from Metric Coffee amplified the workshop experience.

Tickets to each workshop cost participants $75. The premium ingredients for the experience - all natural flowers and foliage, food, drink, and endless Instagrammable moments - positioned F4D as the brand that connected attendees to share wholesome, down-to-earth moments. See Exhibit 9 for promotional messaging about workshops.

Free Flower Fridays

F4D dreamed Free Flower Fridays to be another experience - similar to a neighborhood block party - that shook up the staid floral industry in Chicago. F4D arranged mini-bouquets and invited consumers through owned media to visit the F4D studio after work on Friday afternoons. Attendees learned more about F4D and enjoyed complimentary gifts from local small business. Most importantly, F4D donated to their nonprofit partners for each free bouquet taken. On the first Free Flower Friday, more than forty bouquets generated non-profit donations, and attendees expressed how much fun they had through user generated content, namely via Instagram tagging. For the second Free Flower Friday, F4D partnered with local food trucks - La Boulangerie, Eastman Egg, Da Lobsta, Pint, and More Cupcakes - to provide food and juices. See Exhibit 10 for email promotion and an Instagram image from a Free Flower Friday participant.

Exhibit 9: Workshops

Email promotion for Spring Workshops

DESIGN YOUR OWN SPRING BOUQUET.

Join us for a weekend of workshops. Build your very own Spring bouquet while enjoying sweet treats from Bombolini, seasonal cocktails from Rhine Hall, and fresh roasted coffee from Metric Coffee. All for just $75/guest. Grab a friend and grow your skills.

Select a date + time.

Email promotion for Wreath Workshops

It's wreath season.

For the first time ever, we're offering wreaths for delivery anywhere in Chicagoland. From Naperville to Lake Forest, Elgin to Downtown, you can now have a wreath hand delivered for the holidays.

HOLIDAY   WINTER

ORDER NOW >

Want to build your own instead?

You're in luck. We're hosting three workshops this weekend. Each with custom Koval Distillery cocktails and delicious Bang Bang Pie.

GRAB A FRIEND & SELECT A DATE

December 9th @ 7pm   December 10th @ 12pm   December 11th @ 11am

SIGN UP HERE >

The Flower Truck

F4D next combined innovative distribution and promotion to transform influencers to loyal customers. F4D designed, licensed, and mobilized a Flower Truck. As a nod to the popularity of food trucks popularized by Generation Y "foodies" in urban settings (and integrated during Free Flower Fridays), F4D scaled delivery patterns from its bike couriers to excite customer interactions through a "walk-up window" truck. To make this dream flower truck come alive, Stephen first tirelessly worked to overturn Chicago's seven decade long flower peddling ordinance. The Flower Truck became Chicago's first mobile florist since 1943.

With regulations finally favoring F4D,[31] the Flower Truck mobilized an interactive brand experience that overcame geographic constraints for many potential consumers. F4D's West Town studio and office space was not meant to experience foot traffic as a retail trade area; West Town was not a shopping district like Chicago's celebrated Magnificent Mile and State Street. Bouquets could be purchased from the West Town studio, but F4D's sales overwhelmingly leveraged ecommerce ordering. Therefore, the Flower Truck acted as a mobile pop-up shop that simultaneously decreased risk associated with traditional store operations and increased one-on-one experiential interactions. Parked during lunch breaks by curbs zoned for food trucks, the Flower Truck staged sales of mini bouquets designed to brighten office settings and showcase F4D's modern aesthetic. Accordingly, the Flower Truck enabled F4D to engage busy Generation X and Y professionals who escaped downtown high rises during the workweek grind and thus generated awareness within a heavily-populated central business district.

The Flower Truck appeared in professional districts during the workweek, but it was highly visible during weekends as well. Chicago residents celebrated summer with attendance at more than 400 outdoor festivals, farmers' markets, and neighborhood block parties.[32] Each community event gave the Flower Truck a test market to explore times, days, and available merchandise for the truck's inventory. Fifteen dollar mini bouquets and $30 small bouquets became popular impulse buys that enhanced attendees' event experiences. The Flower Truck also stocked F4D t-shirts and branded "swag" (buttons, bottle openers, and canvas bags). The Flower Truck popped-up in Logan Square, Wicker Park, and other trendy Chicago

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[31] http://www.chicagotribune.com/bluesky/originals/ct-flowers-for-dreams-truck-bsi-20160606-story.html

[32] https://www.choosechicago.com/events-and-shows/festivals-guide/

Exhibit 10: Free Flower Fridays

Email promotion announcing
Free Flower Fridays

Join us this Friday from 4pm-7pm for free BBQ & bouquets.

EST 2012
FLOWERS FOR DREAMS
CHICAGO

GIFTS   SUBSCRIPTIONS   WEDDINGS   EVENTS

THE LAST FREE FLOWER FRIDAY OF THE SEASON

Meet the team & have some fun in the sun—we're hosting one of the last barbecues of the summer! Free flowers, grilled snacks, & sweet teas. Join us this Friday from 4-7pm at 1812 West Hubbard.

GRILLED KEBABS FROM KITCHFIX

SEASONAL SLICES FROM BANG BANG PIE

SWEET TEA & LEMONADE

GET DIRECTIONS >

benskoda
📍 Flowers for Dreams   🕐 4d

♥ **36 likes**

benskoda Got the VIP treatment today @flowersfordreams. They gave away mini bouquets from 2-6pm, and gave $1 to their charity of the month for each bouquet taken - keep an eye out for

neighborhoods. Annual festivals like Renegade Craft Fair integrated the Flower Truck into an artisan and maker culture that overtly valued small batch manufacturing and handcrafted goods. At larger events like Lollapolloza, the Flower Truck sold concert-goers flower crowns, a symbol of a free-spirited, bohemian vibe. The Flower Truck activated the F4D's brand beyond a single bike-to-residence delivery and exposed it to countless attendees of these events. Using its own Instagram account (@f4dtruck), each event appearance was tracked via social media updates through Instagram Stories and Snapchat. The Flower Truck seamlessly communicated the modern message F4D aimed to promote amongst influencers and customers alike. See Exhibit 10 for images of the Flower Truck.

On the move to Wisconsin: #HelloWisco!

The Flower Truck built brand awareness, yet its transportation utility also - quite literally - drove the brand into a new geographic market. F4D's initially promoted its trade area as delivering up to fifty miles outside Chicago. Keeping a tight trade area radius allowed for bike courier services to be properly priced and reliably implemented. The Flower Truck allowed increased aided awareness for the brand and increased sales of a limited product line. After four years of steadfast operations and branding in Chicagoland, F4D took the Flower Truck to the interstate to introduce the brand to southwest Wisconsin.

Census statistics positioned Milwaukee as a location with favorable demographics for F4Ds. (See Appendix A for age ranges of Milwaukee, WI residents). Yet Stephen saw southwest Wisconsin as an attractive market for three other reasons. First, Wisconsin was situated close to Chicago, so the streamlined sourcing, design, and distribution logistics were effectively replicated. Thus, F4D retained quality expectations to preserve the brand's reputation as a social enterprise. Chicago and Wisconsin each boasted local idiosyncrasies that fed the modern visual brand standards F4D represented, yet a Chicago resident experienced the same F4D "look and feel" as a Milwaukee resident. Stephen and the F4D team carefully planned for consistent consumer experiences with F4D branding, particularly via digital and social media. Finally, and perhaps most importantly, Stephen believed the culture of Wisconsin closely aligned with Chicago; he saw Wisconsin to embody the "Midwest niceties" that also characterized Chicagoans.

Exhibit 10: The Flower Truck

Email promotion announcing the Flower Truck

@f4dtruck Instagram account

Furthermore, expansion into southwest Wisconsin eliminated the need for distinct promotional messages. Stephen's team anticipated that the strong brand associations developed in Chicago would transfer to Milwaukee. The Wisconsin launch optimized the brand's integrated tactics to highlight local brands and leverage Milwaukee social media influencers. Instagram images teased followers with pictures and captions hinting at the newest location without revealing the specific city. This built anticipation and encouraged interaction within social media channels during the Flower Truck's maiden voyage to Wisconsin. On the first official day of Wisconsin operations, the Flower Truck provided a hub for consumers to experience the brand. F4D essentially expanded its Free Flower Fridays events by offering free mini bouquets at targeted Milwaukee spots, not just for one day but for a full week. Recipients of the bouquets were encouraged to post images to social media using the hashtag #HelloWisco. Tracking the Flower Truck's location around Milwaukee led social media followers to see it pop-up at local businesses including coffee shops, bookstores, and beloved independent boutiques. Emails to Chicago customers offered $5 credits for referrals of Wisconsin friends. Ultimately, F4D united promotional messaging across each communication channels for an entire Midwest community.

See Exhibit 11 for email communication announcing delivery to Milwaukee and an illustration of the delivery area from Chicago to Milwaukee.

The Decision Problem

With the approach of F4D's first peak summer season to operate in two major markets, Stephen realized how critical timing became to ensure each new product resulted in purchases from Generation Y. Experiential products like weddings and events, the Flower Truck, and new geographic expansion connected customers with the incredible stories of the dreams each floral design supported. Yet, which of these strategies did Stephen need to prioritize? Did too many expansions dilute the value of F4D brand? Could the F4D brand penetrate the Generation Y market with experiential products while maintaining the loyalty of Generation X with its core product? What combination of participatory experiences motivated Generation Y to not only post about F4D but to also purchase? Stephen dreamily let his eyes wander back to F4D's Instagram

account for evidence, but he knew he couldn't stop to smell the roses for too long: there were bouquets to sell and charities to support.

Exhibit 11: Email promotions announcing expansion to Wisconsin

Email #1

Email #2

Appendix A

Census Data about Milwaukee, Wisconsin (from SimplyMap)

Variable	Milwaukee, WI	USA
% Population, 45 to 54 Years, 2020	10.51%	12.49%
% Population, 45 to 54 Years, 2016	11.10%	13.27%
% Population, 35 to 44 Years, 2020	11.11%	11.78%
% Population, 35 to 44 Years, 2016	11.84%	12.58%
% Population, 25 to 34 Years, 2020	17.19%	13.96%
% Population, 25 to 34 Years, 2016	16.98%	13.84%
% Population, 18 to 24 Years, 2020	14.01%	9.88%
% Population, 18 to 24 Years, 2016	13.79%	9.88%

PG&E: Marketing Energy Efficiency Programs for Businesses

By

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Daniel Shen, State University of New York at New Paltz

Roberta Johnson was excited. Jacobs and Clevenger, the marketing agency for which she worked, had just been awarded a major project for the Pacific Gas and Electric Company (PG&E). And Roberta was the newly named account manager! The kickoff meeting with the account management and creative teams was scheduled for this afternoon.

A Chicago-based firm, Jacobs and Clevenger was well known for its expertise in direct marketing. In fact, Ron Jacobs, one of the firm's founders, had co-authored the classic textbook *Successful Direct Marketing Methods*. The company website described the agency as "The multichannel digital direct marketing agency that provides measurable response." Independently owned for more than 30 years, this medium-sized agency had been exploring new opportunities for its own growth. In the process of this exploration, Ron Jacobs identified the regulated utilities industry as one that could benefit from well-targeted marketing. By this time, Jacobs and Clevenger had developed quite a specialty in marketing for utility companies.

The roots of the Pacific Gas and Electric Company (PG&E) go back to California's Gold Rush days when the San Francisco Gas Company was founded in 1852. The San Francisco Gas and Electric Company and the California Gas and Electric Corporation merged in 1905 to create the new Pacific Gas and Electric Company.[1] Today, PG&E provides electricity and natural gas to homes and businesses throughout northern and central California, serving more than 5 million customers and generating almost $17[2] billion in revenue. This makes PG&E the largest utility company in the U.S. by number of customers served and the amount of revenue it generates. It has the second highest retail prices in the country, after New York's Consolidated Edison.[3]

With a growing population in California and the ensuing increase in demand for energy of all kinds, people were becoming more aware of the environmental impact of producing and delivering energy. Of course, the rising cost of energy to all consumers was also a concern. Under pressure from regulators and the public, PG&E was increasing its focus on helping businesses and individual households become more aware of energy efficiency. The financial reach of the company and the scope of its service made PG&E a particularly high-visibility utility company for both regulators and its customers. After the 1973 energy crisis, Congress wrote the National Energy Act, to focus on energy conservation and that meant reducing the demand. Decades later, PG&E still struggled to make this happen.

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[1]http://www.pge.com/en/about/company/profil e/history/index.page [2]2015 operating revenues for PG&E Company

http://www.sec.gov/Archives/edgar/data/75488/00010049801600065/form10k.htm#_Toc4434 85795

[3]"Electricity - Energy Explained, Your Guide To Understanding Energy - Energy Information Administration". *www.eia.gov. Retrieved 2015-12-05.*

This public policy drive to reduce energy consumption is seemingly in conflict with what one normally expects from a business – an effort to increase consumption of its goods and services. Yet, because of the regulatory mandate, PG&E had no choice: regulators required a tangible, sustained, and substantive effort to reduce consumption. In addition, the high profile of the company suggested that any positive efforts to be a good corporate citizen might help PG&E mitigate negative consumer perceptions in other areas of its business.[4]

As a regulated industry, with a virtually captive audience, marketing to its customers was not PG&E's strong suit. Most businesses and individual households had to buy their energy from PG&E so the company did not have the same depth of expertise in marketing as most other companies of a similar size. Frankly, PG&E needed help-- and the company recognized it.

The utility turned to Jacobs and Clevenger to find a way to educate small and medium businesses about PG&E's energy efficiency programs and to increase the businesses' participation in these programs. The project was only one of many efforts to reduce energy consumption among PG&E customers but, as typical with many agency assignments, PG&E sought specific expertise that Jacobs & Clevenger offered: targeted marketing experience and an understanding of utility companies.

Roberta called the meeting to order at 2 pm and reviewed the agenda. "I think everyone here is already familiar with PG&E and its basic business. So we will start with a quick overview of the specific situation and then our objectives for this project. After that, let's start brainstorming on how to approach this challenge.

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[4]In 2010, a deadly gas line explosion in San Bruno, CA killed eight people, injured scores of others, destroyed 38 homes, and exposed numerous failures in PG&E's record-keeping and maintenance of critical infrastructure. Some lawsuits against the company were settled for $565 million dollars in 2013. http://www.huffingtonpost.com/2013/09/11/pge-san-bruno-settlements_n_3903832.html Other suits were subsequently settled for undisclosed sums. http://www.sfgate.com/bayarea/article/PG-E-settles-more-San-Bruno-suits-3742194.php In addition, the Public Utilities Commission, PG&E's local regulator, levied a record-breaking $1.6 billion fine for corporate errors in a variety of areas. http://www.latimes.com/business/la-fi-puc-fine-20150409-story.html

Most business owners and managers consider energy consumption a necessary evil and one over which they have very little control. Energy is a low involvement product category. Yet the cost of energy is increasingly expensive and of greater impact on the environment than ever before. So business operators need to pay attention and take action to reduce or, at least, to control, their energy use. By better focusing on the needs of its business customers, PG&E could provide information that would establish the utility as a helpful partner rather than as an indifferent supplier. Toward this end, PG&E had developed the Business Energy Checkup. This online self-assessment tool had three components: tracking energy use, getting energy-saving recommendations, and creating an energy savings plan. To use it, the business had to first create a "My Energy" account.

Unfortunately PG&E's efforts to get businesses to use the Business Energy Checkup online tool or to set up a "My Energy" account had not been very effective so far.

Telephone research conducted by the Blackstone Group revealed

>Low impact: Over 80% of eligible respondents did not recall any direct mail or energy efficiency-related emails;

>Low interest: Over 80% of those who recalled the mailings or emails, had no serious interest to enrolling in My Energy or completing a Business Energy Checkup profile;

>Little benefit: No more than 10% of recipients that recalled the Pilot program attempted to enroll in My Energy or complete a Business Energy Checkup profile.

PG&E had a vision for energy management and sought to revolutionize energy solutions for customers. Yet businesses that looked to PG&E for help using energy more efficiently were simply unable to find the information and tools available. In its research, Jacobs and

Clevenger discovered that customers don't actively search for energy solutions; they search for answers to specific problems. They want to lower their energy bill. The gigantic commercial refrigerator in their restaurant kitchen no longer works very well and needs to be replaced. The heating or the air-conditioning system is broken. Each of these problems has an energy component for which PG&E could be a resource – if the businesses just knew where or how to seek assistance.

Not surprisingly, the commercial sector uses energy in different ways than home/residential users. Lighting constitutes the largest (19%) use for electricity in the U.S. commercial sector such as retail, office buildings, educational institutions, institutional use, and government buildings. Ventilation (11%), space cooling (10%), refrigeration (8%), office equipment including computers (7%), and space and water heating (6%) are other major commercial uses of electricity. All other uses (39%) of electricity in this sector include powering medical, security, and fire suppression equipment; powering elevators and escalators; and running cooking and laundry equipment.[5] In commercial buildings, the use of natural gas is similar to its use in residences: space heating, water heating and sometimes for air conditioning.[6]

Given the situation, the campaign's objectives were to:

1. Connect PG&E's small and medium business customers with timely and relevant savings information at points when they are looking to solve a problem,

2. Generate "handraisers" and move customers along their energy management journey,

3. Provide engaged customers with new energy management solutions they may not have considered,

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[5] U.S. Energy Information Administration, Annual Energy Outlook, 2015. Reference Case, Table 5 (April 2015). http://www.eia.gov/energyexplained/index.cfm?page=electricity_use

[6] http://geology.com/articles/natural-gas-uses/

4. Establish PG&E as an innovator and thought leader in cutting edge energy solutions designed specifically for customers.

Roberta reminded the group that, in its pitch to PG&E, Jacobs and Clevenger proposed that "PG&E's extensive energy management resources needed to be mined, rearticulated and disseminated in a way that helped customers self-realize ways they can save and implement solutions." In other words, PG&E had to help customers help themselves. This is all about content marketing. How could the agency create compelling content to start and sustain the conversation between PG&E and its small and medium-sized business customers? She invited the attendees to start throwing out ideas.

The list of possibilities grew quickly.

- We know PG&E has all this great material. How could we reorganize it? Where should it be located? How should it be distributed?

- Let's look at the search engine optimization. It may be relatively easy to make this information more easily "findable" by search engines such as Google and Bing.

- What about an e-book? Or a webinar? Business-to-business marketing uses these tools all the time-- they are great lead generators. We can require an online form be completed before they get the e-book about "easy energy-saving practices" or something like that.

- How do businesses use social media? It's not the same as the business to consumer approach, is it? What role could social media play in this plan? Maybe we should explore how "influencers" could be part of this plan.

- PG&E knows everything about its customers' energy use. How can we use that information to create customized and attention-getting messages? Auditing and analyzing energy use in a variety of categories such as lighting, air conditioning and heating, office equipment, appliances, and machinery – and then zeroing in on the items in each category might give us the basis for messages individually tailored to each customer.

- Everybody's email inbox is too full. Why not try some good direct mail? That might really stand out from the crowd.

- Do you think businesses look at their statement inserts in their physical bills? What if their bills are all online?

- Perhaps we can use sales promotion techniques or awards and recognition. Gamification tools such as points, badges, and leaderboards can also be helpful to engage and recognize business customers' energy efficiency.

- Some small business owners are rather traditional. Would they respond to other forms of print communications? What publications do they read?

It was almost time to adjourn the meeting so Roberta concluded with "This is a great start, team. We have a week to develop the plan of what we propose to do specifically. First, let's make sure we have the right profile of the target customers and their motivations to save energy. The small and medium business market is huge and quite varied. We know the industry has some bearing on energy usage. Can we segment this market in a meaningful way that goes beyond the size of the business and its industry? (See Appendix A for a list of industries served.) Is there anything we have missed about small and medium businesses in this area?

We should make sure that we consider all forms of marketing communications and remember that this is a business to business solution (See Appendix B.). What are the media habits of our target market? How do we integrate all the messages we create and media we select? We really want PG&E's business customers to control their energy consumption, contain their costs, and benefit from all of the help that PG&E can provide them. I'm sure we can figure out how to do this effectively.

Of course, all of this needs to be measurable. Any marketing efforts have to demonstrate their value. Data collection for future use in further marketing efforts is a high priority. We can't forget that."

Industries Served by PG&E[7]

PG&E serves about 800,000 small and medium-sized businesses in Central and Northern California. They are classified in the following categories:

- Agriculture and Food Processing

- Builders

- Food Services

- Health Care

- High Tech

- Hospitality

- Industrial

- Municipalities

- Office Buildings

- Retail

- Schools and Colleges

APPENDIX B

Business to Business (B2B) Marketing Overview

Business to Business (B2B) marketing is the marketing of goods and services to business organizations for production, business operations, or for resale to consumers. For example, an auto maker needs to purchase components and parts such as engines and braking systems from

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https://www.pge.com/en/mybusiness/save/energyefficiencycontractors/findspecialists/index.page?

suppliers to be used in producing vehicles. The auto maker also needs to pay for utilities such as electricity and water in order to operate. The auto maker may need to purchase services such as advertising and market research to operate more efficiently. Its final product – vehicles bearing its brands – is sold to dealerships who then resell to consumers.

When companies buy and sell goods or services for their business purposes, they are in business markets. While business markets and consumer markets both involve buying and selling of goods and services, decision making in business markets differs significantly than in consumer markets.

- Business goods and services often have more complicated technical specifications and requirements;

- Business buyers are far fewer in number but most business buyers purchase in much larger quantities;

- Business buying often involves more people in the decision making. This is particularly true for major purchases, when decisions are reached by the joint effort of procurement, technical departments, and even top management;

- Business buying follows more rigorous procedures from product specification to supplier search and qualification, and from ordering to receiving orders and making payment.

These differences have at least two important implications for B2B marketing. First, business buying is very goal-directed. Business organizations are under tremendous pressure to make the right decisions – meeting technical requirements, price goals, and strategic objectives. Second, the business buying process is often more complex and may take much more time than consumer buying because business purchases are large in quantity, have a major impact on the business organization, involve more people, and may have to follow more procedures. These are exactly the reasons why content marketing has found such widespread use in business markets. Digital content provides highly targeted information in a timely yet cost-efficient manner and plays an important role in helping business buyers move forward in their decision making processes.

APPENDIX C

Content Marketing

Search engines and social networks add powerful tools to the arsenal of marketers. One strategic use of these tools is **content marketing**, the purpose of which is to consistently create and distribute valuable and relevant content to attract and retain a clearly-defined audience and to drive profitable customer action.

Companies can create many types of content to be published on the web and promoted through search engines and social networks. The following content types are commonly used:

- **Ebooks, white papers, research reports, how-to guides, and case studies**: online publications in the formats of books, papers, reports, guides, or cases.

- **Templates and tools**: A template is a file of basic format (e.g., for business letters, charts, graphs) that can be downloaded by users. Tools are computer program applications that perform certain functions (e.g., a web-based calculator to estimate investment returns or to calculate energy consumption or energy savings).

- **Infographics**: graphic representation of information to make the data easily understandable. Many examples are available online.

- **Podcasts:** episodes of audio and video files that subscribers can stream or download. These are analogous to radio broadcasts or short movies.

- **Webinars:** presentations transmitted over the Web using video conferencing software (i.e., a web-based seminar).

- **Videos**: digital video files that can be streamed online or downloaded from a website.

- **Blogs**: informal or conversational writing on a regularly updated website or web page.

- **Landing page**: a web page that appears to a visitor who clicks on a search result, an online ad, or other types of links in emails or social media. Many landing pages contain a specific call-to-action.

Regardless of the format, it is critical to make sure the content is 1) relevant and engaging to the targeted audience and 2) optimized for the media (search engines, social networks, or websites).

What are your company's primary objectives for investing in content marketing in the first place?

Objective	Percentage
Generate more leads	92%
Raise brand visibility	90%
Generate better leads	87%
Demonstrate thought leadership	84%
Demonstrate client success	78%
Reduce traditional marketing costs	70%
Drive increased website traffic	61%
Improve search engine ranking	52%
Educate the marketplace	41%

Source: Starfleet Media, 2015
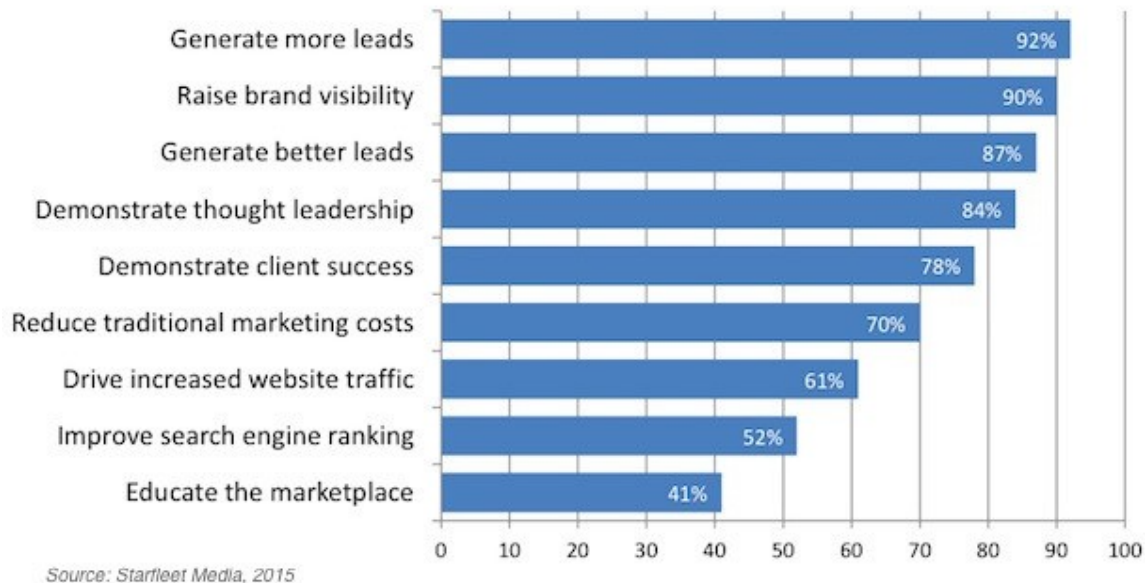
Figure 1: Companies' Objectives for Content Marketing[8]

Before launching a content marketing campaign, or any marketing campaigns, a company should first set clear objectives. B2B content marketers often seek to generate more and better leads, raise brand visibility, demonstrate thought leadership, drive website traffic, or educate its customers. (See Figure 1 above.) Moving on to campaign implementation, a key decision is to determine which media outlets should be used to distribute the content. Media outlets should not work in isolation. Instead, one should select a combination of media outlets (e.g., multiple search engines and social networks) that work together in an integrated fashion to meet campaign objectives.

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[8]http://www.starfleetmedia.com/2015/09/03/assessing-primary-objectives-b2b-content-marketing/

Finally, how do marketers monitor and assess campaign performance? Key metrics of performance should be used to monitor whether the campaign is on track to meet its objectives. For example, if the objective is to generate leads, the quantity and quality of generated leads may be assessed by monitoring the total number of leads generated and the average sales revenue among those who actually place orders. If the objective is to increase website traffic, increase in the number of unique visitors may be a good metric. Search engines and social networks often provide analytics tools that can be used to facilitate the monitoring and assessment of campaigns (e.g., Google Analytics, Google Adwords, and Facebook Insights). A company can also develop its own applications to customize its interactions with search engines and social networks.

APPENDIX D

Search Engine Marketing

Search Engine Optimization and Pay per Click

For a company to drive traffic to its website, search engines such as Google, Yahoo, and Bing can play a big role. To understand why, think about how we visit a website: while we occasionally choose to enter the website address (a.k.a. **direct traffic**), we are more likely to use a search engine to find the website (a.k.a. **search**), or click a referral link from another website. According to some research, organic search accounts for about 60% of web traffic while only 12% of website traffic originates from direct input of the website URL. [9] Search engines are a primary method of navigation on the Web, especially when we are searching for something of specific interest: we search, view the search results, and click on a website link relevant to our search.

Search engines use mathematical formulas known as search algorithms to rank websites based on relevance to the search. Search algorithms are proprietary, so we cannot tell exactly what

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[9]https://searchenginewatch.com/sew/study/2355020/organic-search-accounts-for-up-to-64-of-website-traffic-study , accessed 4/20/2016

Search engines use mathematical formulas known as search algorithms to rank websites based on relevance to the search. Search algorithms are proprietary, so we cannot tell exactly what algorithms are being used by a search engine. Apart from the word(s) used to search, search engines may use other information for its algorithms (e.g., searcher's location, previous search behavior). The more relevant search results are delivered by search algorithms, the more satisfied and loyal we are, the more search share a search engine gets from us. The three most significant search engines in the US are Google, Microsoft Bing, and Yahoo. The shares of the search market owned by each search engine changes frequently and marketers must track those changes to know how to best allocate its resources among search engines.[10]

From a company's perspective, one way to make its website easily found on a search engine is to make its website rank higher by the search engine when certain keywords are used in search queries. On a search engine results page (SERP), a company wants its website to be among the top three presented on the first page of the search results. **Search engine optimization,** or **SEO**, is about improving the search engine ranking of a website by satisfying the requirements of a search engine's algorithms. Although search algorithms are quite complex and change frequently, search engines generally rank websites based on how relevant websites are to a search query (the words that users type into the search box). For example, an algorithm is likely to consider:

- Words used on the website;
- Page titles of the website;
- Links to the website;
- Reputation of the website.

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[10]For instance, according to ComScore, Google led the U.S. explicit core search market in April 2016 with 63.8% market share, followed by Microsoft sites (Bing) 21.6%) and Yahoo (12.2%). http://www.comscore.com/Insights/Rankings

A company's website ranked higher by search engines is likely to receive more **organic** visitor traffic because it depends on "natural" search results, rather than paid advertising search results as we discuss next.

When organic search results do not bring sufficient visitor traffic, a company can use paid search engine advertising programs, such as Google's Adwords or similar advertising programs of Yahoo and Bing, to feature its ads alongside organic (or natural) search results. Search engines ads are targeted, primarily based on search keywords. Searchers click on relevant ads to go to a landing page on the company's website.

Search engine advertising is also known as **pay per click**, or **PPC**, because a company is charged by the number of times its ads receive clicks. Web traffic generated through search engine advertising is referred to as **paid search**. Well-designed paid search advertising can generate revenue for companies in a variety of ways and quite cost-effectively. For this reason, marketers are spending billions of dollars annually on search engine advertising with no sign of slowing.

SEO and PPC complement each other in promoting the visibility of a company's website to search engine users and are collectively referred to as **search engine marketing** or **SEM**. Driving traffic to websites enhances brand and product awareness and facilitates online transactions, including product purchases, as well as the sharing of information. Search engine marketing is important for marketers for two reasons: quantity and quality. Google, the largest search engine in the world, processes over 40,000 search queries every second, which translates to over 3.5 billion searches per day and 1.2 trillion searches per year worldwide.[11] This has the potential to provide a company enormous exposure.

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[11] http://www.internetlivestats.com/google-search-statistics/

Less apparent is the quality power of search engines: our psychological mode using search engines has tremendous potential for marketing activities and campaigns. When we search, we are motivated to give out something (i.e., our interest) and to get back something of interest in return (e.g., content, services, goods, information). Our interests, as revealed to search engines, are extremely valuable because they are related to commercial activities, directly or indirectly. For example, if we search for "webcam", we may well be somewhere in a buying process: recognizing a need for a webcam, searching for various models to compare, narrowing down to a few options for close quality/price comparison, making choices, or placing orders. Exposing your product during this search process may spark the searcher's interest, lead him or her to obtaining information, and, eventually, to a sale.

APPENDIX E

Social Media Marketing

Referral links placed on social media sites are particularly noteworthy in terms of directing visitor traffic to a company's website. There are over 2 billion users of social networks worldwide, with a projected increase to 2.72 billion by 2019.[12] Not surprisingly, social media is becoming an ever-increasing source of website traffic. Reports differ on social media's precise share of referred traffic but the trend is clear.[13]

In spite of the large number of users of social networks overall, the market share of different social networks varies widely (and changes frequently), with Facebook and YouTube leading the pack. Social networks differ a lot in their ability to direct traffic to a particular company's website. The quality of traffic also varies, with some social networks generating more valuable visitors who are more likely to be converted into customers.

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[12] http://www.statista.com/statistics/278414/number-of-worldwide-social-network-users/

[13] http://www.forbes.com/sites/jaysondemers/2015/02/03/social-media-now-drives-31-of-all-referral-traffic/#48fa17f1aeed

Social media marketing refers to a company's marketing activities on social media platforms. Similar to search engine marketing, there are organic and paid components in social media marketing. Generally, social networks do not charge companies to use their social networks for marketing activities such as creating company pages (e.g., Facebook Page) or a company channel (e.g., YouTube Channel) that contain marketing messages and informative or entertaining content. Instead, social networks generate revenue by charging for targeted advertising (e.g., Facebook ads, promoted tweets in Twitter), data analytics, and other value-added services.

APPENDIX F
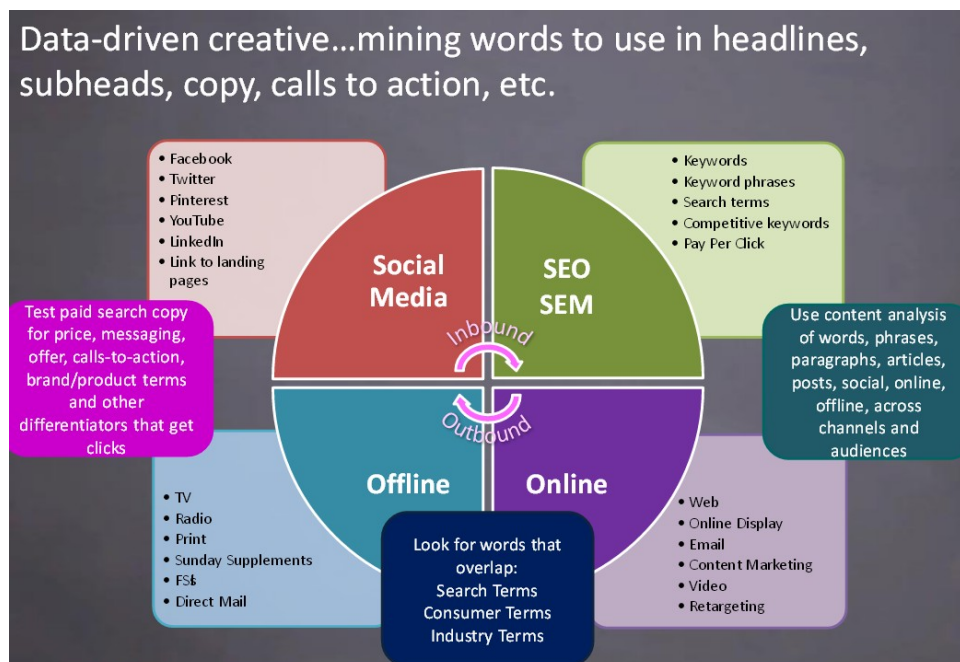
Chart courtesy of Jacobs &
Clevenger

The Re:new Project: Carrying the Story of Refugee Women

By

Kate Schaefer, Columbia College Chicago

Stacy Neier Beran, Loyola University Chicago

The Founder's Story

In July 2001, The Re:new Project's founder, Rebecca, her husband, and baby moved to Nairobi, Kenya where Rebecca's husband was a relief worker. A few months had passed when Rebecca first heard a group of women singing. As she neared the sound, she saw more than 50 women draped in African Kitenge cloth singing Swahili songs. Rebecca quickly learned that the women were refugees employed by Amani Ya Juu, a microenterprise that taught the women to sew. The community of women created a flourishing shop where they sold more than 350 products, ranging from small wooden villages to fabric bags to children's toys. The women designed the products while bonding through singing, sewing, and sharing their refugee stories.

Rebecca spent the better part of her five years in Nairobi at Amani Ya Juu. Amani Ya Juu

provided a thriving and peaceful workplace for the refugees. Each day, the refugees made their way to Amani Ya Juu to work within its acre of land that housed a garden, a small café, a sewing room, and a chapel. Here, Rebecca listened daily as the women shared their stories. Some refugee women were animated as they told their stories with dramatic actions and vibrant interpretations. Some sat motionless and spoke softly of what they had been through. Some cried and some expressed anxiety through laughter and nervous giggles. These women experienced some of the worst forms of persecution; they were raped, hunted, and abused. Their children were killed in front of them or taken from them. They walked hundreds of miles. They almost starved to death. They abandoned all that they had. Many were widows yet took care of ten or more children, including their own children plus nieces and nephews who were orphaned due to war or disease.

Rebecca constantly saw the impact these women had on one another; the connections, sense of community, and support empowered the women. They thrived because they had one another; they created their own community.

After five years in Nairobi, Rebecca's time in Kenya came to a close as her husband's work came to an end. She said goodbye to the women who had become her second family. Rebecca knew that although her family was moving thousands of miles from Nairobi to Illinois, the next chapter in her life would, no doubt, be shaped by her experiences in Nairobi at Amani Ya Juu.

The Re:new Project is Born

After settling in their new home in Wheaton, Illinois, a suburb about 25 miles west of Chicago, Rebecca made a late night Target run. On her way home, between the rain, sleet and snow, Rebecca faintly made out a woman walking on the side of the road, wrapped loosely in an African Kitenge cloth. Rebecca followed her into the apartment complex and knocked on her door.

When the door opened a reminiscent smell of spices greeted Rebecca, along with a smiling woman and the laughter and chatter of gregarious children. And just like that, Rebecca felt like she was in Nairobi again. Upon entering the woman's home, Rebecca said "Jambo sana" (Hello in Swahili) and quickly learned that this family was from Somalia. The woman told Rebecca that she and her family had walked out of Somalia to a refugee camp in Northern Kenya. At the end of their conversation, the woman pleaded with Rebecca, *"You can give me job? You see many kids? You can give me job?"* As Rebecca drove home, she thought back to her time in Nairobi at Amani Ya Juu. The refugee women acquired employable skills and developed meaningful relationships with other refugee women while working at Amani Ya Juu. Rebecca was unaware of a similar service in the Chicagoland area.

Over the next few months, Rebecca visited the woman and her family and listened intently to her stories and experiences in the United States. The stories she shared were so familiar to what Rebecca had heard from the women in Nariobi. Employment was one of the greatest needs for refugees during the resettlement process. Thus, in 2009, Rebecca developed the Re:new Project. Rebecca's goal for The Re:new Project was to empower refugee women to gain valuable skills by offering vocational training, create a safe, supportive and nurturing community of women, and offer a flexible work environment.

The History of The Re:new Project

The Re:new Project was a non-profit social enterprise that employed and educated refugee women who resettled in the United States from all over the world, including places such as Somalia, Uzbekistan, Pakistan, Burma (Myanmar) and The Kingdom of Bhutan. These women survived war, persecution or political conflict. Upon resettlement in the United States to begin a new chapter in their lives, the women were referred to The Re:new Project through a partnership with World Relief or word of mouth from other artisans.

What Does "Refugee" Mean?

Refugees have been forced to flee their home countries. According to the United Nations High Council for Refugees (UNHCR), refugees are people fleeing conflict or persecution. In a recent year, there were 65.5 million people forcibly displaced worldwide; 33,972 people a day were forced to flee their homes because of conflict and persecution ("United Nations High Council"). Refugees resettled in a foreign environment, surrounded by unfamiliar faces, customs and lifestyles. They often felt isolated, lonely and financially stretched. According to Rebecca, her definition for refugee evolved and became three-dimensional: "A refugee is someone who, because of being persecuted for reasons of race, religion, nationality or political opinion, is outside the country of his or her nationality" ("Re:new Project").

The Re:new Project invested in the lives of these women on an economic, social and and spiritual level by providing refugee women with a space to connect with others. The women created handbags and accessory items using upcycled fabrics to sell in The Re:new Project's retail space as part of their social enterprise. This provided the women with sustainable income in a flexible, community-based environment. The opportunities created by The Re:new Project tied closely back to the organizational mission, vision, and manifesto. (See Appendix A.)

What is a Social Enterprise?

Non-profits typically were funded by a combination of donations, corporate contributions, foundation gifts and grants, and interest from investments, among other sources of incomes. (See Exhibit 1.) However, The Re:new Project operated an e- commerce and bricks and mortar retail store to advance its social mission and create financial sustainability for the organization, thus categorizing the organization as a social enterprise.

The Social Enterprise Alliance suggested the following basic working definition of social enterprise:

A social enterprise is an organization or initiative that marries the social mission of a non-profit or government program with the market-driven approach of a business ("Social Enterprise Alliance").

Exhibit 1: Nonprofit Funding

Source: *Nonprofit Sector in Brief 2014* National Center for Charitable Statistics, the Urban Institute
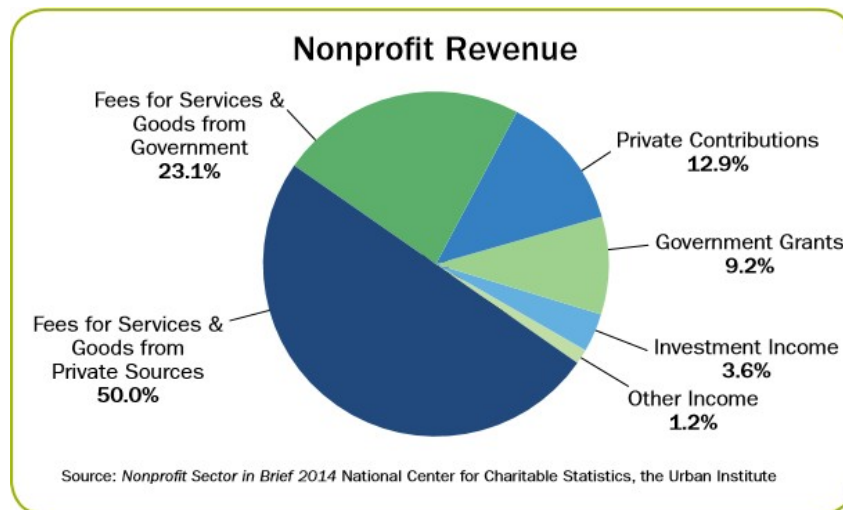
Of particular importance to The Re:new Project was the interest Millennials showed in social enterprises. Millennials responded favorably to social enterprises and social entrepreneurs. A 2015 Cone Communications Millennial Corporate Social Responsibility Study found that Millennials actively pursued products, events, and services that supported corporate social and environmental efforts. For example, 87% of Millennials would purchase a product with a social or environmental benefit (compared to 83% of the U.S. average), and 70% of Millennials were willing to pay more for a product if it impacted an issue they cared about, compared to 66% of the US average ("Cone Communications").

The Re:new Project was well positioned to appeal to the socially conscious Millennial customer as every product sold through the microenterprise had a direct, positive impact on the

refugee women. These sales funded the Artisan Development Program that trained The Re:new Project artisans in obtaining marketable skills to help them rebuild their lives in a new country.

The Re:new Project's Workshop and Retail Environments

The Re:new Project began in a 350-square-foot room with five machines and four students and grew to a retail storefront and workspace totaling over 2500 square feet. The Re:new Project provided services such as the Artisan Development Program and Care Services to more than 135 women who have resettled in the US from Somalia, Turkey, Nepal, Iraq, Bhutan, Sudan, and Tanzania, among other countries.

The refugee women who participated in The Re:new Project's Artisan Development Program received free vocational training. They learned sewing skills to use throughout their lives in order to earn a living wage. Some learned sewing skills that were used at home while caring for children; others used the skills learned and launched their own businesses. Others were employed at The Re:new Project, using their sewing skills to earn a fair living wage making handbags and accessories. The Re:new Project's merchandise assortment included messenger bags, totes, wallets, clutches, dopp kits, and key chains. The merchandise sold at The Re:new Project's retail store provided a tangible product that allowed customers to support the organizational mission.

Products were designed and produced in The Re:new Project's studio using upcycled textiles. Textiles were donated by furniture retailers and manufacturers, fashion designers, apparel retailers and fabric stores. Because textiles were donated in different quantities, each product was truly one-of a kind. The handbags and accessory items were then sold in various retail outlets, including The Re:new Project's retail space as part of a social enterprise. Each bag was labeled "Carry the Story" (See Exhibit 2) along with the name of the artisan/refugee woman who sewed the bag. The idea was that "when you carry Re:new products, you carry

the stories of the remarkable women who sought refuge here" ("Re:new Project").

However, as The Re:new Project grew, both in programming and product, it became apparent that different platforms communicated different messages. They lacked a cohesive integrated marketing communications (IMC) plan as they were not consistently promoting the social enterprise benefits to philanthropic consumers through touch-points with consumers, including, but not limited to storefront messaging, print and digital media. An effective IMC plan would ensure that The Re:new Project's brand messaging was communicated simultaneously through store interior and exterior displays, print and digital platforms. The Re:new Project's website included highly visible imagery and videos of the refugee women, but this same information was nowhere to be found through social media, the organizational blog, or printed marketing collateral. Customers were unable to "carry the story" because they were unaware of the women's stories.

Although the refugee women recognized the importance of sharing their stories, few were able to publicly tell their story for fear of safety and retaliation. As a result, the stories of their struggles, challenges, and experiences were imperceptible.

Exhibit 2: "Carry the Story" Product Labels

The Ultimate Consumers: Identifying Re:new's Target Market

The Re:new Project knew that the e-commerce and bricks and mortar stores reached two different consumer groups: Baby Boomer and Gen X customers visited the bricks and mortar store as they preferred to shop in a physical space with tangible product, while The Re:new Project's web presence was strengthened through key word searches and search engine optimization, social media, and e-commerce to connect with Millennials.

Although Baby Boomers, Gen X, and Millennials all shopped bricks and mortar retail, they did so in varying capacities. According to market research done by The NPD Group, "age seems to determine a shopper's affinity for buying from a real-world store" (Conley). Baby boomers gravitated toward bricks and mortar retail, members of Gen X shopped both virtually as well as in bricks and mortar, and Millennials were interested in bricks and mortar shopping only when it could be done easily. (See Exhibit 5.)

The Re:new Project's bricks and mortar location was not optimal to reach Millennials. Located in downtown Glen Ellyn, IL, the shopping district did not include national or big box retailers but rather independent boutiques, salons, and restaurants. As a conservative shopper, the Millennial customer focused on value rather than convenience; many times the Millennial customer turned to online shopping to maximize value and minimize expenditures. The independent retailers found in the Glen Ellyn shopping district made it difficult for the tech savvy Millennial shopper to utilize apps, shop online, and/or compare price offerings as these retailers didn't have a strong web presence. Customers shopping The Re:new Project's bricks and mortar store generally were local women who happened upon the store window while in the Glen Ellyn shopping district.

This type of shopping environment appealed to the Baby Boomer and Gen X shopper, which aligned with the demographic make-up of Glen Ellyn. The population of Glen Ellyn

was comprised primarily of Generation X (30.7%), followed by Baby Boomers (19%), then Millennials (13.3%); the median age of Glen Ellyn residents was 41 years old ("Suburban Stats").

However, targeting Millennials was important to The Re:new Project because of their buying power as well as buying behavior. The buying behavior of Millennials was dramatically different from Generation X and Baby Boomers; the Millennial generation was the most cognizant of supporting social entrepreneurships. More than nine-in-10 Millennials would switch brands to one associated with a cause (91% vs. 85% U.S. average) (See Exhibit 6) and 78% of Millennials at least sometimes considered ethics in their purchasing compared to 61% of Baby Boomers ("Cone Communications").

Connecting with Customers

With growing emphasis on omnichannel retail, cohesive messaging through an integrated marketing communications plan was imperative. Millennial shoppers were not strolling past store windows deciding whether or not to stop in; Millennial shoppers lived online. The NPD Group claimed that 54% of Millennials' purchases were made online. And, because Millennials "believe that profit and purpose go hand in hand", Millennial shoppers were an important demographic for The Re:new Project to target. In order to reach the Millennial customer, The Re:new Project developed an online presence as a companion to the bricks and mortar retail space.

The Re:new Project developed a strong web presence by utilizing an e-commerce site (renewproject.org) as well as several social media sites (blog, Facebook, Pinterest, Instagram,) to connect with digital native Millennials. They developed a series of hashtags that were consistently used (#carrythestory, #renewproject, #refugeeswelcome, #artisanmade) throughout social media posts. These hashtags were developed to create a sense of community and relevancy through social networks; not tied to a specific cause.

When an Executive Order was put in place that banned all refugees from entering the United States, The Re:new Project began a social media campaign to encouragement for the refugee women and provide a glimpse into each woman's journey. (See Exhibit 3.) They used Facebook to show support for the refugees by posting individual messages that introduced each woman by first name, country of persecution and reason for fleeing. The first of its kind for The Re:new Project, this campaign lasted the entire 120 days of the ban. Another 'first' for The Re:new Project was the 100% participation by the refugee women; the refugee women deemed it important to publicly share their stories. There was a level of anonymity since very few personal identifiers were included. Although the messaging was strong on social media, it was nowhere to be found in the bricks and mortar store.

Although The Re:new Project established a presence through various channels, its leaders found that customers were using each platform for different purposes. Customers visited the website for information gathering; they were able to learn about upcoming events, new product launches, and the journeys of the refugee women. Facebook and Instagram were used to see new products and keep tabs on The Re:new Project's activity. After viewing products online, users then visited the bricks and mortar store to view The Re:new Project's full collection and make a purchase. Social media was used to further develop a sense of community, connect with like-minded people, and learn more about how to support refugees. In addition, The Re:new Project found that 60% of traffic to their site was on a mobile device, but their site was not mobile friendly. The Re:new Project's existing website template was outdated, so many of the sub-pages were inaccessible on a mobile device.

Exhibit 3: Social Media Campaign Spring 2017
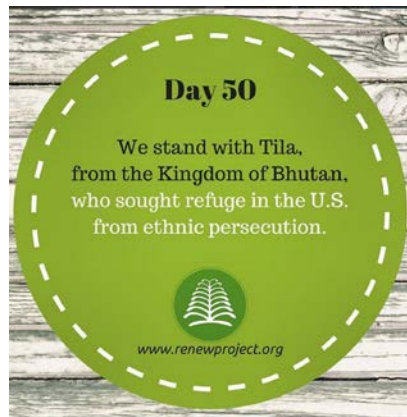
The Re:new Project also lacked consistent messaging in the bricks and mortar retail space, the

e-commerce site, and the social media outlets. The primary focus of the bricks and mortar store was the merchandise itself; the stories of the refugee women were nowhere to be found, making it difficult for shoppers to draw parallels between merchandise and organization's mission. The digital platforms (website, e- commerce, and social media outlets) heavily focused on the stories of the refugee women through imagery, videos, and personal anecdotes; the selling of merchandise was secondary to storytelling.

Carry the Story: Store Interior and Exterior Messaging

Visiting the bricks and mortar space showed little evidence of the personal stories of the refugee women. The stories of the women of The Re:new Project were powerful and inspiring as they had overcome obstacles beyond imagination; purchasing The Re:new Project merchandise helped to make a positive, life-changing impact on the lives of the refugee women and their families, yet this message was not conveyed to shoppers. The challenge faced by The Re:new Project was how to communicate the stories and/or experiences of the refugee women to The Re:new Project customers, both the intentional shopper in the store and the unintentional passer-by. Most people were unaware of the refugees' stories because they were not visible in the window or store interior yet these stories were the differentiator between The Re:new Project's products and other handbags and accessories offered in the marketplace. Approximately half of the women who participated in The Re:new Project's programming were able and willing to tell their stories in written, oral, and/or visual formats (store interior and exterior, website, and social media) but the other half expressed grave safety concerns. They were fearful of putting themselves and their families in unsafe situations by putting their names, faces, photographs, stories, and/or other personal identifiers in such a visual and lasting platform. The Re:new Project struggled to find a way to tell the stories of all the women, not simply the ones who were able to share their stories in written, oral and/or visual formats.

Exhibit 4: Generational Spending Habits
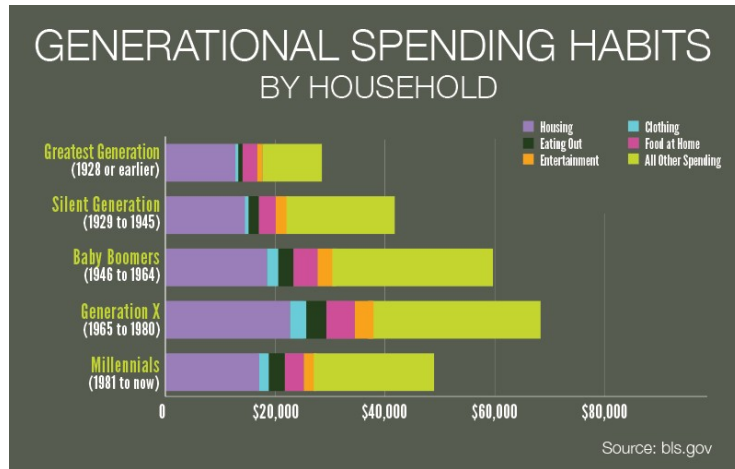
Exhibit 5: Millennial CSR Buying Behavior
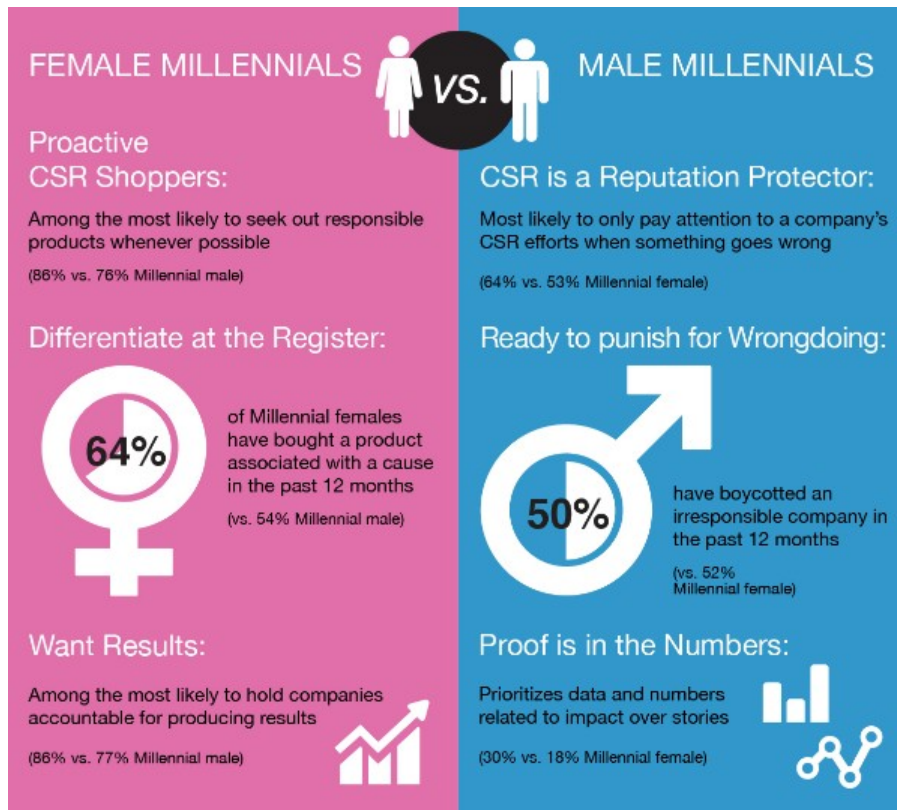
The refugee women recognized the importance of sharing their stories, so whenever possible, The Re:new Project relied on sales associates to "carry the story" in a safe and respectful way as these stories were important to the sales of The Re:new Projects' products. The sales associates worked with customers to show them the label with the name of the artisan who worked on the bag and share part of her story with shoppers.

However, sales associates were unable to reach every customer and/or share a variety of stories with shoppers. Therefore, many of the refugee women were not represented because their stories could not be shared or shoppers were not purchasing product they had worked on. The Re:new Project did, however, include subtle messaging throughout the store (See Exhibit 6) to connect the merchandise to the refugee women through in-store signage as well as limited photos of the refugee women, but the powerful stories about the journeys, experiences, and challenges faced by the refugee women were absent from the bricks and mortar shopping experience.

The store exterior was an underutilized space; the exterior street-level window was changed out once a quarter (Spring/Summer, Back to School, and Winter/Holiday as examples) and featured seasonal, trend-appropriate merchandise. (See Exhibit 7.) Product rotated on a weekly basis but window display themes rotated four times a year. Signage was minimal and did not call attention to The Re:new Project's point of differentiation—its mission, the social enterprise, and/or request for shoppers to "carry the story". Passer-bys didn't know the story behind the bags, the challenges faced by the refugee women, or The Re:new Project's sustainable business model. The store front window was not effectively used to marry The Re:new Project's mission with the social enterprise. This was a stark contrast from their website which prominently displayed a series of rotating images, videos and messages pertaining to the organizational mission and participants. The Re:new Project lacked cohesive messaging across the different platforms.

Exhibit 6: Re:new Brick and Mortar Store Interior

Exhibit 7: Re:new Brick and Mortar Store Exterior

A Cohesive Marketing Campaign

The Re:new Project's primary promotional tactic was a dynamic, informative website. The Re:new Project's digital presence effectively translated the stories of the refugee women through videos, photographs, and story-telling. (See Exhibit 8.) With rotating images depicting the women, product offerings, upcoming events, and notable press coverage, the website was highly visual. The home page featured a tab entitled 'Our Story', leading visitors to believe they would learn about The Re:new Project's story. As the video began, viewers were introduced to one of the refugee women telling her story. This reinforced The Re:new Project's mission, creating an emotional connection as viewers heard the stories and learned the impact each purchase had on the refugee women. Such an emotional connection worked alongside the rational appeal of The Re:new Project's product offerings, including product quality and value benefits. This messaging was incredibly important to directly tie back to The Re:new Project's mission to "create a space for refugee women to thrive" ("Re:new Project").

Exhibit 8: Website Messaging

In order to increase customer loyalty, The Re:new Project built upon the well-developed artisan stories found on their website and invited viewers to connect through other platforms: blog, Facebook, Instagram, and e-newsletter. Inviting viewers to connect (using opt-in techniques) came across as genuine and unobtrusive and reinforced The Re:new Project's messaging, creating a more effective marketing campaign that integrated different mediums. Social media provided a way to develop meaningful connections, build a brand, and initiate thoughtful conversations with users. According to Sprout Social, 88% of 18-29 year olds, 84% of 30-49 year olds, and 72% of 50-64 year olds used Facebook (York). However, the use of social media proved to be an especially effective way to connect with Millennials as two-thirds (66%) of Millennials used social media to engage around corporate social responsibility compared to 53% of the U.S. average ("Cone Communications"). Another benefit of utilizing social media was increased exposure; The Re:new Project was able to create awareness of their organization, mission, and products to a wider audience through their existing followers. However, once users gravitated to other platforms (bricks and mortar, Facebook or Instagram), the messaging changed. The bricks and mortar store and social media platforms focused on the social enterprise rather than the organizational mission; the focus was on The Re:new Project's product offering rather than the refugees' stories.

The Re:new Project's mission was not emphasized across other mediums; there was a disconnect across digital and bricks and mortar outlets as the messaging was inconsistent. A united message would more effectively reiterate The Re:new Project's mission and vision. The emotional connection successfully created on the website between the merchandise and social enterprise was absent in the brick and mortar retail space.

The Decision Problem

As The Re:new Project's marketing efforts evolved to incorporate new and different platforms (exterior window, e-commerce, website, social media, mobile, e-newsletter), the organizational mission became more and more challenging to incorporate consistently for both The Re:new Project and the artisans. The simple request to "carry the story" of the refugee

women became much more complicated given the exposure and global accessibility of digital content, making it difficult for The Re:new Project to develop an integrated marketing communications plan that was effective but still protected the artisans.

Several questions arose for Rebecca and The Re:new Project team:

- How can The Re:new Project tell a cohesive story, encouraging customers to "carry the story" across the various platforms?

- Is there a way to tell the stories of all the refugee women, not simply the ones who are able to share their stories in written, oral, and visual formats?

- How can The Re:new Project market their point of differentiation (cause marketing) to passer-bys in the brick and mortar space?

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Appendix A: Re:new's Mission, Vision and Manifesto

MISSION

Re:new creates a space for refugee women to thrive.

VISION

To foster a society that values and seeks out flourishing relationships with its refugee neighbors.

MANIFESTO

We believe that all people are made in the image of God and are therefore valuable and worthy of the highest honor and respect.

We believe in the value of coming alongside those in our community who are in need, regardless of religion, race, or nationality.

We believe that the act of creating things of value is a powerful exercise in restoring hope to broken lives.

We believe that loving and serving one another transforms lives.

We believe that we are stronger when we are joined together in our common humanity.

Save the Redwoods League: Take a Walk in the Redwoods-- On Us!

By:

Blodwen Tarter, Golden Gate University

The Magnificent Redwoods

The redwoods, once seen, leave a mark or create a vision that stays with you always. No one has ever successfully painted or photographed a redwood tree. The feeling they produce is not transferable. From them comes silence and awe. It's not only their unbelievable stature, nor the color which seems to shift and vary under your eyes, no, they are not like any trees we know, they are ambassadors from another time.

- John Steinbeck, *Travels with Charley In Search of America*, 1962

To John Steinbeck and many others, redwood forests symbolize the essence of nature that must be preserved for now and the future. Poets and authors have waxed eloquent about these wonders of the natural world. They inspire awe for their natural beauty, for their sheer size, and for their unparalleled age. Two of the world's three species of trees commonly called redwoods are found primarily in California: the coast redwood (*Sequoia sempervirens*) and the giant sequoia or Sierra redwood (*Sequoiadendron giganteum*). The coast redwood is the world's tallest tree and the giant

Sequoia is the largest, most massive tree. The tallest known coast redwood is 379 feet tall-- as tall as a 37-floor skyscraper. The largest known giant Sequoia weighs 642 tons. Both species can live for hundreds, even thousands, of years. Redwoods were once found throughout the northern hemisphere. By the 1850s, coast redwoods covered about 2 million acres along the California coast, from just over the Oregon border to south of Big Sur. Further inland, the giant sequoia hugged the western slope of the Sierra Nevada mountain range. Widespread destruction began when gold was discovered in California in 1849 and hordes of settlers and miners demanded lumber.

The Establishment of Save the Redwoods League

The United States began to realize the value of its diminishing wilderness in the mid-19th century. By the early 20th century, the preservation movement was born. Many Californians focused on protecting the redwoods, those special trees that grow naturally only in California.

Founded in 1918, by a small group of concerned California conservationists, the not-for-profit Save the Redwoods League protects "redwoods by purchasing redwood forests and the surrounding lands needed to nurture them. Another way we protect forests is by acquiring conservation easements or agreements, which grant the League the legal right to safeguard the forest from harmful land use practices forever."[1] But it is not enough to protect the trees and the land. The League's mission now includes restoring logged areas and repairing damage in order to return the redwood forests to a healthy state more like the old- growth forest.

Naturally, and equally important, Save the Redwoods League seeks to connect people to redwoods forests and parks through exposure and education. So-called nature deficit disorder describes "the psychological, physical and cognitive costs of human alienation from nature"[2]

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[1] http://www.savetheredwoods.org/our-work/protect/

[2] https://www.psychologytoday.com/blog/people-in-nature/200901/no-more-nature-deficit-disorder

and many agree that a walk in the woods is a profoundly healing and enriching experience. The redwoods are still endangered by logging, environmental degradation, and climate change. A mere 120,000 acres remain of the old-growth coast redwood forest. About 23% of the coast redwoods are protected in parks and preserves, while 77% (1.256 million acres) are privately owned. The Sierra redwood has an even smaller range: 48,000 protected acres (the size of Cleveland) in 75 groves scattered along the Sierra Nevada. Only about 3,000 acres of giant sequoias are in private hands.

Since its founding, the League has been instrumental in protecting the last vestiges of these ancient forests by helping purchase and protect nearly 200,000 acres. Dozens of parks, preserves, and conservation easements have been created or extended through the efforts of Save the Redwoods League. The League provides education grants, research grants, and supports citizen science that enlists volunteers to study where redwood forest plants and animals live, and to share the data collected with redwood forestry experts.

But the League does not do this alone. It has a close and long-standing relationship with the California State Parks and National Park Service in whose parks and preserves most of the publicly-protected redwood groves are located. In fact, the League helped establish the California State Park system in 1927. It partners with scientists and supports research about issues that affect the redwoods. Teachers and schools participate. Conservation groups and park cooperating associations work closely with the League. Thousands of individual members support the work of the League.

Audience Definition

Like all organizations, Save the Redwoods League must remain relevant to its stakeholders and seeks to expand its reach. It wants to draw more people to the glory of the redwoods, to increase awareness of the precarious state of the forest, to encourage people to visit the redwoods, and to gain loyal and active supporters- people who will donate funds and volunteer.

To better understand its audience, the League commissioned a study that identified four groups or "core audience archetypes," all of whom recognized that redwood forests are something special. [3] These audiences are:

- The **Conservationist**: who desires to protect nature and preserve open space

- The **Steward**: who desires to engage the land respectfully, to not only conserve land but to also care for it

- The **Explorer**: who desires to discover something new, perhaps by hiking, to challenge themselves

- The **Parent**: who desires to provide children with enriching experiences, to nurture children and families. This includes teachers and caretakers.

In addition to these groups (which are not confined to specific demographics and may overlap), the League identified two other audience groups: Latinos and Millennials. The Hispanic/Latino population of California was rapidly growing, accounting for more than 38% of the people living in California. Forecasts suggest that, by 2060, Hispanics will account for 48% of the state's population.[4] A study by the Outdoor Foundation reported that while Latinos "made up a small percentage of total outdoor participants, those who did participate averaged the most annual outdoor outings per person."[5] The League decided to focus some of its outreach on this large minority group in the state.

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[3] 2012 Audience Profile and Targeting Study

[4] http://www.dof.ca.gov/research/demographic/reports/projections/P-1/documents/Projections_Press_Release_2010- 2060.pdf

[5] https://outdoorindustry.org/images/researchfiles/1652_ResearchParticipation2014.pdf

Millennials, the cohort of people born between 1980 and 2000, now exceed the Baby Boomers (born between 1946 and 1964) in numbers and are rapidly growing in spending power as they mature in the job market.[6]

They are becoming parents with the accompanying influence on their children's attitudes towards the outdoors. Research suggests that Millennials are more critical when it comes to giving funds. They want to know where every single penny of the dollar donated is spent.

Reaching the Audience

The League's ongoing efforts to engage and educate its target audiences involved the standard suite of modern marketing communications methods. The organization had an attractive, easy-to-navigate, and regularly updated website that was mobile-responsive. With rapidly increasing use of smartphones, 40% of the League's audience visited the website from a mobile device. It communicated to its supporters via opt-in email newsletters and blogs. The organization's president blogged and tweeted regularly. Social media presence on Facebook, Twitter, and Instagram, Google+, Flickr, Pinterest, and YouTube enabled the League to communicate quickly and efficiently with stakeholders who preferred these online channels and leveraged the ease of pass-along for its messages.

Not to be forgotten were more traditional methods of direct mail and personal outreach to key donors and members. Strong relationships with the media, particularly reporters who covered the environment and the San Francisco Bay Area, allowed the League to use the power of public relations effectively. All of these efforts were supported by a small staff of four employees in the Outreach department.

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[6] Amid The Stereotypes, Some Facts About Millennials
http://www.npr.org/2014/11/18/354196302/amid-the- stereotypes-some-facts-about-millennials

An Unanticipated Opportunity

On October 26, 2015, REI, the Seattle-based outdoor gear company and member-owned cooperative, announced that it would close the day after Thanksgiving. For the first time in its 76-year history, all of REI's 143 stores and its online website would be closed for business on the busiest shopping day of the year. (The previous year 133 million people hit the stores for early holiday shopping and special Black Friday deals. [7])

In the letter to its 5 million-plus members, REI's CEO wrote "Black Friday is the perfect time to remind ourselves of the essential truth that life is richer, more connected and complete when you choose to spend it outside. We are closing our doors, paying our employees to get out there."[8]

Officially designated #OptOutside, REI's campaign quickly went viral, spreading rapidly by word-of-mouth and a variety of media. In a country saturated with marketing messages to "buy, buy, buy" and often criticized for encouraging overconsumption, the campaign's suggestion to reconnect with people you love and the great outdoors resonated widely. One reporter characterized this as "the green backlash against Black Friday."[9] Before it was over, more than 1 million people across the US had opted outside for the day after Thanksgiving.[10]

A Quick Reaction

Immediately after REI's announcement, Save the Redwoods League decided to join the #OptOutside movement. The League seized the opportunity to increase awareness of the mighty

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[7] www.thedailybeast.com/articles/2015/11/27/the-green-backlash-agains-black-friday.html
[8] and [10] See Appendix 3
[9] www.thedailybeast.com/articles/2015/11/27/the-green-backlash-agains-black-friday.html

redwoods

and of the California State Parks where ancient redwoods are protected by building on REI's efforts to get people outside on Black Friday, a day more frequently devoted to shopping then to a walk in the woods. What did the League do?

To help people take a walk in the redwoods, they worked with the California State Parks system to offer free park passes for all 49 redwood state parks.[11] Jennifer Benito-Kowalski, Chief Communications Officer and the impetus behind the League's campaign, named it Free Redwood Parks Day. Its hashtag? #OptOutside#IntoTheRedwoods.

This seemingly simple concept was actually an extraordinary effort by small group of people in a very short period of time, leading to unprecedented success. As the first major organization to align itself with REI's campaign, the League led the way for 18 co-operating associations and 49 redwoods state parks to develop creative ways to build on the momentum created by REI. Twelve states in the US eventually joined the movement to get people outside and followed California's lead by offering a free park day on Black Friday.

There was not much time between REI's announcement and Black Friday. Planning an entire campaign in just nine days and implementing an event on this scale in only thirty days demanded focus, careful attention to detail, and rapid decision-making. Here is the timeline of events.

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[11] An anonymous donor provided the funds for the passes. There was no marketing budget!

26 October 2015	REI announces #OptOutside to its members via email.
27 October	REI announces #OptOutside widely
28 October	Benito-Kowalski proposed the Free Redwood Parks Day to Save the Redwoods League president and gained approval.
6 November 2015	Benito-Kowalski proposed the Free Redwood Parks Day to the California State Parks chief deputy director.
12 November	Benito-Kowalski outlined the communications plan and directed the Save the Redwoods League Outreach team to begin work on implementation immediately, anticipating formal approval.
16 November	Benito-Kowalski gained California State Parks' cooperation; directed the Outreach Department to complete its tasks in just two business days.
17 November	The Outreach team completed the media advisory, news release, webpages, social messages, emails for members, blog posts, developed the ticket signup process, coordinated with the California State Parks and 18 nonprofit park organizations.
18 November	Free Redwoods Park Day campaign launched at 7 a.m. Benito-Kowalski personally pitched the story to key media and answered their inquiries.
26 November Thanksgiving	Park passes "sold out"; the team directed traffic to other parks offering free admission.
27 November Black Friday	Free Redwoods Park Day!
30 November	Team measured the outcomes through analytics.

In spite of the immense time pressure, the team established clear and specific objectives for the campaign.

To advance our goal of inspiring the world with the beauty of nature through a network of magnificent redwood parks, we set the following objectives for Free Redwood Parks Day:

> *A) 5,000 Free Redwood Parks Day passes (one per vehicle) are downloaded from the League's website from November 18 to November 27, 2015.*

> *B) Assuming two people in each vehicle, 10,000 people visit California redwood state parks on Friday, November 27, 2015.*

> *C) We increase awareness of the League's work. The numbers of unique visitors to the League's website increase by 48 percent; and new Facebook fans and new Twitter and Instagram followers increase by 40 percent from November 18 to November 27, 2015, compared to the same period the previous year.*

A variety of messages were developed to reach each of the six target audiences. They needed to be clear, straightforward, and resonate with the values of the targeted group while driving people to take specific actions: go online, sign up for free passes and encourage others to do the same thing. Then, visit a redwoods park on Black Friday with friends and family!

Examples of two targeted messages follow.

Target: **Stewards**

Message: The day after Thanksgiving, Save the Redwoods League and California State Parks invite all to bring friends and families to explore a beautiful redwood state park.

Why the message is relevant and likely to trigger a response, based on stakeholder analysis: Stewards care deeply about protected land, and they recognize the redwood forests as unique and magical. Stewards have active social lives. The message offers an opportunity for Stewards to enjoy the beautiful redwoods and their friends simultaneously.

Target: **Millennials**

Message: Come to a redwood state park; the shopping and the leftovers can wait.

Why the message is relevant and likely to trigger a response, based on stakeholder analysis: Millennials are deeply concerned about the global pace of consumerism. They hike and backpack. REI is their favorite outdoor retailer. The message validates their concern about consumerism, positioning the event as an alternative to shopping and offering a chance to enjoy the outdoors they love. Because they shop at REI, they are more likely to hear our offer, which is linked to REI's promotion with the #OptOutside hashtag.

<u>"The California conservation story of the decade"</u>

Once the campaign launched, the team had to keep the momentum going with the media and its partners, who were critical to making the event actually work on the Friday after Thanksgiving. Good execution was essential and adjustments had to be made on a moment's notice. Volunteers from 18 groups affiliated with redwood parks, as well as California State Parks staff, welcomed visitors bearing a printed "Redwoods Hike Challenge" pass and tried to count the passes to tally attendance. Turnout was so great that 31 parks "sold out" their allocated free passes while others had problems with adequate parking.

The following Monday, the Outreach team sprinted to evaluate the results. They learned that they had, in every verifiable instance, exceeded their goals! Visitors to the website, new Facebook fans, new Twitter followers, and new Instagram followers increased

exponentially. (See Appendix 2.) Unfortunately, the exact number of park visitors could not be counted because California State Parks staff or volunteers were not available for all parks. Nevertheless, the 5176 people who downloaded passes indicated they would bring multiple guests (ranging from 2-10 per pass), probably exceeding the goal of 10,000 visitors.

Upon reflection, media relations were one key to the success of the campaign. Jennifer Benito-Kowalski's pitches to reporters and the distribution of the news release on Cision and Vocus PR service obtained coverage in 328 traditional media. While difficult to compare, this exceeded the total of 301 media placements in the entire previous year by 8 percent! Top outlets covering the story included NBC Bay Area, CNN Wire, Time Online, The Daily Beast, National Public Radio, San Francisco Chronicle, the Los Angeles Times, and Travel + Leisure Online. All in all, Free Redwoods Park Day appeared to be what Sam Hodder, president of the League, called "the California conservation story of the decade."

A Delightful but Intimidating Challenge

Given this tremendous success, how could Save the Redwoods League continue the momentum created by the Free Redwood Parks Day for the coming year? Would there be another #OptOutside campaign, anchored by REI or some other commercial entity, or would every organization be on its own? Jennifer Benito-Kowalski and the Outreach team had their work cut out for them. Should they make the same offer or a different one? What should the communication plan be for this "new tradition"?

> *These kings of the forest, the noblest of a noble race, rightly belong to the world,*
> *but as they are in California we cannot escape responsibility as their guardians.*
> - John Muir*, Save the Redwoods,* 1920[12]

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[12] "Save the Redwoods" by John Muir. Source: *Sierra Club Bulletin* Volume XI Number 1 - January 1920, pp. 1-4.

http://www.yosemite.ca.us/john_muir_writings/save_the_redwoods.html

Appendix 1

Save the Redwoods League Mission and History[13]

Our Objectives

Developed by our founders, our objectives remain essentially unchanged and continue to drive our work today.

- ☐ To **rescue from destruction** representative areas of our **primeval forests**.
- ☐ To cooperate with California State Parks, the National Park Service, and other agencies, in **establishing redwood parks and other parks and reserves**.
- ☐ To **purchase redwood groves** by private subscription.
- ☐ To **foster** and encourage a **better and more general understanding** of the value of **primeval redwood** or **giant sequoia** and other forests of America as natural objects of extraordinary interest to present and future generations.
- ☐ To **support reforestation** and **conservation** of our forest areas.

Our History

For those who have had the chance to stand in a **redwood grove**, there are few **life experiences** that match it. **We can all agree that there are some places on Earth that are so special that they are worth saving.** This shared belief motivated our founders to establish Save the Redwoods League in 1918.

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[13] http://www.savetheredwoods.org/about-us/mission-history/

In 1917, the head of the National Park Service, Stephen Mather, inspired our founders — prominent conservationists John C. Merriam, Madison Grant and Henry Fairfield Osborn — to investigate the state of the redwood forests in Northern California. They had heard the new Redwood Highway had opened up the area to more logging, threatening the ancient trees.

Along the Mendocino County coast, they passed long-standing logging operations. Farther north, along the Eel River, they saw practically undisturbed forests. As they continued north, they reached the Bull Creek-Dyerville Flat area in Humboldt County, an area dense with gigantic redwoods reaching more than 300 feet high.

In the presence of such awe-inspiring beauty and serenity, Merriam, Grant and Osborn felt compelled to remove their hats and speak only in whispers. That evening, they agreed that a state or national park was needed to save some part of the north coast redwood forest for future generations.

Grant worked with Merriam, Osborn, Mather and others to form Save the Redwoods League in 1918, beginning with an initial donation of $100 toward the effort. Thanks to you, our loyal members and friends around the world, we have achieved much to realize the founders' vision.

But our work is not done.

Unfortunately, today the work needed to protect redwood forests is **harder** and **more complex** than ever before. There are still ancient redwoods slated for **cutting** that need to be protected. Redwood lands already protected in state and national parks also face threats such as devastating government **budget cuts**. These cuts close parks, leaving no personnel to protect redwoods from threats such as **illegal logging and pollution** from marijuana cultivation. Some of these lands are still struggling to recover from years of past damage and **neglect**.

Today, we remain driven by the same objectives our founders established.

Appendix 2

Social Media for #OptOutside#IntoTheRedwoods
Free Redwoods Park Day

From the League's Facebook page

Save the Redwoods League
November 24, 2015 ·

Experience the wonder of ancient giants at Del Norte Coast Redwoods State Park on Free Redwood Parks Day, 11-27. http://bit.ly/1OPo3xg #OptOutside #IntoTheRedwoods

👍 Like   💬 Comment

savetheredwoods @savetheredwoods · 27 Nov 2015
Great reasons to #OptOutside #IntoTheRedwoods today (other than the free admission!): bit.ly/1N8CyFW

🔁 5   ♥ 9   •••

Free Redwood Parks Day Metrics

Website: SaveTheRedwoods.org

Objective: 48% increase

Unique visitors

18-27 November 2014: 10,027

18-27 November 2015: 117,401, increased 1,170%

Facebook

Objective: 40% increase

New fans

18-27 November 2014: 99

18-27 November 2015: 1,396, increased 1,410%

Twitter

Objective: 40% increase

New followers

18-27 November 2014: 13
18-27 November 2015: 80, increased 615%

Instagram

Objective: 40% increase

New followers

18-27 November 2014: 7
18-27 November 2015: 67, increased 957%

Appendix 3

PRESS RELEASE

Contact: Jennifer Benito-Kowalski, Save the Redwoods League | D: (415)
820-5814 | E: jbenito@SaveTheRedwoods.org or Patsy Barich, Bon Mot PR
| C: (415) 596-5860 | E: patsy@bonmotpr.com

**SAVE THE REDWOODS LEAGUE TO PROVIDE FREE DAY-USE ADMISSION FOR
ANYONE WHO VISITS A PARTICIPATING CALIFORNIA REDWOOD STATE PARK
ON THE DAY AFTER THANKSGIVING**
*—Conservation nonprofit and California State Parks invite everyone to start a new Black Friday
tradition*

SAN FRANCISCO (November 18, 2015) — **Save the Redwoods League**, the only nonprofit
organization in the world dedicated to protecting redwood forests throughout their natural
ranges, today announced Free Friday in the Redwoods — **free admission to 49 participating
California redwood state parks on Black Friday, November 27, 2015.**

On the day after Thanksgiving, Save the Redwoods League and California State Parks invite
everyone to bring their friends and families to explore a beautiful redwood state park. The
shopping — and the leftovers — can wait. Thanksgiving is about sharing time with friends and
family, and appreciating our many shared blessings. Redwood parks are uniquely suited for
both! So come to a redwood state park; free admission sponsored by Save the Redwoods League
is the best bargain you're going to find this Black Friday!

"Thanksgiving is a great American tradition," said Sam Hodder, president and chief executive
officer of Save the Redwoods League. "This year, Save the Redwoods League wants to make it
even better. We are starting a new tradition for Black Friday. We invite everyone to experience
the moments of joy, renewal and inspiration that you'll find among our natural wonders, the
ancient giant redwoods."

"California State Parks and Save the Redwoods League have worked together for more than
80 years to provide for the health, inspiration and education of the people of California by
helping to protect its most valued natural resources," said California State Parks' Director,
Lisa Mangat. "Free Friday in the Redwoods continues that tradition, inviting everyone to
enjoy one of our greatest treasures, the redwood forest."

EDITORS PLEASE NOTE: All visitors wishing to enjoy Free Redwood Parks Day must go
to SaveTheRedwoods.org/freefriday to **download and print a paper Free Redwood State
Parks Day-Use Pass**, which must be presented to state parks staff at the entry gate. If no state
parks employee is on duty, the pass must be displayed on their vehicle's dashboard. Free
admission is good for day-use only. **Day-use hours are typically 8 a.m. to sunset.**
Recreational activities at individual parks may vary. Examples include walking, hiking, biking

and picnicking. Please check the California Redwood State Park you wish to visit for hours and activities. Links to each park are at SaveTheRedwoods.org/freefriday.

EDITOR'S ALSO NOTE: Free trip guides and brochures also available on our website. **To access B-roll or redwood state park images please visit our media resources page.**

For more information, visit SaveTheRedwoods.org/freefriday or follow the hashtags #OptOutside #IntoTheRedwoods at facebook.com/SaveTheRedwoodsLeague and at twitter.com/savetheredwoods.

Participating California Redwoods State Parks and Partnering Cooperating Associations/ Friends Groups

Near the Bay Area	Santa Cruz	Monterey
Annadel SP Bothe-Napa Valley SP Jack London SHP Mount Tamalpais SP Samuel P. Taylor SP **Partners** California State Parks Foundation Jack London Park Partners	Big Basin Redwoods SP Butano SP Castle Rock SP Henry Cowell Redwoods SP Portola Redwoods SP The Forest of Nisene Marks SP Wilder Ranch SP **Partners** Mountain Parks Foundation Portola and Castle Rock Foundation Sempervirens Fund	Andrew Molera SP Garrapata SP Julia Pfeiffer Burns SP Limekiln SP Pfeiffer Big Sur SP
North Coast Redwoods Admiral William Standley SRA Benbow Lake SRA Del Norte Coast Redwoods SP Fort Humboldt SHP Grizzly Creek Redwoods SP Harry A. Merlo SRA Humboldt Lagoons SP Humboldt Redwoods SP Jedediah Smith Redwoods SP John B. Dewitt Redwoods SNR Patrick's Point SP Prairie Creek Redwoods SP Richardson Grove SP Sinkyone Wilderness SP Smithe Redwoods SNR Standish-Hickey SRA **Partners** Humboldt Redwoods Interpretive Association Redwood Parks Association National Park Service	**Sonoma-Mendocino Coast** Armstrong Redwoods SNR Austin Creek SRA Fort Ross SHP Hendy Woods SP Jug Handle SNR Kruse Rhododendron SNR Mailliard Redwoods SNR Mendocino Headlands SP Mendocino Woodlands SP Montgomery Woods SNR Navarro River Redwoods SP Russian Gulch SP Salt Point SP Sonoma Coast SP Van Damme SP **Partners** Fort Ross Conservancy Hendy Woods Community Mendocino Area Parks Association Stewards of the Coast and Redwoods	**Sierra Nevada** Calaveras Big Trees SP **Partners** Calaveras Big Trees Association

SP: State Park | SNR: State Natural Reserve | SRA: State Recreation Area | SHP: State Historic Park

Link to news coverage (see 2015 section): http://www.savetheredwoods.org/about-us/newsroom/save-the- redwoods-in-the-news/

REI #OptOutside

<u>Email to members announcing the plan</u>

REI IS CLOSING
BLACK FRIDAY

This Black Friday the co-op is doing something different. We're closing all 143 of our stores. Instead of reporting to work, we're paying our employees to do what we love most—be outside.

We want you, our members, to be the first to hear—not just what we're doing, but why.

We're passionate about bringing you great gear, but we're even more passionate about the experiences it unlocks for all of us. Perhaps John Muir said it best back in 1901: "thousands of tired, nerve-shaken, over-civilized people are beginning to find out that going to the mountains is going home."

We think Black Friday is the perfect day to remind people of this essential truth.

And don't worry, as a member you'll still enjoy great deals on great gear all holiday season long. But on this one day, we're going to #OptOutside and we want you to join us.

While the rest of the world is fighting it out in the aisles, we hope to see you in the great outdoors. Visit <u>optoutside.rei.com</u> and you'll discover great ways to #OptOutside from coast to coast.

Let's get out there,
REI

P.S. If you have friends you want to encourage to #OptOutside, please pass along this invitation. You can also visit <u>optoutside.rei.com</u> to customize your own Black Friday message and share it via social media. There's plenty of room out there for all of us.

<u>The Logo</u>

<u>The #OptOutside Website</u>
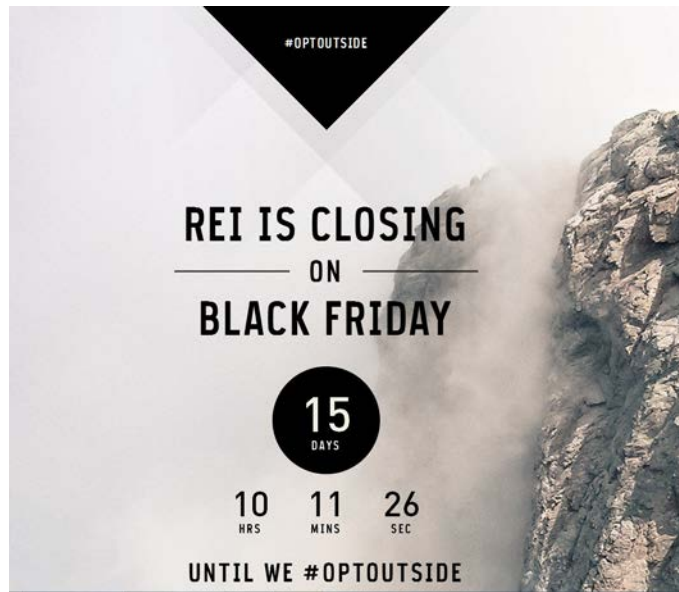
REI #OptOutside - Jerry's Office

The Results: From the #OptOutside Website
December 2015

#OPTOUTSIDE

THANKS TO ALL
1,408,117 OF YOU

Appendix 5

Outdoor Participation in the US[14]

What Motivates Americans to Get Outside

The majority of Americans participated in outdoor activities to get exercise. The second biggest motivator was the opportunity to spend time with friends and family, which highlights the family-friendly nature of many outdoor activities.

Why did you participate in outdoor activities?
Outdoor Participants, Ages 6+

Get exercise	72%
Be with family/friends	54%
Keep physically fit	53%
Be close to nature	48%
Get away from usual demands of life	46%
Observe scenic beauty	46%
Enjoy the sounds/smells of nature	44%
Experience excitement/adventure	43%
Develop my skills/abilities	35%
Be with people who enjoy the same things I do	31%
Gain a sense of accomplishment	29%
Experience solitude	26%
Gain self-confidence	24%
Be with people who share my values	18%
It is cool	18%
Talk to new/varied people	12%
Other reason(s)	6%

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[14] Outdoor Participation 2014, The Outdoor Foundation found at http://www.outdoorfoundation.org/pdf/ResearchParticipation2014.pdf

Getting Youth and Young Adults Outdoors

Like all outdoor participants, youth and young adult participants were motivated to recreate outdoors by being with loved ones and getting exercise. There were differences in age however. Seventy-six percent of children cited friends and family as the biggest motivator, but youth participants were less likely to be motivated by being with friends and family as they aged. Similarly, 75 percent of young adults said getting exercise was the top reason, which is less of a motivator for the younger age groups.

What motivated you to participate in outdoor activities?

	Ages 6–12	Ages 13–17	Ages 18–24
Be with family/friends	76%	63%	51%
Get exercise	65%	69%	75%
Experience excitement/adventure	52%	44%	51%
Develop my skills/abilities	48%	50%	43%
It is cool	42%	28%	19%
Be with people who enjoy the same things I do	38%	43%	25%
Keep physically fit	36%	56%	60%
Be close to nature	31%	33%	47%
Enjoy the sounds/smells of nature	26%	26%	39%
Gain self-confidence	24%	30%	35%
Gain a sense of accomplishment	22%	31%	39%
Observe scenic beauty	22%	27%	44%
Get away from usual demands	18%	33%	49%
Be with people who share my values	13%	24%	18%
Talk to new/varied people	10%	13%	12%
Experience solitude	5%	13%	29%
Other reason(s)	7%	5%	5%

Participation in Outdoor Recreation Among Diverse Groups

As minority groups make up a larger share of the population, engaging diverse populations in outdoor recreation has never been more critical. Unfortunately, minorities still lag behind in outdoor participation.

As seen in previous years, participation in outdoor activities was highest among Caucasians in all age groups and lowest among African Americans. The largest gap in participation was between Caucasian and African American adolescents. While 65 percent of Caucasian adolescents, ages 13 to 17, participated in outdoor recreation in 2013, only 42 percent of African American adolescents participated.

Although Hispanic Americans had the second-lowest outdoor participation rate, those who did participate tended to get outdoors the most.

Participation in Outdoor Recreation
All Americans by Age and Ethnicity
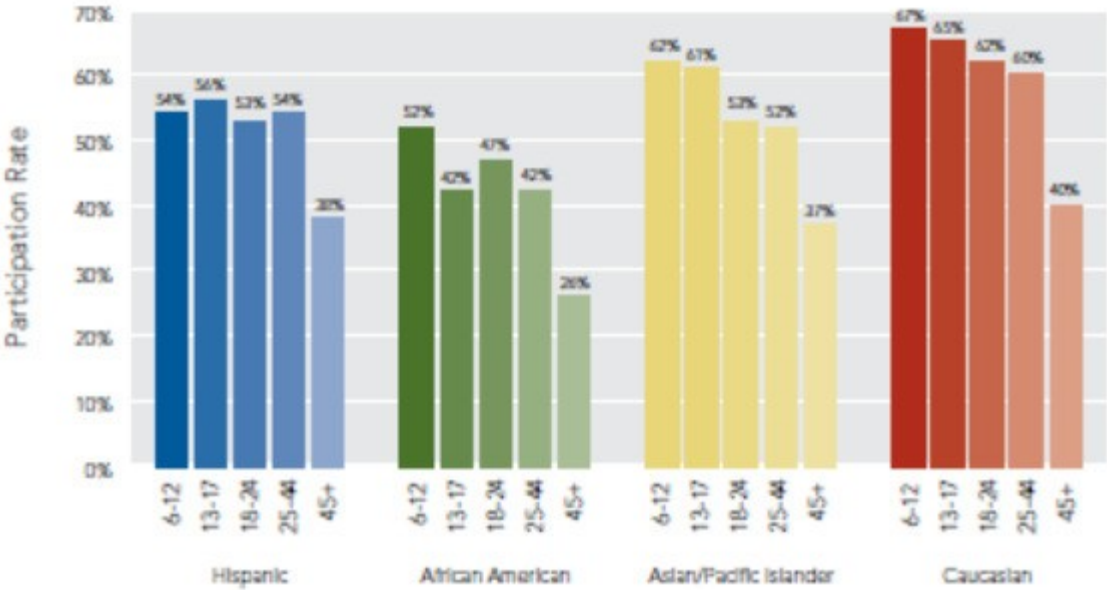
Average Outings per Outdoor Participant

African American	40	Caucasian	43
Asian/Pacific Islander	37	Hispanic	47

SHINOLA
DETROIT

Shinola: What's Next for a Brand Linked to Detroit's Manufacturing Heritage?

By:

Matthew Fisher, Golden Gate University

Blodwen Tarter, Golden Gate University

Martin Digger had recently applied for a job at Shinola, the Detroit-based company that manufactures consumer products ranging from watches to bicycles. He was excited about the possibility of returning to his hometown to use his new marketing degree as a brand assistant. To prepare for his interview, he walked to the closest coffee shop, ordered an extra-large coffee, and opened his laptop to review the history of the firm and Shinola's products. He was glad to see that the articles overwhelmingly praised the company.

According to the Shinola website,

> *Of all the things we make, the return of manufacturing jobs might just be the thing we're most proud of. Shinola is founded in the belief that products should be well-made and built to last. Across a growing number of categories, Shinola stands for skill at scale, the preservation of craft, and the beauty of industry.[i]*

Those values resonated with Martin and his hopes for both Detroit and his own work.

However, Martin paused when he came across one article that was critical of the firm.

Shinola's entire presence is predicated on its ties to the City of Detroit. The justification for the cheapest men's watch being $550? For bicycles that cost a minimum of $1,950? American manufacturing costs more. Quality materials cost more. American products are inherently worth more. Like buying a pair of Toms helps some poor Third World kid, by buying a two thousand dollar bike you're doing your part to help rebuild a fallen American city. In this way, Shinola reminds us what the American dream actually is: a selling point, nothing more than a sales pitch.

Shinola is using my city as its shill, pushing a manufactured, outdated and unrealistic ideal of America.[ii]

Martin was proud to have grown up in Detroit. Detroit residents remained resilient in spite of the city's reputation as the epitome of the decline of American manufacturing and crushing poverty after so many auto manufacturers closed their Detroit factories and moved elsewhere. (See Exhibit 1)

Exhibit 1: The City of Detroit

Detroit Michigan Map

Map Source: https://www.google.com/maps/place/Detroit,+MI/@42.3523699,-101.0289235,4z/data=!4m5!3m4!1s0x8824ca0110cb1d75:0x5776864e35b9c4d2!8m2!3d42.331427!4d-83.0457538

See the 2011 Super Bowl ad, "Imported from Detroit," featuring the rap artist Eminem and Chrysler for another impression of Detroit. https://www.youtube.com/watch?v=SKL254Y_jtc

Martin was reflecting on the challenges facing Detroit and doing business there when he heard his name called. Hannah Rent, a friend from high school, was pleased that Martin was back home. She was even more excited that Martin was interviewing with Shinola. Hannah worked for a local marketing agency and was quite familiar with the brand. Before Martin could say anything more, Hannah pulled out a folder and showed him Shinola's first advertisement (see Exhibit 2).

She said "Check out the classic design of this watch and the picture of the Argonaut building. Isn't that a great use of a Detroit landmark building to tie the brand to Detroit?" She added, "I really like Shinola's story. I also use this ad to show to clients the power of branding both heritage and place." (See Exhibit 3)

Shinola's initial marketing campaign focused on the individuals who assemble its watches, suggesting that purchasing the watch supports jobs and the rebirth of Detroit, thereby emphasizing a social dimension that differentiates the firm. Consumers are not simply buying a timepiece; they are supporting both the revitalization of a city and of American manufacturing. More than 500 employees work for the company, of which almost 400 are located in Detroit.[iii] At least one investor had been convinced of the Shinola story and its value, as Revolution Growth Fund invested a reported $25 million in Shinola's parent company, Bedrock Manufacturing.[iv]

Martin asked, "How does leveraging the connection to Detroit have anything to do with premium priced watches? Hey, I love Detroit but the city isn't exactly known for making watches. Cars, yes-- but watches? I mean, I studied important brands that have been around for years and how

Exhibit 2: Shinola's First Ad

First Shinola Advertisement.

they leveraged their heritage to tell a brand story, but how can Shinola, a new firm, do this? After reading some of these articles, I wonder whether Shinola is exploiting the city of Detroit. Is it really a partner in the city's so-called rebirth? Can it pull off this whole approach? Can it really be an authentic brand?"

Hannah and Martin settled in for a longer discussion about Shinola and its connection to Detroit. Where did the company, the Shinola brand, and the image of Detroit intersect? Were they compatible and "true" or simply a fake marketing ploy? Martin wanted to be certain that he could fully engage with the brand and the company with which he was about to interview.

Exhibit 3: Shinola Ad

Shinola Ad.

Source: https://milled.com/hamilton/bTBpEeFLZwoNil9g

The Detroit Heritage: Car Manufacturing and World War II

Detroit is close to Canada, located between two of the Great Lakes (see Exhibit 1). It flourished in the early days of U.S. automobile manufacturing. With the onset of World War II, the scope and scale of Detroit's manufacturing ramped up to support the war effort.

> *Carmakers built everything: tanks, airplanes, radar units, field kitchens, amphibious vehicles, jeeps, bombsights, and bullets. ... Detroit, with 2 percent of the population, made 10 percent of the tools for war.*[v]

Manufacturing employment peaked in the 1950s at roughly 300,000 people, along with a population of 1.86 million residents.[vi] Detroit represented the ideal of American manufacturing and prosperity throughout the first half of the twentieth century.

Detroit's Decades of Decline

A slow erosion of population, employers, and consequent increases in unemployment marked the years that followed the peak in 1950. Riots and civil disturbances, often exacerbated by racial tensions, contributed to Detroit's image as a city in decline.[vii] Several economic and marketing revitalization attempts marked the next two decades, including a famous 1970s slogan of "Say Nice Things About Detroit," that attempted to reverse the negative press about the city.[viii]

By 2013, the city was home to only two car assembly plants.[ix] As residents continued to move to the surrounding suburbs, the city's population dwindled to just under 685,000.[x] Blighted properties numbered over 84,000.[xi] As the cost of maintaining an aging infrastructure increased, the declining population and tax base doomed city finances.

On July 18, 2013, the city of Detroit filed for bankruptcy. In this once thriving city full of middle class jobs and social mobility, a third of the population lived in poverty[xii] and the unemployment rate stood at 22.1%, when the national rate was just 7.4%.[xiii]

Resurgence of the City = Tough, Cool, Resilient

The bankruptcy filing catalyzed the Detroit community, the state of Michigan, creditors and foundations across the nation. A tremendous collaborative effort, "the grand bargain," pulled the city out of bankruptcy some sixteen months after the filing. "Reinventing Detroit" had begun.[xiv] Marketers jumped on the bandwagon of hope and determination. As *The Guardian* newspaper

reported, "to an advertiser's eye, Detroit is cool. Gritty. Tough. Resilient. Authentic in its struggle. True in its American spirit of hard, honest work, ruins and all."[xv]

Shinola Emerges

Tom Kartsotis founded Fossil in 1984 and built the firm into the world's fourth largest watch company. After leaving active management of Fossil, he started another watch company in 2011.[xvi] A Texas native with no prior connection to Detroit, Kartsotis understood the value in associating a brand with a place. Sensing opportunity, he selected Detroit as the city for the new company and resurrected the Shinola brand for a new purpose. While the original brand had no connection to Detroit, the long-defunct Shinola shoe polish (see Exhibit 4) was popular when the city mobilized to help win World War II.

In 2012, Kartsotis signed a lease for 30,000 square feet in Detroit's Argonaut building (see Exhibit 5). Historically significant, the site housed the General Motors Research Laboratory from 1928 to 1956 "where hundreds of patents and products were developed." [xvii] Everyone in Detroit associated the building with the pinnacle of Detroit's manufacturing dominance, creativity, and innovation. Later, Shinola ads and the company's website would feature the Argonaut building to reinforce Shinola's connection to Detroit.

Exhibit 4: Shinola Polish

A tin of the original Shinola shoe polish

Source: https://en.wikipedia.org/wiki/Shinola#/media/File:Shinola.jpg

As a starting point for the brand's development, Kartsotis commissioned a study that found people would pay $15 for a pen made in Detroit rather than $5 for a pen made in China or $10 for a pen made in the United States. These results suggested that a product associated with the right place could command a price premium. Of course, Shinola's watches currently retail for $475 and up, definitely a premium price.

The flagship retail location opened in a restored brick storefront that reinforced associations of artisan crafted products (see Exhibit 6). The first brand slogan, "where American is made," directly sought to cement the view that Shinola products are the result of a resurgent manufacturing movement.

The Runwell and Other Watches

Enter the Runwell watch, Shinola's flagship product. Sporting a simple and timeless design with a large round dial face and chunky case, the Runwell's watchband is made from thick leather with visible contrast stitching that implies that it is handmade. The leather for the straps was initially sourced from a tannery in Chicago, while construction is now completed in the Detroit workshop that opened in 2014.[xviii] [xix] A "limited lifetime guarantee on every watch" reassures the buyer of the product's quality.[xx]

Exhibit 5: The Argonaut Building

The Argonaut Building, Detroit, Michigan.

Source: https://en.wikipedia.org/wiki/Argonaut_Building

The Runwell and Other Watches

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Foregoing the traditional hinged felt and plastic jewelry box, each Shinola timepiece is housed in a wooden box and accompanied by a small jar of Shinola leather balm. The metal top of the jar is reminiscent of a shoe polish tin, connecting the brand to its namesake shoe polish. A metal plaque in the wooden box names the person who assembled the watch (See Exhibit 7).

Exhibit 6: Detroit Retail Store

Detroit retail store.

Source: http://www.adweek.com/brand-marketing/how-shinola-went-shoe-polish-coolest-brand-america-165459/

Exhibit 7: Watch and Box

Shinola Runwell 47mm watch and box.

Source: http://www.gmtminusfive.com/shinola-runwell-41mm-review/

Consumers like the watch:

> *"It's expensive for what it is... but it's also undeniable that these watches are well designed and finely crafted. ...It's definitely a retro affair, and the model I tested emphasizes that with a brass finish on the metal case. The lugs are similar to those that were once welded to pocket watches to make the first wristworn timepieces, and even the*

choice of typefaces for the Shinola logo and movement name harken back to a vaguely 30s or 40s-ish time period. All of which is to say, I like the look of the watch very much, but if your taste runs more modern you might not agree."[xxiv]

Other designs complete the watch lineup and allow the brand to vary shapes, sizes, features, and accent elements. Some watches are sold with additional watchbands to coordinate with clothing.

The Great Americans Series

In 2013, Shinola began offering limited edition watches honoring "Great Americans." The first watch of the series highlighted the Wright brothers, the fathers of modern aviation, with the watch face displaying "The Wright Brothers" printed on it. The brand integrated this theme with a limited edition "Wright Flyer" bicycle. Buyers of either the watch or the bicycle became members of "The Foundry", a private collectors club, offering members early purchase of new limited-edition watches, an annual tour of the Detroit factory and access to exclusive events.[xxv]

Subsequent editions honored Henry Ford, pioneer of auto manufacturing; Muhammad Ali, one of the greatest boxers of all time; Maya Angelou, notable author and poet; and Jackie Robinson, the legendary baseball player who was the first African-American to play in the formerly all-white Major League Baseball. By associating the brand with prominent historical figures, the brand ties its products to reverence for individual accomplishments.[xxvi]

Expanding Product Lines and Categories

While the brand is centered on watches, Shinola continues to add new products, including bound paper journals, bicycles, and record players. Shinola assembles the bicycles, but the journals and record players are built by partners that reinforce the Shinola design aesthetic and use consistent

brand elements. Another partnership produced special editions of Randolph Engineering sunglasses, originally built for U.S. military aviators.

As the product lines expand beyond items made or assembled in Detroit by Shinola itself, it raises the question of continued associations with the city of Detroit. Do these new products weaken the link to Detroit's heritage?

Authenticity… We Want It Real

A 2013 Boston Consulting Group survey of 2,500 consumers concluded that "being authentic" was one of the most attractive qualities of a brand.[xxvii] But what does "being authentic" mean? Consumers are well aware that businesses want to sell them something, yet some brands are judged trustworthy while others are dismissed. We naturally judge the authenticity of an individual by the consistency of their words and actions. Brands are similarly judged by consumers.

Gilmore and Pine, in their book *Authenticity: What Consumers Really Want*, offer two questions that help people judge authenticity:[xxviii]

1.) Is it what it says it is?
2.) Is it true to itself?

The first question speaks to the integrity of a brand, while the second is connected to the consistency of the brand's actions. Gilmore and Pine also describe the "Paradox of Authenticity":[xxix]

1.) If you are authentic, then you don't have to say it.
2.) If you say it, then you better actually be it.

3.) It is easier to be authentic if you don't say you're authentic.

4.) It is easier to render offerings authentic, if you acknowledge they are fake.

5.) You don't have to say your offerings are inauthentic, if you render them authentic.

Marketers that apply the following guidance are likely to be judged as authentic by their consumers:[xxx]

Commodities	Goods	Services	Experiences & Referential	Transformation & Influential
Stress materials	Stress your firsts	Be direct & frank	Pay personal tribute	Appeal to personal aspirations
Leave it raw	Revive the past	Focus on the unique	Evoke a time	Appeal to collective aspirations
Be bare	Look old	Go slow	Pick a place	Embrace art
Go green	Mix & Mash	Treat as temporary	Make it matter	Promote a cause
	Anti-conventional	Be foreign	Be realistic	Give meaning

Other researchers, Grayson and Martinic, remind us that "perceived links with a time, person, or place" influence perceptions of authenticity.[xxxi] These perceptions can be very personal and subjective but the marketer seeks links that influence the greatest number of consumers to view the brand as authentic. As competitors copy product features, mass-produced goods become increasingly impersonal and manufactured in far-off places, consumers seek authenticity.[xxxii] Gilmore and Pine sum up the importance of this attribute with, "quality no longer differentiates; authenticity does."[xxxiii]

Authenticity, as a branding concept, is not without its detractors. Brand strategist Constance DeCherney argued, "Defining a brand by authenticity lacks clarity, is open to interpretation, and

it's ambiguous" and believes that a focus on defining brand intentions is more important to a brand's success.[xxxiv] DeCherney stated that proponents of authenticity use the concept so loosely that it lacks any real guidance or meaning. Furthermore, she noted that authenticity tends to anchor a brand to the past, "holding us back, keeping us tethered to yesteryear" and advocates that companies should instead "create a brand purpose that intentionally impacts the future."

The Analysis and Decisions

Martin needed to decide if he felt the Shinola brand could grow and thrive, given its current situation. If so, how? Did he believe in its future enough to join the company, if given the opportunity? One journalist reported 2014 sales of this so-called affordable luxury brand of 150,000 – 170,000 watches,[xxxv] up from an initial online sale of 2,500 units in March 2013.[xxxvi] Shinola's future seemed promising but Martin wanted to be sure.

Buying a second cup of coffee, Martin listed his questions and began to try to answer them. He intended to ask some of these questions at his upcoming interview and to see if his interviewer's responses matched his own evaluation.

1. What are the strengths and weaknesses of the Shinola/Detroit association? Of the idea of associating the brand with manufacturing superiority? Of focusing on "handcrafted" products and featuring the people who put together Shinola's goods?

2. What are the opportunities and risks associated with the deliberately constructed brand heritage and the various brand attributes of Shinola?

3. Is the Shinola brand "authentic" and convincing? Does brand authenticity really matter?

4. What product categories fit and which do not fit with Shinola's established vintage brand association?

5. What kinds of marketing actions would support new product introductions and the ongoing marketing of the current Shinola-branded products? Which media and what messages would work best?

6. Which "Great American" would you suggest for the next limited-edition watch in "The Great Americans" series? Why? How would you connect this specific person to the Shinola brand? How would you package the physical product?

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Sporting KC Gets an Assist from SeatGeek

Can Sporting KC Score?

By:

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Executive Summary

Sporting KC is an American professional soccer club based in the greater Kansas City metro area with the actual matches played at Children's Mercy Park in Kansas City, Kansas. Beginning in 2017, the club sells tickets through SeatGeek, an online ticket platform as its primary ticketing distributor. Jake Reid, Sporting KC's President, sees this relationship as the next generation of online ticket sales. As the popularity of professional soccer expands, Millennials will become the largest demographic segment of sports fans. Moreover, as consumers increasingly make purchases in a digital -- largely mobile -- environment, Sporting KC expects the SeatGeek relationship to be a strategic partnership for growth and profitability for both entities. Now, the challenge is for Sporting KC's marketing team to take advantage of SeatGeek's – *and* the team's – strengths and to ride the momentum of positive trends.

The Case Study

The Scene

Sporting Kansas City President Jake Reid [1] leaned back in his desk chair, elated yet aware of new challenges. It had just been announced "that ticketing industry leader SeatGeek will become the club's official ticketing partner starting in 2017".[2] This was an outcome of a ground-breaking multi-year initiative between SeatGeek and Major League Soccer (MLS), which made SeatGeek the official ticketing partner of MLS. The new open-ticketing system sought to enhance fan satisfaction with the ticketing process, and open up a myriad of opportunities for fan engagement. Jake and decision-makers at Sporting KC had spent some time comparing a number of competitors in the ticketing industry (see Appendix A.) In the end, Jake and his team

members were convinced that this new SeatGeek-MLS ticketing agreement represented the future of the online ticketing industry, not only for Sporting KC and other MLS teams, but for other sporting and entertainment venues.

Jake felt certain that the SeatGeek partnership would create exciting new opportunities for the club and its supporters, but now Sporting KC had to figure out how to make the most of SeatGeek's unique ticketing platform. Just like Sporting KC, SeatGeek always strived to be an advocate for ticket buyers, customers, and fans[3] -- it seemed to be a marriage made in heaven. Moreover, because "Sporting KC has a championship legacy, a loyal fan base, and a reputation for innovation on and off the pitch,"[4] it was seen as a showcase for the potential power of using the SeatGeek platform. Both the team and SeatGeek co-founders Jack Groetzinger and Russ D'Souza were counting on Sporting KC to serve as an example for other MLS teams. Along with technology partner TopTix, SeatGeek would make all Sporting KC and Swope Park Rangers (of the United Soccer League) home matches as well as other ticketed events at Children's Mercy Park available for purchase.

Jake knew it was time for his marketing team to get to work. They had to develop and implement strategies that would live up to the expectations of the team, MLS, and SeatGeek.

Background

Digital Disruption. At the foundation of the SeatGeek-Sporting KC partnership was the knowledge that it wasn't just the ticketing industry that had been -- and continues to be -- disrupted by digital and mobile technologies. "Digital disruption is the change that occurs when new digital technologies and business models affect the value proposition of existing goods and services."[6] At one point, Jake had wondered, "How did the ticketing industry get to where it is today?"

The ticketing industry for live events had changed dramatically over a number of decades. In the 60s and 70s, tickets for concerts and sporting events were sold at venues and organizer/promoter/agent ticket offices. Promoters helped organizers with lining up local sponsors, booking venues, and selling tickets. Typical contracts had a fixed fee for the venue, and promoters would receive 15% of the proceeds. Managers could receive 10% to 25%, leaving organizers with 60% to 75% of the profit.[7]

In the 80s, TicketMaster Entertainment Inc. changed the ticketing industry. It became a primary ticket outlet by selling and fulfilling tickets for most U.S. venues on behalf of event promoters. TicketMaster successfully convinced venues to outsource ticket sales to it, and in return TicketMaster paid them for each ticket they sold. TicketMaster also applied their preparatory technology and organizational expertise that venues lacked, to the operation of selling tickets globally. The distribution strategy was overwhelmingly successful, and TicketMaster became the official ticket office of the majority of venues in the United States.

With the advent of the Internet and digital technologies, online ticketing increasingly became the primary method of issuing, marketing, selling, and processing live events. Digital communication also created instant access to ticket holding data, including the level of supply and demand for live event tickets. In live sporting events, any ticket holder (e.g., sports club, ticket agent, individual customer) could be a *de facto* supplier of tickets. By the early 2000s, digital technology platforms such as Stubhub created secondary marketplaces where people engage in buying and selling sports (and other) tickets at market prices.

Although Jake knew that SeatGeek's mobile-centric vision set it apart from its online ticketing competitors, he was also curious about the digital disruption that has occurred in other industries, including media, telecom, consumer financial services, retail, technology, insurance, consumer products, nonprofit, business and professional services, and education.[8] Were there any lessons to be learned from industry disruptors like Uber, Skype, Spotify, WhatsApp, Netflix, Airbnb, and others?[9] Just as Jake was aware that SeatGeek was a primary disruptor in the ticketing industry,

he felt it might be possible for Sporting KC to become the disruptor among sports properties as a result of its SeatGeek partnership.

One Problem, Two Solutions. It was no secret that for many years, consumers had become increasingly dissatisfied with the online purchase of tickets for sporting events, concerts, and other venues. Ironically, it was former TicketMaster CEO Nathan Hubbard who commiserated: "Fans have known for decades that, whenever they buy tickets for concerts or games, the deck is almost sadistically stacked against them. But those same fans have been inundated by nonsense from stakeholders in the ticketing business, and at this point, they don't know what to believe".[1]0

A local Kansas City television station highlighted the dilemma facing a typical fan when Sporting KC was contending for the MLS Cup in 2013:[1]1

> *Tickets on Sporting KC's website sold out in five minutes. Now, ticket brokers are the go-to place to buy a ticket. That's disappointing to Tom Davis, a Lee's Summit man who was hoping to attend the game with his sons.*
>
> *Sporting KC had tickets for sale starting at 10 a.m. Monday. By 10:05, the tickets were sold out.*
>
> *"I was on the Sporting KC website searching for the tab to buy tickets and it had already been taken down," Davis said. "It's just a shame that we have such wonderful venues like Sporting Park and the Sprint Center and we live here in town; but it's tough to get tickets."*

Davis had hoped to be able to purchase $60 tickets at the team's website, but quickly realized he would be facing prices between $130 and $170 at ticket broker sites. He and his sons opted to watch the game at home on television.

As such, the online ticketing industry seemed to be at a fork in the road. Jake was aware that a number of industry players felt that one response to ticket buyers' many concerns and complaints with the status quo was to make the resale of tickets "impossible in order to protect fans from being priced out by brokers."[1]2 In some cases, the legal system was moving in the direction of

supporting teams, leagues, and venues that wanted to aggressively limit where and when fans could buy tickets.

In stark contrast, SeatGeek represented a very different approach to answering consumers' concerns by creating an **open ticketing network** that not only allowed third-party websites to sell tickets, but also let fans resell their tickets anywhere and on more than one site at once. A 2015 *Forbes* article described it in this way: "SeatGeek Helps You Scalp the Scalpers."[1]3 Equally important: According to SeatGeek co-founder Russ D'Souza, "Teams can make way more money by being more open with their inventory …. There is a lot of money being left on the table."[1]4

"The goal is to use data, design, and technology to get users to go to more events," said SeatGeek CEO Jack Groetzinger. "There's a lack of advocacy baked into the [ticketing] business. Tickets in North America are sold via exclusive long-term contracts where buyers can only purchase them from a single venue. This is good only for the ticket vendor".[1]5

Decision makers at Sporting KC had spent some time comparing a number of competitors in the ticketing industry (See Appendix A). In the end, Jake and his team members were convinced that SeatGeek and its open ticketing network represented the future of the online ticketing industry – not only for Sporting KC and other MLS teams, but also for myriad other sporting and entertainment venues.

The Players

Sporting KC. Sporting Kansas City began life as the Kansas City Wiz (KCW) in 1995 – one of 10 Major League Soccer (MLS) charter members. The team officially extended its name to "Wizards" following the 1996 MLS season. Before of the start of the 2000 season, the team's offices moved to Arrowhead Stadium in Kansas City, MO, and the Wizards ushered in a new era

of success, both on and off the field. The team also unveiled a shade of blue as its primary color alongside white as the organization's official colors for its uniforms.[1][6]

The Wizards got off to a 10-0-2 start and went on to win the regular season championship, the Supporters' Shield,[1][7] and the MLS Cup in 2000. The team is currently recognized with a respectable ranking in the league in MLS Cup titles and Supporters' Shield wins in the past 20 years (See Table 1).

Table 1. MLS Cup Titles and Supporters' Shield Wins

Team	MLS Cups	Year(s) won	Supporters' Shields	Year(s) won	MLS Seasons
LA Galaxy	5	2002, 2005, 2011, 2012, 2014	4	1998, 2002, 2010, 2011	21
D.C. United	4	1996, 1997, 1999, 2004	4	1997, 1999, 2006, 2007	21
San Jose Earthquakes	2	2001, 2003	2	2005, 2012	19
Sporting Kansas City	2	2000, 2013	1	2000	21
Houston Dynamo	2	2006, 2007		–	11
Columbus Crew SC	1	2008	3	2004, 2008, 2009	21
Chicago Fire	1	1998	1	2003	19
Portland Timbers	1	2015		–	6

Colorado Rapids	1	2010		–	21
Real Salt Lake	1	2009		–	12
New York Red Bulls		–	2	2013, 2015	21
FC Dallas		–	1	2016	21
Seattle Sounders FC		–	1	2014	8
Miami Fusion*		–	1	2001	4*
Tampa Bay Mutiny*		–	1	1996	6*

Franchise folded after completion of the 2001 season

Source: www.mlssoccer.com

In 2005, the league embarked on a significant expansion plan that included individual club ownership. To attract new ownership and more money into the league, it encouraged the owners of multiple teams to become the owner of a single team.

As a result, Wizards owner Lamar Hunt (Hunt Sports) announced his intention to sell the team. OnGoal, LLC purchased the club from the Hunt Sports Group on August 31, 2006. The Wizards thus began an era that brought changes to the club's management, coaching staff, and players. The team got its world-class training center Swope Park, Kansas City, MO in 2007. The Wizards moved to a new stadium in CommunityAmerica Ballpark in 2008.[1]8

In 2010, The Wizards were officially renamed as Sporting Kansas City (Sporting KC) and registered as an American professional soccer club and a member of Major League Soccer

(MLS). 2011 brought the most significant change in the club's history with the completion and inauguration of the team's new stadium, Children's Mercy Park in Kansas City, KS.   The new stadium provided Sporting KC's players and fans a permanent home.[1]9

In 2013, Sporting KC won its second MLS Cup championship by defeating Real Salt Lake at Children's Mercy Park. It also represented the Major League Soccer in the 2013-14 CONCACAF[20] Champions League. The team celebrated its 20th season in MLS by winning the Lamar Hunt U.S. Open Cup, its third Open Cup title in 2015. Sporting KC was ranked 5th in the MLS Western Conference in 2016.[2]1

From the start, the players, executives, and staff members of Sporting KC believed that the team's fans ranked among its greatest strengths. Fans were able to engage with the team through a detailed, well-designed website and various social media platforms, and they readily showed up for games. Indeed, in recent years, two-thirds of the 18,500 stadium seats had been sold to season ticket holders. The club capped the number of seats sold to season ticket holders to leave room for a sufficient number of group seats and single-game-buyer seats, as well as public relations/marketing initiatives.

Selling out games had always been one of the highest priorities for Sporting KC, which meant that one-third of the tickets were up for grabs for any game. Like other teams, Sporting KC found that some games were easier to sell than others, so it wanted to better understand this market to drive profitability and yield. Sporting KC also wanted to make it possible for season-ticket and other ticket holders to resell tickets in the best possible environment for consumers: transparent, convenient, safe and certain.

Even with robust attendance and enthusiastic fans, the club also focused on attracting the next generation of sports fans – Millennials. The club hoped to convert this group from its typical single-game purchase behavior to becoming the next generation of season ticket holders.

To meet these ticketing challenges, Sporting KC signed an official ticket distribution agreement with SeatGeek, an online ticket seller, to sell its primary ticket inventory and to establish an open, official secondary marketplace. This change allows Sporting KC's tickets to be sold anywhere on the Internet.[2] For example, companies like Uber and Hilton could offer deals to an upcoming match and offer tickets to be purchased directly from the SeatGeek app. Tickets could also be purchased via social media platforms when consumers post content about a game.

Sporting KC's previous ticketing agreements generally required it to send fans to official team sites or specific ticketing partners, such as Ticketmaster, to purchase single-game tickets. Fans holding tickets would have to go to secondary sites to sell unwanted tickets if their plans changed. SeatGeek would allow these fans to post the tickets on multiple websites, but they would be conveniently aggregated by SeatGeek's technology. Further, SeatGeek allows Sporting KC to sell its tickets on its official site, and any site or app of the club's choice. This open network was a reflection of the fact that primary and secondary ticket markets were destined to become increasingly blurred. SeatGeek gets a small service charge for transactions that take place on its unique ticketing platform.

Jake is psyched! SeatGeek represents a new opportunity for satisfying Sporting KC's customers and maximizing revenue at Sporting KC.

SeatGeek and Its Competitors. SeatGeek is a "meta" search engine and aggregator of sports, concerts, and theater tickets. It uses both mobile app and desktop platforms that allow users to browse events, view color-coded maps for seat location and best value, purchase tickets, and receive electronic or physical tickets. SeatGeek shows the list of events and prices aggregated from ticket exchanges such as TicketsNow, TicketNetwork, and Razorgator, as well as from fans who post their own tickets for sale via SeatGeek's consumer marketplace tools.

SeatGeek was founded in 2009 by Russell D'Souza and Jack Groetzinger from DreamIT Ventures, a start-up accelerator program in Philadelphia. DreamIT was able to attract more than

$3 million in financing over the next two years, including a 2011 investment from Aston Kutcher and Guy Oseary, through their A-Grade Investments fund. SeatGeek continued to grow through rapid growth and consumer adoption of its mobile ticketing applications on iOS and Android, and also via acquisitions of competitors such as FanSnap. More investment groups continued to fund SeatGeek's development and expansion.23

By the end of 2013, more than $6 million in transactions took place on its platform every month, a 300% growth from the previous year. It was notable that the bulk of this growth came from its mobile app.

Consumers have cited many reasons for purchasing on SeatGeek. Foremost, SeatGeek guarantees all tickets sold on its platform – so fans can purchase tickets from the site with confidence. Second, fans appreciate SeatGeek's DealScore feature, which takes a wide range of factors such as price, seat location, opponent, day of week and more to produce a 0-to-100 score that grades out each and every ticket listing available for a given game based on its relative value. Third, fans receive customized information that tracks their favorite teams and players, and personal recommendations for upcoming events. They get notified when their favorite teams and players announce a new event near their location. Finally, SeatGeek offers more than 2,000 seating maps across venues in 80 countries. D'Souza sums it up: Customers "can get not only every ticket by going to SeatGeek, but they can get a better user experience."

SeatGeek knows that it is not the only game in town. From the truly basic (e.g., Craig's List, eBay) to very strong competitors (e.g., Ticketmaster, StubHub, TicketNetwork, sports clubs themselves with a loyal fan base), consumers have an increasing number choices when it comes to buying tickets.

SeatGeek's ability to sell in the primary and secondary ticket markets has also opened up another revenue stream: working with clubs and executives on strategy and tactics in primary ticket sales. For example, SeatGeek will provide ticket inventory distribution for a range of clients of

Spectra Ticketing & Fan Engagement, a live entertainment company that sells more than 120 million tickets a year on behalf of its clients.

The agreement with MLS is SeatGeek's first major sports partnership. The growth of MLS attendance[xxxvi] and fan interest, along with a presence at major league events such as the AT&T All-Start Game and MLS Cup, make this a win-win for the teams and SeatGeek.

A New World of Ticket Pricing

All things being equal, a profit objective has tended to be the ultimate determinant of ticket pricing.[2][4] In general, professional sports teams are profit maximizers whose objective rides on the club's season revenue – primarily gate receipts, broadcasting rights, sponsorship, and merchandising. There is a strong positive correlation between ticket sales and stadium attendance and most other revenue streams. Sponsors are more interested in a successful club, and broadcast companies prefer to cover games that are attended by many people. Also, merchandising revenue historically has benefited from the presence of a large number of spectators being physically present at a particular venue.

In the past, teams would make educated guesses about ticket prices, set pricing tiers for the "face value" of a ticket, and then hope for the best. If the team enjoyed a winning season, many tickets would be re-sold (scalped) for much higher prices on secondary markets. If the team had a difficult season, tickets could go unsold at the going rate. The volatility could be reflected from one match to the next, depending on the popularity of the opposing team. The result was that the secondary market (individuals or commercial venues) would resell the "in demand" tickets, and the "real" going rate for the seat would be established. The secondary-market price also identified how much money the team could have earned had it been better able to estimate how much fans would pay for the ticket. In the words of Russ D'Souza, it represented how much money teams were leaving "on the table." In 2013, fans paid "an average $211 a ticket for the

matchup between Sporting Kansas City and Real Salt Lake" on the secondary market, when tickets for the MLS cup event "originally sold for between $30 and $150."[2]5

At the same time, teams were still uncertain about the price that could be charged for less popular matches. Even at discounted rates, filling the stadium would increase the team's attractiveness to team sponsors, and potentially build fan loyalty and engagement for the future.

Sports and live events planners have long been cautious about the secondary market for tickets. Plagued by scalpers, counterfeit tickets, and high service fees, secondary sellers and aggregators have often been marked with unsavory reputations in the past. Due to lack of sales information and forecasting abilities, the sports clubs could not manage – never mind control – the secondary market, and seemed to avoid it altogether. Clubs also did not want to alienate fans if ticket prices changed too quickly. "Going for the last buck" seemed to be anti-fan.

Still, the potential to adjust prices to meet demand was attractive to the franchises. The existence of the secondary market reflected the fact that ticket prices and fan demand were often mismatched by the clubs. Some tickets could sell for much more than the official ticket price. For particularly desirable games, the secondary market could earn large profits lost to the franchise. When the San Francisco Giants tried dynamic pricing for 2,000 leftover seats in the furthest corners of the stadium, they sold 25,000 extra tickets and earned an additional $500,000 in one season. Likewise, the NBA's Cleveland Cavaliers tested dynamic ticket pricing on 20,000 seats over the span of 25 games. The average price increased by $9.25 per ticket and the franchise earned more money as a result.[2]6

Jake and his team had kept track of changes in the ticketing industry, so they were aware that much of the aversion to secondary sales had changed in recent years with the advent of Internet sites like Stubhub.com, which could gather meaningful databases on secondary (reseller) ticket prices.[xxxvi] With more and more fans buying tickets on these sites, the "real" price of the ticket could be seen by both the buyer and the sports franchise. This market information allowed the clubs to model and forecast demand and price tickets dynamically, similar to hotels and airlines.

Today, it is possible for ticket prices to vary by specific event, predicted demand, and date purchased. Major League Baseball, which was the first to substantively adopt dynamic pricing, saw large benefits due to the extreme variability of demand game-to-game. Between rotations of popular pitchers, weather, and changes of team performance throughout the season, ticket demand could vary greatly.

Many sports franchises have become more comfortable with the idea of managing both primary and secondary ticket sales through dynamic pricing as fans have become more accustomed with the practice. Most of the tickets are now sold to season ticket holders for a set price or negotiated agreements based on volume, as some customer segments prefer to lock in prices rather than deal with future price volatility. The rest of the tickets are available for primary sale, and offer an important opportunity to manage revenue. Besides the team's ability to control its own pricing, the advantages of a team using dynamic pricing include:[27]

- Greater efficiency in setting prices
- Better opportunities in revenue maximization
- Incentives to consumers to purchase season tickets
- The ability of fans to acquire tickets to low-demand games

Some clubs have turned to outside pricing experts, such as Qcue (http://www.qcue.com) and Digonex (http://www.digonex.com) to manage their dynamic pricing programs. These third-party providers provide ticket prices for each game in each section of the stadium and are optimized as often as daily. The pricing is based on (but not limited to) the following data sources:

- Available inventory
- Current sales
- Historical sales patterns
- Television schedules
- Game date/time
- Home team record

- Visiting team record
- Secondary market prices
- Weather

These dynamic pricing experts create separate pricing algorithms for each sports league and customize them to each team. The third-party company sends their experts' pricing recommendations to each team's management, which can approve, modify, or reject the prices prior to the new prices being sent to the team's ticketing venue.

Ticket Purchases Go Mobile

Observers have noted a move toward greater access to ticketing across platforms.[28] Even Ticketmaster moved about 10% of its 100 million tickets sold in North America last year to platforms it does not own. Such moves have been a response to increasing customer demand for convenience -- buying when, where, and how they want, and it better be easy.

Sales on mobile platforms have continued to soar. In early 2015, nearly half of all online retail traffic was through a mobile device, a 26.5% growth. Mobile commerce was 23% of online sales, a growth of 35% .[29,30] Mobile ticket purchases were expected to account for more than 50% of all tickets transacted on digital platforms by 2019, according to a new report from Juniper Research. Digital ticket purchases made from desktop and mobile devices, including tablets and smartphones, were expected to reach $32 billion by 2019, almost twice the amount of $16.2 billion in 2016.[31,32] SeatGeek realized significant growth through its own mobile ticketing sales,[33] and attributed this increase to the convergence of the convenience of buying through a mobile device with target markets that increasingly "live" through their mobile devices.

Following the growth and popularity of mobile payment platforms, SeatGeek identified Apple Pay as its mobile payment platform of choice for a seamless transaction process. Typical conversions to purchase on SeatGeek's mobile site tended to be about 30%, but this percentage

rose to 80% when a customer paid with Apple Pay. Groetzinger summed up the strategic importance of convenient payment systems in the mobile environment: "Apple Pay is convenient in a physical store, but you're never going to Wal-Mart because of Apple Pay. It's a triviality. … But you are going to buy tickets on SeatGeek with Apple Pay in a case where you wouldn't have otherwise. That's huge."

Apple Pay makes one-tap shopping easier than multiple taps to enter credit card and other buyer information. Verification is through a fingerprint check. Groetzinger wished that other mobile payment platforms, such as Google's Android app, were as robust and easy to use as Apple Pay.

Attracting Millennials

Like many businesses, Sporting KC had identified Millennials as the next opportunity for growth and long-term customer engagement. Millennials, which the U.S. Census Bureau defined in 2015 as individuals between the ages of 18 and 34, numbered 75.4 million that year, surpassing the 74.5 million Baby Boomers (ages 51-69).[34] The Millennial generation had grown so quickly in part because of young immigrants. Generation X (ages 35-50 in 2015) was also projected to pass the Boomers in population by 2028, as Boomers aged and passed away, and because older immigrants were not making up for this decline.

Sporting KC decision makers were well aware that Millennials are different from previous generations in more ways than mere numbers.[35] Comprising the most racially diverse generation in U.S. history, Millennials also are more likely to be single (26%) compared to when other groups were that age. Many would like to marry, but they are also more likely to have student debt and lower incomes than previous generations. They are putting off marriage until they achieve a more solid financial situation. Instead of belonging to political and religious organizations, their social lives revolve around personal networks of friends, colleagues, and groups through social and digital media.

While many Millennials face economic challenges, more than 8 in 10 say they currently have enough money to lead the lives they want or expect to in the future.[36] In part, this may be explained by their educational attainment, which often leads to better-paying jobs: in 2014, 34% of Millennials have a college degree, and of the 25-32 year-olds, 72% have said that their bachelor's degree has paid off or will pay off in the future.[37] Still, two-thirds of recent bachelor's degree graduates have an average debt of $27,000 compared to an average of $15,000 two decades ago, adjusted for time and inflation.[38]

Millennials have joined the trend of preferring to spend their money on experiences rather than things.[39] By 2020, Mintel's American Lifestyles Report predicts that total spending on so-called "non-essential" categories, including tourism, vacations, and dining out, will grow by approximately 22%. As a result, industries from live entertainment to hotels to restaurants to various lifestyle activities have targeted this group. Businesses in these industries are trying to connect with Millennials where they are naturally engaged, which means following them to the digital environment.

Millennials are heavy users of digital technology and the Internet. However, they are also less trusting than older Americans.[40] This contrast may mean that Millennials are also more savvy consumers in the digital environment, preferring to rely on networks of friends and trusted experts than commercial advertisers and institutions for information and insights.

The Growth of the Digital Environment and Social Media

While Internet traffic keeps growing, mobile traffic exceeded the amount of desktop traffic for the first time in May 2015.[41] The fact that Google's newest algorithms penalized sites that weren't optimized for mobile search should only cause this trend to increase.[42]

"Constantly connected" describes most Americans, and especially the Millennials' relationship with the digital environment.[43] Millennials are further accelerating the growth of the digital

environment, often through their participation in social media. For example, where 79% of all adults use Facebook, 88% of the 18-29 year-olds and 84% of the 30-49 year-olds use it.[44] Millennials' median "Friend" count on Facebook is 250 (higher than other age groups), and 55% have posted a on a social media site.[45]

Facebook continues to be the platform on which most users begin their social media lives. Indeed, Facebook's 2 billion users now spend an average of 50 minutes a day on their Facebook and its subsidiary platforms, Instagram and Messenger (does not include its messaging app, WhatsApp.)[46] Other social media platforms also attract a disproportionate share of younger groups (see Table 2). In addition, the percent of Facebook users that interact with another platform is high.

Marketers are particularly intrigued by heavy users of social media through the use of Influencer marketing."[47] These are social media users who have a disproportionate influence over a marketer's target audience. By creating a mutually beneficial situation, or providing useful content, a marketer can make it easy for the influencer by giving them swipe files, and using "click to tweet" or similarly helpful tools.

Table 2. Use of Selected Social Media by Age Groups

	All Ages	18-29	30-49	% that use Facebook
Facebook	79%	88%	84%	-
Instagram	32%	59%	33%	95%
Twitter	24%	36%	23%	93%
LinkedIn	29%	34%	33%	92%
Pinterest	31%	36%	34%	89%

The Challenge

Jake continued to ponder the strategic value of Sporting KC's relationship with SeatGeek beyond becoming the online provider of ticketing services for his organization. He understood that a fan's journey, or experience, begins long before he or she steps into the stadium. From the moment fans learned about a Sporting KC soccer match, they had to figure out if they could attend, with whom they wanted to attend, and where they wanted to sit – well before they decided where to obtain the tickets. Those decisions were all part of what could make the experience rewarding and value-driven. Fans' exposure to and experience with SeatGeek could become a prelude to a long-term relationship with Sporting KC and MLS that goes beyond awareness, discovery, and cultivation. It could transcend life-long loyalty and advocacy.

Jake leaned forward and picked up the phone to schedule a meeting with his marketing team. He knew Sporting KC's relationship with SeatGeek would present many new and innovative ways to reach fans in both the primary and secondary ticket markets. With interest in MLS growing, he was convinced that finding the right prices and pricing mechanisms for various market segments, and finding the best ways and venues to engage and communicate that value, could maximize revenue as never before. The key would be to balance this strategy while delivering the best fan purchase experience.

Your assignment is to develop and present a multifaceted distribution plan for Sporting KC to achieve the following goals:

- Ensure maximization of ticket and related revenues
- Identify new revenue streams for Sporting KC, made possible via the MLS partnership with SeatGeek

- Reach and engage new fans, Millennials in particular, by providing outstand ticket-purchasing experience

The plan should prioritize and address each of the goals appropriately, recommend proper strategies to achieve them, and provide guidance to measure their effectiveness. Entertaining the following questions can help further clarify the recommended distribution strategy for Sporting KC:

- Recommend specific ticket distribution partners and marketplaces – opportunities made possible by SeatGeek's unique open ticketing network/platform – which will ensure that Sporting KC provides an outstanding ticket-purchase experience for fans and will allow Sporting KC:

- Reach/engage new fans (in particular, Millennials);

- Identify new, creative revenue streams for Sporting KC, which are made possible via the MLS partnership with SeatGeek, and

- Ensure maximization of ticket and related revenue.

The presentation should prioritize and address each of the goals appropriately, as well as provide guidance for measuring the effectiveness of each strategy recommendation.

The following questions provide guidance for thinking about the possibilities of this relationship.

1. Discuss how partnership with SeatGeek ensures the maximization of ticket and related revenues for Sporting KC.

2. How can Sporting KC take full advantage of SeatGeek's unique ticketing platform by developing relationships with a variety of ticket distribution partners? You may want to focus on one or more of the following factors or the ones you identify:

- Help Jake and his team understand why a sports fan would choose SeatGeek over other online ticketing options when purchasing Sporting KC tickets. You may want to conduct a SWOT analysis for the relationship between Sporting KC and SeatGeek

- SeatGeek's open ticketing system allows Sporting KC to work with a wide range of distribution partners to sell tickets. Identify new opportunities that are made possible to enhance customer value and maximize Sporting KC's revenue stream. What distributors would you recommend SKC partner with to sell tickets beyond pure-play ticketing companies like StubHub or Vivid Seats?

3. How can Sporting KC reach and engage new fans (in particular, Millennials) by taking full advantage of SeatGeek's unique ticketing platform, as well as other opportunities? You may want to focus on one or more of the following factors or the ones you identify:

- What other brands are currently employing effective strategies to market to Millennial sports and entertainment fans? Would any of their strategies or tactics be applicable to Sporting KC's challenge? Does Sporting KC's relationship with SeatGeek offer any particular advantage(s) to target Millennials?

- What should be particular features with key apps or websites that Sporting KC could use to target Millennial fans and direct them to SeatGeek to purchase their tickets?

- Are there specific "premium" periods or games that Sporting KC can use to target and attract Millennial fans? Are there segments within the Millennial group that would be more responsive to Sporting KC's targeting?

4. Identify new opportunities that are made possible, via the MLS partnership with SeatGeek, to enhance customer value and maximize Sporting KC's revenue stream. You may want to focus on one or more of the following factors or the ones you identify:

- SeatGeek posts a "value for the ticket." Is there a way that Sporting KC could add customer value to certain sections or seats to improve their rating score?

- How can Sporting KC use influencer marketing to drive ticket sales?

- What social media strategies can be designed to target and attract Sporting KC fans to online ticket outlets?

- What other types of organizations or events might the managers of Children's Mercy Park seek to use the stadium, and use SeatGeek for their ticketing services? Is there potential for synergy between and among Sporting KC and these other ticketed venues?

5. For each strategy that you recommend regarding the MLS/SportingKC/SeatGeek partnership, identify the specific target market/s of each strategy and indicate how to measure the effectiveness of each strategy. You may want to focus on one or more of the following factors or the ones you identify:

- What are the important metrics that Sporting KC should use to evaluate the success of the SeatGeek relationship?

- What are the important metrics that SeatGeek should use to evaluate the success of the relationship with Sporting KC (and subsequent MLS teams)

Appendix A. Comparison of Online Ticketing Websites

Name of Company	Headquarters	Description	Market/s	Ticket types	Business model	Notes
SeatGeek	New York City	Ticket "meta" search engine, aggregator	Primary, secondary	Sports, concerts, entertainment events	Commission after sale	"DealScore" algorithm for best value, price forecasting feature, makes suggestions based on customer location, goal is 100 e-tickets (no physical tickets), mobile app and desktop, offers Apple Pay for payment
Ticketmaster	West Hollywood, California	Acts as agent for event promoters	Primary	Sports, concerts, entertainment, events	Fees paid by buyers (service charge, building facility charge, processing charge, shipping/e-ticket convenience/will call charge)	Makes ticket suggestions based on customer location, rated best sports ticketing company 2016 (free shipping of physical tickets, premium parking, gift cards, rewards, return policy), criticized for high customer fees, acquired Getmein.com to serve secondary ticket market
StubHub	San Francisco	Online ticket exchange	Secondary	Any ticket posted by seller	Commission after sale	Owned by eBay, helps customer find best deal, also called "ticket scalper of digital age"
AXS	In the U.S., Los Angeles	Digital marketing platform for AEG venues/events	Primary, also serves ticket resellers	Sports, concerts, entertainment events	Business model similar to Ticketmaster in that they pay teams/venues a licensing fee for ticketing which they make back primarily on consumer fees added to base ticket price.	Parent company is AEG (world's largest owner of sports teams/events, second largest presenter of live music/entertainment), recently added "Name a Ticket Price" platform (partnering with ScoreBig), AXS Invite allows customers to reserve seating for friends

The Ticket Experience	Houston	Acts as agent for ticket sellers	Primary	Sports, concerts, theater	Traditional ticket brokerage model where they take on event inventory and sell that for a profit thru distribution channels.	Recently launched B2B secondary market service provider Eventellect
Eventellect	Houston	Provides ticketing solutions for sports and entertainment properties	B2B Secondary	Sports, concerts, theater	Standard consulting business model.	Company is The Ticket Experience, allows ticket sellers access to revenue, data, customers on secondary market
Gametime	San Francisco	Tickets for impulse buyers (mobile ticketing app)	Primary, secondary	Sports, concerts	Distributor for tickets from ticket brokers. They either buy a ticket wholesale and sell it to the consumer at their own markup, or for other listings they may sell a ticket thru from a broker and retain a commission against that sale from the broker's take.	Most sales occur in final two hours before event start, mobile-based
Spectra	Irvine, California	Services provider (venue management, food services/hospitality, ticketing/fan engagement, fundraising)	Primary	College athletics, performing arts, professional sports	Same model as AXS -- primary ticketer that primarily drives revenues thru consumer fees. Major client focus is on the college market	Goal is to "transform events into experiences" for the customers of their clients; partners with StubHub
TicketIQ	New York City	Ticket search engine, aggregator	Primary, secondary	Sports, music, theater	Ticket aggregator akin to Gametime but web focused. Collects commission on top of a sale of broker tickets.	Low price guarantee, CEO is active disseminating ticket-market information via news media
Tickets.com	Costa Mesa, California	Provides ticketing and other services to teams, entertainment venues, non-profit organizations	Primary	Sports, performing arts	Same model as AXS -- primary ticketer that primarily drives revenues thru consumer fees. Owned by MLB Advanced Media with a bulk of their business in MLB, though they do have an assortment of longer tail clients as well.	Parent company is Major League Baseball, partners with Boston Red Sox secondary market Red Sox Replay

	Location	Description	Market	Categories	Business Model	Features
TickPick	New York City	Provides online ticket marketplace for sellers and buyers	Secondary	Sports, concerts, theater	Ticket aggregator akin to Gametime but web focused. Collects commission on top of a sale of broker tickets.	Allows bidding, "Best Deal Ranking System" feature
Score Big	Los Angeles	Ticket liquidator (allows venues and properties to discreetly move excess primary inventory to a secondary market without cannibalizing existing strategies)	Secondary ("stealth" primary)	Sports, concerts, entertainment events	Now defunct, but business model was primarily centered around cutting deals with teams for distressed inventory, selling it opaquely through their own channel or opaquely thru other distribution channels.	Partners with Ticketmaster, consumers can bid on tickets, self-described "outlet mall for tickets"
ShooWin	New York City	Connects "real" fans with tickets at face value	Primary	Sports, music	Make money by operating a marketplace where fans can buy team-specific options that entitle them to purchase a face value ticket in the event that their team qualifies for a playoff-caliber game (i.e., college bowl games).	Fans pick a championship team, pick a seating zone, pay the reservation price – if team qualifies, customer has locked in seats at face value; "created by fans"

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Team Survivor New York – Getting Back on Track

By

Author/School

Wendy sipped her chai latte as she described her situation as the program leader for Team Survivor New York City (TSNYC). The New York chapter was part of the national organization dedicated to promoting health and fitness for women who are cancer survivors. When Wendy started with the organization, five years ago, she imagined that the New York group would grow and be self-sustaining through grassroots efforts and word-of-mouth. But participation in activities had started to dwindle at the same time as Wendy's own career as a financial consultant was consuming more of her time. TSNYC was something she did on a volunteer basis.

Wendy noted that TS chapters were well attended in other parts of the country. There was certainly a need for such a program in NYC, as a significant number of cancer cases occurred there. The cost to participants was not an issue as all activities were free or very low cost. There was a market and the price was right, so why could she not get more women cancer survivors

interested? Wendy mused that perhaps since she had never had cancer she was missing out on some unknown factor for running such an organization. Surely she could figure this out, after all she had an MBA! But this problem had been gnawing at Wendy for a couple of years now. She had talked to a lot of people, including those running successful chapters in other parts of the country. She even asked her business professor friends to allow her to present her materials in an undergraduate and graduate Customer Relationship Management (CRM) class and get suggestions from their students, but Wendy still did not have a clear path to making TSNYC successful.

Mission of Team Survivor (Source: Team Survivor Startup Information)

The mission of Team Survivor is to enable women with a past or present diagnosis of cancer to take an active role in their health and well-being.

The National Association of Team Survivor provides training and support for local Team Survivor organizations and promotes the concept of cancer wellness thorough exercise and physical activity across the country.

Local Team Survivor programs provide exercise and health education programs to women in their communities who have been affected by cancer. These programs, which combine fun fitness activities with emotional support, are an important part of the ongoing healing process for women living with cancer.

(See materials from National Association of Team Survivor in Appendix C.)

Background Information about Team Survivor

(Source: Team Survivor website (http://www.teamsurvivor.org/doc.aspx?3))

<u>What</u>: Team Survivor is a nonprofit 501(c)3 organization. Affiliates provide group exercise and support programs for women with a present or past diagnosis of cancer.

The National Association of Team Survivor (NATS) provides resources and guidance for Affiliates to develop programs and communicate their missions within their local markets.

<u>Who</u>: Women of all ages and fitness levels and in all stages of cancer treatment and recovery are welcome. Team Survivor is open to women who have been diagnosed with any type of cancer.

<u>History</u>: Team Survivor was founded in 1995, as a grassroots program offshoot of the Danskin® Women's Triathlon Series to provide a fitness opportunity for female cancer survivors to train for and participate in their first triathlon. Austin, TX, and Seattle, WA were the first to run year—long programs.

<u>Programs</u>: Team Survivor programs vary from city to city. All Affiliates focus on providing fun group exercise opportunities, fitness education and peer support. Some program offerings at present include:

•Walk/Run Groups ("Walk & Talk")
•Dragon Boat Racing
•Swimming
•Tennis
•Yoga
•Cycling (Road and Mountain)
•Golf Clinics
•Pilates
•Triathlon Training

<u>Team Survivor New York</u>

Team Survivor NYC (TSNYC) formed in August 2006 with Wendy as Executive Director and Founder and four board members. As stated on the TSNYC website:

> *Our mission is to create a network for women affected by cancer, providing a variety of fitness activities, education and support while taking an active role in their well-being.*

To that end, TSNYC listed a variety of programs in their online monthly calendar. Some of these are led by TSNYC, such as the weekly walks in Central Park. The TSNYC calendar also serves as a clearing house for other organizations' programs for cancer survivors, for example, OM Yoga's class-- Yoga for Women Cancer Survivors ($5 per class) and the Jewish Community Center (JCC) Renewal Water Exercise Program for women with cancer.

Other events are coordinated with other organizations and events. For example, Spin4Survival is an indoor cycling event created to raise money for essential cancer research and important cancer survivorship programs. TSNYC sponsored a team of four to participate in the cycling event. All proceeds benefited Memorial Sloan Kettering Cancer Center. In the past, TSNYC members participated in other established cancer fund raising events as a group – such as the Susan G. Komen Race for the Cure and the NYC Revlon 5K.

Wendy admitted that the TSNYC website was out of date. The board member who had been in charge of updating the site had married and moved out of the area and Wendy had not found someone to replace her technical skills. TSNYC members could log into the website and access a Buddy Board to find workout partners, post interesting events, share ideas or meet for coffee. However, there were no recent posts. Photos on the website highlighted TSNYC members participating in events, but these were dated from 2007. Photos showed TSNYC participants in the Susan G. Komen Race for the Cure, NYC Revlon 5K Walk, and the Danskin Triatholon.

Market Competition

Wendy described some of the challenges in the NYC market:

A lot of the hospitals at the corporate level think that we're competitors. And so for example Sloan Kettering … when we reached out to them they pretty much shut us down. And they say that explicitly that we're competitors…they have their own health and fitness programs that people pay for that they provide to the city.

We have a big problem there because it's true there are a lot of New York hospitals that already have these [programmatic] activities going on. And I'm sure that they're afraid if their patient can go somewhere for free, why on earth would they pay for their services.

Wendy described another stumbling block:

And then the other part is that we've tried to partner with gyms, but their philosophy is 'if we do it with one nonprofit then we have to do it for all,' so they just make a blanket policy of no partnership. I have been trying to think of creative ways to reach out to the community besides leaving brochures or letters with each oncologist that we know of which by no means covers the spectrum.

Next Steps

Wendy asked Professor Mary, her friend at a local university, if she had any ideas. They decided that some additional market research was in order. Professor Mary agreed to conduct in-depth interviews of TSNY former members. She also suggested to talk to people more at the organization level to see what they are doing in other parts of the country that is different and could be applied to Wendy's situation here in New York. A summary of the in-depth interviews with five former TSNYC members can be found in Appendix A. The next section provides highlights of the conference call with Wendy and leaders of two successful TS chapters in other parts of the country.

Conference Call

The conference call took place with the leaders of Team Survivor-Madison (Diane), Team Survivor-Tri-State (Ronnie) and TSNYC (Wendy). There was a lot to think about from the over one hour long phone conversation (see Appendix B for a partial transcript).

Wendy was particularly struck by Diane's thoughts on what works in Madison:

> What worked for us, and what I can continue to see is working for us, is that it's the constant. And what's the constant in what you're trying to do right now? I mean, it sounds like you had the Central Park thing and it wasn't working. And again I'm just speaking for what was successful for us is that we found a location.
>
> And it was a constant that for most Sundays in the winter, we had a program there every Sunday and we had volunteer instructors. We have always said also that what constitutes a program is two members, which not everybody will do. And let me tell you I've been to many programs and sat through a yoga or a Tai Chi, Chi-gong, a step program, boot camp, where it's been myself and one member. But we've held the program. It's tough when there's only two of you, but the return on the investment can be high.

Diane also spoke about their flagship events:

> But this meeting happens usually the third week of January because it's the anniversary of our first meeting when literally it was at the Panera Bread and 21 women showed up and it was 25 below zero and 45 below windchill that night. And 23 women showed up because they have gotten an email about something about fitness, and exercise, and survivorship. And so every January we have that event. Again, this last couple of weeks ago in January, a couple of months ago, we have the event again but we've done is turn it into a social night. Again because we want to try and streamline and get some business done at the same time, we unveil our calendar for the year. We allow people to sign up to do volunteer things through our organization and the other community events we volunteer for.

But our other big flagship event over the summer we have our dragon boat program that basically runs May to the end of September.

And then our other big fundraiser is the Labor Day weekend we do the Chocolate Chase bike ride which is this would be our fifth annual. It's a family friendly, again like I said we try to have that ripple effect in the household. So it's family friendly. There's a 4, 10 or 20 mile ride. Trek Bicycle Store here is our partner. And last year we had over 300 riders.

So would I say I think finding some kind of an event that you can get people to engage in as a starting point and launch pad is a really good idea.

Appendix A
Summary of In-Depth Interviews of TSNYC Participants

Five TSNYC participants were interviewed via telephone in March 2011. These were members who had participated in past events, but were not currently active.

The participants found out about TSNYC through a combination of word-of-mouth and online search. Other than posting materials at medical facilities – one person suggested chemo nurses could make referrals -- no one had any suggestion as to how to make it easier to find the group.

Motives for Joining TSNYCs:

TSNYC participant motives for joining were short-term, to get them through a "rough period." Participants could be segmented into two groups:

(a) Those who already exercised and wanted to continue to stay in shape during or post-treatment.

(b) Those who had not exercised much in the past but who viewed cancer as a wake-up call to get a healthier lifestyle, through exercise and nutrition.

Activities:

The participants interviewed ran the gamut from those who just did the walks to one who had completed two triathlons with the organization. Organized cancer walks (e.g., Revlon), yoga classes, aromatherapy, and cooking classes were other activities that these women mentioned.

Reflections:

Those participants in the second group (new to exercise) could stay with the organization long-term if TSNY had more/better activities. As to what those activities might be, it varied. For those who were already exercisers, walking was too low-key. The one participant interviewed who had completed the tri was used to working out pre-cancer. Those new to exercise were intimidated by the thought of training for the triathlon or actually found it too difficult. Another person said the time commitment for training was too great. They want regularly scheduled activities but there was no consensus on what those activities should be. On a positive note, all of the interviewees mentioned the sense of camaraderie and doing things in a group as a good motivator for exercising. The participant who did the tri expressed that she would never cancel on the trainer, he made her get out of bed.

The key theme reiterated by all of the participants was the need for regularly scheduled activities. They lose touch over the winter and then it becomes hard to restart with TS. As one participant put it:

> "If you don't hear [from TS] for a few months, you go on to other things -- it's New York!"

Someone else noted that at times they forget about the organization. Perhaps a general meeting or coffee hour could be used for defining the group:

"I don't have a sense of who is in the group…what is our mission, who are we?"

One person stated that she felt guilty being called a survivor and taking things people give for survivors. She claimed her cancer situation was easier, she did not have full chemo or radiation or lose her hair. She noted:

"I don't think I deserve the pass that everyone else is given...I try to get people who are sicker than me in…I don't want to define my life for the time I had cancer."

Moving Away from TSNY:

While on the one hand, participants stated that more regularly scheduled activities would be a good way to decrease attrition, others have moved beyond TSNY. In addition to segmenting by high/low exercisers, one can also segment by level of association with cancer and survivorship. Several participants noted that the further out from cancer treatment, the less important it was to be associated with anything cancer related:

" It's not my life…I don't want to be reminded. It brings me back and down."

"It's always there [cancer] but you'd like to forget about it. The further out you go, you feel back to yourself, it's not so important to connect on a cancer level."

Appendix B
Conference Call with National TS

Diane – TS Madison Wisconsin founder 2002
"I mean I'm lucky enough to have a day job that pays my bills but I'll tell you it takes every twenty-three and a half hours of everyday for me to keep the organization going. "

"…we're all volunteer, non-profit, grass-roots and people fall in and out of this organization as it fits their lives. No strings attached."

(Ronnie: About 300 virtual members in Tri-State and 25-50 participate on a regular basis in events.)

"Right now we have an active membership base of about 130… and some of them do all of the summer events, and none of the winter events and some members who do everything.

What we defined as virtual members because we adhere to the guidelines of the national organization. You are a member as long as you complete that annual membership form, the medical release.

And we have a little member application. We compiled it into one document.

Our monthly newsletter goes out to about 130. And then as you can see on our website and I haven't been out to the website for a while. But then in the peak seasons, we will list a calendar of event of some of the things that are upcoming and then usually have the disclaimer that you have to be a member to participate. One of the things that we worked hard at the last I would say couple of years maybe 2 to 3 years but certainly in the last couple of years is again feedback from our membership is this notion of and I think it's again that broader, we can get into that broader marketing appeal of the fact the impact that we have only to that survivor but to their household whatever that means.

If it's kids, if it's a spouse, if it's a partner, if it's just friends in their community or network at wok so that we purposely plan programs. And if you again looked at some of the language that we have used on our websites, it's we'll note a program is open to a TSM member, Team Survivor Madison, a TSM member and their family and friends kind of thing. And that have certain programs that, for instance we do snowshoe events. So that snow shoe event is open to not only the member but if they want to bring their spouse or their neighbor, they can do that.

We don't want to lose the brand and the brand is that we're open to woman surviving any diagnosis. And so I think the other piece of that in terms of the conversation not only on the national level but other chapters that I've tried to help get going here in our local region is, it will go without saying that our chapter has been dogged about recruitment across all cancers. And I think that's another reason why we are as successful as we are.

(Mary) How do you guys go about recruiting?

So we started with the healthcare. We went to the hospitals. We had a world renowned cancer center here. So we went to the cancer centers and had conversations. And at that time I mean I had to tell you, I was sitting there across the table from the external relations person and the only thing that I had going for me is that I could speak external relations and that I was a survivor. But it was that wing and a prayer thing. It was like this is what we want to do. This is what we want to bring to Madison.

In those days we were asking for, you know, we're going to have an informational meeting, will you put something in your newsletter. Can we put something out on your bulletin board that we made at home on our computer?... This has morphed into something that now we're asking for space and staff.

And I always say you know thank god that Lance Armstrong put fitness and survivorship on the map because we've taken it to the next step... Again when we were asking that question back in 2001-2002, people were like not so hot about saying that we were supposed to be standing there with our poles next to our beds because we were on chemo and not supposed to be going out and try to do a triathlon. So I think society has come along and I think that conversation is easier. But I would say that the healthcare and the fitness and community, and again because I think Madison is what it is. It's very recreationally minded. So we targeted healthcare entities, fitness, health clubs. Then you know and again these are the things that are continuing to be what we called our community partners. The other big ones is all of the outdoor, I don't know if you guys have REI. Do you have REI out there?

Our paddling program is with the local paddle shop -- Rutabaga. We wouldn't have a dragon boat program had it not been for the conversation with those folks back in 2002 where they gave us two old canoes and said we're just going to toss these in the backyard unless you want them. And that's how our paddling program started. And again it sounds cliché but I will say that if you build it they will come and I think you have to have the patience to build it.

Mary: There's REI I think in New Jersey. I saw that on your website. I thought it was interesting that you were targeting the sports stores too.

Diane: It's huge.

[Ronnie]:   Yeah, we did that as well.

Because early on I mean we couldn't get anything in the Madison newspaper. We couldn't get on the local TV stations… One of the local TV personalities did the triathlon with our group because she's a survivor and actually joined the organization that year and participated.

Our biggest recruitment tool right now the oncologist. Know the oncologist they know of. And again depending on where and what like I said we served all cancers but probably the majority of our members are still breast cancer.

It still comes back to there is a different in the camaraderie and the theme that resonates when it's a survivor only program.

Wendy: I think both of you, Ronnie and Diane, mentioned that you both have flagship events. Do you mind sharing with us what those events are?

And now it's our annual informational meeting…. we've done is turn it into social night. Again because we want to try and streamline and get some business down at the same time, we unveil

our calendar for the year. We allow for people to sign up to do volunteer things through our organization and the other community events we volunteer for.

We also let them bring in there annual renewal and medical release form that they get from their doctors cause people don't want to mail them, whatever. They can drop them off in person.

Mary: Do you see like different segments of participants in the organization or is there a typical participant?

This is Diane. I mean I would say that our age range is 30 to 85. Personally in seeing the ebb and flow of the organization I frankly see the people that are the most active on a regular basis are the people that prior to a diagnosis were probably not active. And I think again you know we can talk about the fact that I think our median age for participants easily is probably close to 45 or 50. And I would say these are women that were pre-title IX so they never participated in any organized fitness activity or high school sport.

Now members are getting younger because we are getting members that are being diagnosed younger unfortunately.

We don't have a lot of members that you would say are fit iron man. We have women that say the beauty of it is that they're accepted because it's all ages, shapes, sizes and abilities.

Yeah sure it's about the fitness but you know it's about the friendship and the camaraderie of the special connection.

Mary: … an interesting point that if people who stay long term and they're getting all this stuff for free, do you hear anything like that from anybody?

Diane: I think we hear it with a little bit different spin. And I think part of the way we package our message out of really know the school of hard knocks and also just necessity is, and again if

you heard some of the words that I'm using today that I served these women and we served each other. And there's ways that we can serve and give back to the community. And so again one of the things, for instance there are a number of thing that happen throughout the year where we will serve as the volunteer core for a particular event or something. I think the other thing that we have learned in terms of our programming depending on the program and you know and again it's from that whether it's a business sense or whatever it is. That we have asked for a nominal registration fees or deposits to basically get the commitment and accountability.

You know, dovetailing into existing program and then you go as a group. And even if it's a community program the fact that you all show up as a group.

And I think the other thing we've really tried to do with our members is again we deputized. We call them program ambassadors. So I always say that the organization is where member driven and member lead.

Ronnie
"And I think Diane hit on a really important point and I could say the same for Tri-State which is if you look at our virtual members we probably have about 300. But there's probably only about anywhere from 25 to 50 depending on the events, that actually participates in the events on the regular basis."

We try to email everybody on a regular basis. We do monthly newsletters.

[Wendy]:   Hey Ronnie, how did you guys go about recruiting when you first started?
So one thing that we did that I would say probably at least 70% of our membership came from was from local newspapers. My background is in PR so obviously I took that and I pitch the story to all the local papers and we got so much coverage. Every single local paper in the area did a story on us and it was fabulous.

So that's where'd I say most of our recruitment came from. We could do that in the New Jersey area because we have all these local papers. You guys have it a lot tougher cause your competition in that media market is seriously harsh.

Flagship event?

We do about I would say four really key events a year. One is the triathlon, the Danskin or Trek whichever happens to be is more convenient. That's usually here, usually in September. Then we do usually two races, running races a year usually one half marathon and one 5K, the same ones every year. And then we do one fund raising brunch. We don't do a dinner we do a brunch. And at that brunch we used it as a fund raiser but we also used it as a time to get a motivational speaker come in and talk to people. And for that like Dianne said it's the member and then they bring their husbands or their friends or whatever or they can have a nice brunch and then hear a really fabulous speaker. So those are the four things that we usually do.

I find that the triathlon is obviously the most popular. And I think the reason for that is because most women whether they're survivors or not never think that they can actually do a triathlon. But we have a pretty serious training program. So we have a triathlon coach who volunteers his time and trains all our ladies to complete one. So it's more formalized than just go out there and train on your own. So we found that to be really helpful. In conjunction with that, we also do a triathlon training camp which is usually a day or a weekend where we borrow some space from the local gym and they usually just donate the space to us. And then our coach comes in. We used the pool. We go outside and do some biking. We do some running. And we basically just tell them what they're going to expect especially if they're first timers.

And then like I said a 5K which is easy to get a lot of people in. We encourage a lot of walkers so you don't have to be a runner. And then for those who want a more challenging experience we offer them the half marathon and we get all our race registrations for free. Most of the time the race will donate the registrations for us especially if we volunteer for the weekend of the race, help with registration and pre-registration in exchange for some free [registrations].

Segments?

Nobody ever talks about cancer in our classes. And I found that there's pretty much two groups of people. One are really really active members, those who participate in the triathlon and the marathons. I would put them in the younger crowd. I would say they are between mid-20s to mid-40s. And these are the people who they really got the exercise bug. I mean they're competitive. These people are the ones who when we first started the group in 2005 never did a triathlon. Always thought it would be neat to do one. Never actually did one. They did their first sprint and they got hooked. And now they do Olympic and you know they do marathons and they're competitive. And they tack their time. So there's definitely two groups. And then there's the other group of women who's probably range from mid 20 all the way up to 60s.

And they're the ones, they just like to come to class once a week. So our most popular classes are spinning class and our yoga class. And they just come once a week. And they just want to take the class and they want to chow with their friends and they don't want to work too hard but they want to feel like they're moving their bodies and doing something. So I would say that those are the two groups of people.

We also have an online message board. We do it through yahoo group. And basically anybody who is involved with the affiliate can go ahead and log in and talk to each other. And that is a lot of fun. That's used a lot. Like I said the more active participants will talk about hardcore training and then there are some who just want to know do you have a good recipe for green veggies. So that's another good way to engage people without too much time and effort.

Conclusion

Wendy kept looking at all the materials she had acquired as she tried to make TSNYC a success. Maybe she needed to pass the leadership on to someone with more time to devote. Maybe she should take the advice of both classes and hire a paid intern to get everything into good order first. Maybe she should seek help from the national Team Survivor people. She was an Ivy League MBA with excellent health care experience. Where had she gone wrong and how could she turn this around?

Welcome to Team Survivor NYC!

We ask that you please complete this short survey so that we are better able to design and tailor activities for members

Personal Information

Name: _____

Mailing Address: _____

E-mail: _____

Phone: _____

What is the preferred method of communicating activities and events with you?

Interests and Goals for Participation

What kinds of activities would you be most likely to participate in with Team Survivor NYC (walking, running, cycling, yoga, triathlon training, swimming, etc.)?

_____

What are your fitness or other goals for participation in Team Survivor NYC?

_____

_____

Are there any other particular events or activities that you would like Team Survivor NYC to organize (guest speakers, clinics, etc.)?

_____

Are you interested in fundraising or otherwise volunteering your time to organizing and expanding Team Survivor NYC activities?

_____

If so, approximately how many hours per week are you available?

_____

What other information do you want to provide?

_____

_____

_____

Introduction

Welcome to Team Survivor! We are so pleased that you will be launching Team Survivor activities in your area and are confident that you will find it a fun and rewarding venture.

These materials are designed to be used by individuals who are starting local Team Survivor programs in their area. They include detailed information on program development and management and organizational issues.

If you have not reviewed the introductory startup materials provided by Team Survivor, please do so before using this guidebook.

Background/History of Team Survivor

Team Survivor was founded in 1995, in conjunction with the Danskin Women's Triathlon Series. Sally Edwards, National Spokeswoman for that Series, believed that women dealing with cancer would benefit both physically and emotionally from tackling a significant fitness challenge. She conceived of the idea of creating "teams" of breast cancer survivors to participate in the Danskin Women's Triathlon Series. Her goal was to honor cancer survivors, build cancer awareness and put a face on the Official Series Charity, The Susan G. Komen Breast Cancer Foundation. Sally brought her idea to Maggie Sullivan, VP of Sports Marketing at Danskin and Director of the Danskin Women's Triathlon Series, who agreed to support those teams. Cancer survivors together with their coaches, doctors and other volunteers spread the word of this innovative exercise program called Team Survivor. Sixty women across the country participated in the first Danskin Team Survivor program in 1995, with the first team beginning in Austin, Texas.

During the training for the 1995 event, National Coach Lisa Talbott and Seattle Team Physician Julie Gralow, M.D. met numerous women who wanted to exercise but needed more support than a 3-4 month triathlon training program could provide. Lisa and Julie decided to create year-round exercise programs that would give women with **any type of cancer** a safe place to recover physically from their treatments and surgeries. Together with the help of the University of Washington Cancer Center they founded the nonprofit organization Team Survivor Northwest. This project was created with the enthusiasm and help of numerous volunteers from the cancer, medical and fitness communities. It was designed to promote regular exercise, new and challenging physical goals, emotional and social support, and an emphasis on wellness. Over the next five years, Team Survivor Northwest helped other Team Survivor groups form around the U.S.

In 2001, the National Association of Team Survivor (NATS) was formed to assist Team Survivor groups to begin, grow and maintain. The intention informing the National Association was to ensure protection of the Team Survivor name and program quality and to formalize the process of assisting Team Survivor groups to form and help one another. It is our hope that some day every woman who seeks participation in a Team Survivor program will have that opportunity.

Mission of Team Survivor

The mission of Team Survivor is to enable women with a past or present diagnosis of cancer to take an active role in their health and well-being.

The **National Association of Team Survivor** provides training and support for local Team Survivor organizations and promotes the concept of cancer wellness through exercise and physical activity across the country.

Top Drawer Soccer:

Can a Startup Score Points with User Information?

By:

Seth Burleigh, California State University, Northridge

Kristen Walker, California State University, Northridge

Mary Curren, California State University, Northridge

Sean Keyani, California State University, Northridge

I have faith in my management team at Top Drawer Soccer; it's just that we cannot continue like this anymore. When we bought this website, it was not in as great a shape as it is now, but we should still have improvement plans. Continuing to pour capital into TDS will not be an option very soon. I expect us to come up with a plan and improve the way we collect user data and generate revenue for this company. We should make this website profitable. – Joseph*,* CEO Top Drawer Soccer

Seth, Vice President of Operations at Top Drawer Soccer (TDS), was frustrated. His attempts to improve TDS's website and data collection strategies were hitting a wall. TDS needed to collect more details from users/subscribers to be able to segment effectively. The next day he would only have 30 minutes to convince Joe to adopt his plan to improve user data collection. He had to

take into account that when a site requires users to provide many personal data points, it may cause them to abandon personal data sharing altogether. Seth's improvement plan had to be achievable and effective or his plan wouldn't be adopted and he would lose credibility. Will improving TDS's website actually encourage users to provide data? Seth needed to answer that question based on his experience with the company, the constantly changing technology, and ultimately the guidelines and restrictions on the collection and use of consumer data.

Company Background

As of 2011, Top Drawer Soccer (TDS) was the only online destination for club and college soccer news, scores, schedules, rankings, and analysis. The website also had recruiting features and tools for youth players (ages 14-18) aspiring to play soccer in college (after age 18). Joseph Konowiecki bought the website from its original owner in 2008. Like most start-up websites, TDS began simply. The original TDS was like a starter home, or as Seth described it, "The site architecture, like the home's design, the backend, like the structure of the walls and electrical wiring, and the frontend, everything visible to the homeowner, was basic, nothing was too complicated." The goal for TDS had been to become a profitable website within three years. After three years TDS was not yet profitable.

Typical of many start-up companies, the staff was youthful, and originally consisted of only three people, two of whom were under 25. Funds were tight, and everyone fulfilled multiple roles. The CEO of TDS was Joseph Konowiecki, a successful lawyer and healthcare executive turned entrepreneur.

Similar to other start-ups, the first iteration of the website was short-lived. Less than five months after the new site launched, a redesign was already in the works with a more user-friendly layout. Another redesign followed less than a year later with improved navigation menus and new features including college standings and more robust rankings. After yet another redesign (the third since launch) TDS has stretched its current platform to its limits with complicated hacks and unconventional modifications. Because TDS had evolved so quickly and changed so often in

such a short period of time, its programmers never had time to properly "clean-up" the system before moving to the next project. Thus, the site had become bloated, the code was messy, and TDS programmers said if any further changes were to be made, a major overhaul would be required. Marketing strategies were focused on acquiring users.

Initial growth: 2008 to 2011

TDS experienced modest website traffic and revenue growth from 2008–2011, but struggled to build a big enough audience in its niche market to generate any significant revenue (See Appendix A). The website had established a foothold in the space, with few viable competitors, but still struggled to attain a sufficient audience base.

Partnering with NSCAA: Late 2010, Early 2011 NSCAA Partnership Drives Site Change

Toward the end of its initial growth (late 2010/early 2011), TDS had strengthened its relationship with the National Soccer Coaches Association of America (NSCAA)–the largest coaching organization in America. Unhappy with its technology partner for its national college soccer scoreboard, NSCAA approached TDS about collaborating to create a new one.

The opportunity was undeniable: partnering exclusively with the NSCAA on the college scoreboard provided a competitive advantage that no other website would be able to duplicate. This partnership would expose TDS to an audience they had struggled to capture and could be the catalyst for the growth it desperately needed. TDS would have direct access to thousands of college coaches and their programs, and tons of data to create new features. Additionally, because the NSCAA would be financially invested, they would be equally focused on its success. Lastly, TDS would benefit tremendously from the SEO (Search Engine Optimization) opportunities that having a vast amount of college team and player data would provide by allowing programmers to create highly shareable content (an important element in SEO) and college athletics relevant content. However, creating the scoreboard would be challenging.

Scalability and Maintenance, Not User Experience

Ideally, a healthy website should be built in such a way that it can be expanded easily as business needs require. TDS was originally built using PHP (a type of programming language) and Joomla, a free content management system (CMS). A CMS allows the site administrator to input all information, such as articles, pictures, and other data that appear on the site. The administrator does not actually program, rather he uses pre-designed interfaces that allow non-programmers to manage the site content. Additional programming "underneath" the CMS translates the administrator's actions into the final product on the public website. PHP is great for content-only sites (i.e., those with articles, pictures, galleries), but is not ideal for database-driven sites like TDS's with its myriad rankings, player and team profiles, and scores. TDS needed to make the new scoreboard successful for its end users and allow colleges to input the necessary information to make the scoreboard useful for the college soccer community. Hacking Joomla, as it had for the last three years, was no longer an option. The programmers recommended a rebuild from scratch using Java, a programming language capable of more advanced features. While it would take six to nine months to create a proprietary system, the resulting platform would better support current features, enable the scoreboard to function correctly, and allow further enhancements (e.g., improving page loading time and fixing bugs faster).

Becoming Data-Rich: More Data, Better Data

After inking a major partnership with the largest soccer coaching association in the nation in early 2011, TopDrawerSoccer.com (TDS) was poised to become the official college soccer scoreboard—a service it would provide for over 2500 college soccer teams. However, the current website was not very well equipped to handle the influx of data that would be entered by college admins and coaches and accessed by tens of thousands of college soccer fans per day. VP of Operations, Seth Burleigh, knew that recoding the entire site might take too long for this college soccer season; however, it was possible to have the user registration system completed by July 1. Seth had to decide which fields to include on the new user registration page to collect sufficient data for TDS to generate revenue and provide Director of Sales, Ron Dvorkin, with a compelling sales tool without creating a negative user experience.

Marketing

Aside from the internal staff who focused on direct marketing to industry contacts and community forums, and email newsletters to TDS users, TDS did not spend much money on marketing or advertising activities (See Appendix A for budget details). Because TDS was a website without a tangible product to sell, staff did not purchase Google or Facebook ads online. While purchasing ads could have increased brand exposure, Seth and Marketing Director, Max, determined that the return on investment (ROI) for more visits/traffic to the website was not justified by the cost of those advertising methods. TDS sent staff or freelance writers and occasionally a videographer to the most popular soccer events nationwide to provide editorial and video coverage of major youth soccer events.

User Experience and Generating Revenue

Monetizing a content-based website (versus an e-commerce site) was difficult without significant traffic (see Appendix B). Traditionally, websites only implemented banner ads that generated minimal revenue without significant scale. Some websites found creative ways to generate revenue through content or feature sponsorships, while others placed content behind a paywall, only accessible to those who paid for access (e.g., *Wall Street Journal* or *Harvard Business Review*). Some even sold products alongside their regular content through affiliate relationships with larger ecommerce platforms such as Amazon or small ecommerce stores built into their sites. Other sites sold their data (directly or indirectly) for third-party marketing purposes.

TDS had two sources of revenue—digital advertising (traditional banner ads, site sponsorships, email blasts, and social media integrations) and subscriptions. The two subscription options were a monthly plan for $4.95 and an annual plan for $49.95. Both plans automatically renewed each month or year unless the customer notified TDS that he or she wanted the subscription cancelled.

The TDS sales process started with Ron closing the sale and then passing the management on to Jennifer (Account Manager) and Seth. While Jen managed most of the campaign, Seth was

involved in certain elements that required more technical expertise and campaigns that had an email component requiring the use of the TDS email database. Seth and Jen did not have any influence over the prices charged to clients, regardless of current industry trends and market prices.

Banner Ads

Banner ads are a common form of website advertising. These ads are typically placed at the top of each page and along the left or right side (sometimes both) of a website and come in several different sizes depending on the location on the web page (See Exhibit 1). Websites earn revenue based on a CPM (cost per one-thousand impressions), CPC (cost per click), or CPA (cost per action) model. A $1 CPM rate means that a website earned $1 for every 1000 banner impressions served to users. CPM rates typically fall into the $5-8 range, but vary significantly based on the advertiser, website, and industry. CPM rates could be as low as $0.50 or as high as $12. Its niche audience (i.e., mostly parents of high school, club, or college soccer players) enables TDS to earn CPMs in the $10-15 range. TDS earns $20 CPM for site takeovers, which occurs when one advertiser purchases all the available banner inventory for a given time period.

Site Sponsorships

Advertisers who want more exposure or who want to be associated with certain higher profile or unique features pay more to have special graphics or naming rights surrounding specific elements of the site. These sponsorships are typically based on a flat fee and often include other digital advertising assets (banner ads and email blasts) to enhance the overall sponsorship (See Exhibit 2).

EXHIBIT 1: Banner advertisement sample

Source: TDS internal company records

EXHIBIT 2: Sponsorship

Source: TDS internal company records

Email Blasts

Email was one of the earliest forms of electronic communication and remains in high demand by advertisers for its potentially more personalized and targeted format. Email lists cost more to rent from list brokers than do traditional mail order (i.e., direct mail addresses) lists, typically as much as $85/CPM. For example, an email list of 60,000 emails at $85/CPM could cost $5,100 to rent for a one-time use. Of course, companies with their own internal email database of users can charge any price they want and send to those users who have explicitly opted-in to promotional messages; many charge significantly less than the going market rate.

EXHIBIT 3:

eblast sample (Inclusive)

Source: TDS internal company records

EXHIBIT 3: eblast sample (exclusive)

Source: TDS internal company records

TDS was one such company that did not charge the market rate for use of its email database. In fact, it often charged 80%-90% less than the market rate or gave clients free e-blasts (either inclusive or exclusive) as a way to close the sale.

Inclusive means an advertiser could include its graphics in one of TDS' email newsletters that went several times a week to its email database. Exclusive means that the advertiser received its own email blast with a unique message and graphics sent on a day that TDS did not send a regular email newsletter; thus, justifiably warranting a higher charge to the advertiser (See Exhibit 3).

Social Media Integration

Advertisers often purchased Facebook posts or Twitter mentions as part of their entire package with the goal of reaching TDS' highly engaged audience.

Subscriptions

Some TDS users paid an annual subscription fee for access to exclusive features on the site; mainly part of the site that was used as recruiting tools. Paying users also received access to content such as rankings, analysis, and content otherwise unique to TDS (i.e., content not readily available elsewhere).

Resources

Office Space

TDS leased a 1500 sq. ft. office in a downtown Long Beach office building and provided free parking to all employees.

Human Resources

(See Appendix C for organizational chart of TDS)

Seth Burleigh – Vice President of Operations

Seth managed all aspects of the website and internal operations pertaining to the website. He interfaced with the development team in Romania, worked with the graphic designer on site features, handled all customer support inquires, updated the site with new content daily, configured and managed all email marketing, and maintained the subscription element of TDS. Seth also managed all internal IT needs (procuring new computers, troubleshooting basic computer problems, managing all employee email accounts, etc.)

Seth handled almost everything internal to the company, including project management, subscription program support, website maintenance, content editor and customer support. He constantly focused on the user experience, which included, but was not limited to, ensuring information was easy to find and interpret, creating a clear and logical flow when users entered information, finding and fixing errors, and maintaining website performance and speed. He also made sure that the content staff had the necessary tools to perform optimally and supported them to maintain editorial consistency and efficiency.

Seth believed in making fact-based decisions. He referenced site data, industry trends, and used customer feedback to make decisions on projects and improvements to the website. Recoding the site was his biggest management project to date, and he worked diligently with programmers to ensure each element would be recoded and designed to the specifications outlined.

> *I have faith that TDS will become profitable; we have a wonderful team and loyal users. I am confident we will eventually succeed. I believe we need a little more capital investment and a comprehensive plan. We are on the right track to build a trustworthy, competitive, and profitable website, and eventually, the big boys will beg us to sell them this site. That is when we have reached our goal and we can come up with a plan for a new startup, take on the next challenge, and ace it.*

Ron Dvorkin – Director of Sales

Ron single-handedly generated the majority of revenue for TDS through advertising packages sold to endemic advertisers (i.e., clients in the soccer industry–camps, tournaments, products, etc.). He did not handle major clients such as Nike, Gatorade, or Under Armour who are participants in the soccer industry.

Ron was older than most of the staff and much less tech-savvy (for example, he did not know what Google was when he started at TDS). He hailed from the east coast and had a hustler attitude. Ron was willing to do almost anything to get a sale closed—including slashing prices or adding more impressions for free. He could be very emotional with his requests or opinions. In an internal meeting Ron said:

> *I get things done fast, and I get them done right the first time. If you ask anyone in this office, they pretend to know sales and customer acquisition and retention, but I am not sure if any of them really do. I have been doing this for years; these kids were not even on this planet when I became a professional in this field. What I say is very simple but very effective. I say it does not matter what you are selling, if you are a good salesperson, you find the leads; you do your homework well, approach them with confidence, and close the deal in a sec. These kids sometimes tell me I delete my emails by mistake and I tell them, what's the big deal? I can bring money in that pays our salaries; can you really do what I do?*

Ron respected Seth as a peer and Joseph as the CEO/Owner of the business, but had no fear voicing his concerns about the business:

> *Seth is a good and smart kid, but sometimes I feel Seth and Joe are choking this business; I have shared this with them too. The startup companies do not make a ton of profits in the first few years. I have been around long enough to know that. This business needs more money in so it can generate more revenue, and the solution is not to pay those guys overseas to clean the website or to set up a system that gets more email addresses from the users. We need to physically be*

more present in the market, hire more professional sellers and relationship

builders and increase revenue, that's where the additional money should go.

What else do we need? The right commodity to sell: quality user data that could

be segmented properly and easily, our customers don't want to waste their

resources on people who are not their target market. These are the ABCs of

marketing.

Max – Marketing Director

Max was responsible for all non-endemic sales (i.e., sales with non-soccer-specific companies). He also managed most of the marketing.

Joseph – CEO

Despite being the CEO, Joseph had become much less involved after moving to the new office in 2011. He owned other companies and started to devote more time to those than to TDS. Max, Seth, and Ron reported directly to Joseph, but managed the company's day-to-day operations. Joseph has said:

I believe we need to think and act more strategically, and this business needs

to, for lack of a better expression, grow up! I have shared my vision with my

team here numerous times: our goal is for TDS to become the leading source

of information for soccer fans in the United States. Being a leader in this

environment is not something that comes easy. We have worked long and hard

to get here and we need to work smarter and more strategically to get to where

we should be. We will make this website profitable without being too greedy

about collecting user data; it's a fine line.

Outsourcing: TDS did not keep all functions in-house: it outsourced web development, accounting, and legal functions. Web development was handled by a firm in Romania that was paid a retainer for one full-time programmer. Payroll, accounts receivables, and accounts payable

were handled by a third-party accounting firm paid annually for its services. When legal counsel was needed, usually pertaining to intellectual property, TDS used an outside firm specializing in intellectual property.

Competition for Digital Soccer Audiences

While TDS had direct competitors, no soccer website could match the size of TDS' audience. Here, we briefly discuss two websites that share some features with TDS:

Soccer America (www.socceramerica.com)

Soccer America had both a print magazine and a website. It provides some college news, Top 25 college team rankings, and scores for a very limited number of games each week for men's and women's college soccer. Historically, it was the most referenced source of college and youth soccer, but had lost popularity. Soccer America also covered the men's and women's National Teams and parts of American professional soccer.

College Soccer News (www.collegesoccernews.com)

College Soccer News provided news, weekly Top 30 team rankings, and some scores for men's college soccer only. It also provided youth player rankings for high school juniors and seniors. Although it had been around since 2001, it did not have TDS' presence or clout within the college soccer community.

Online User Data Collection Guidelines

In 2015, the Federal Trade Commission provided guidelines for businesses in how to collect, handle, store and process consumer information. In its "Start with Security" guide for business based on lessons learned from FTC cases, the FTC recommended only collecting necessary personal information so that you limit what's at risk of being stolen. FTC's guidance to reduce a company's risk was organized around these 10 lessons:

1. *Start with security.*

2. *Control access to data sensibly.*

3. *Require secure passwords and authentication.*

4. *Store sensitive personal information securely and protect it during transmission.*

5. *Segment your network and monitor who's trying to get in and out.*

6. *Secure remote access to your network.*

7. *Apply sound security practices when developing new products.*

8. *Make sure your service providers implement reasonable security measures.*

9. *Put procedures in place to keep your security current and address vulnerabilities that may arise.*

10. *Secure paper, physical media, and devices.*

Source: https://www.ftc.gov/system/files/documents/plain-language/pdf0205-startwithsecurity.pdf (p.3)

Regulatory Environment: What is CAN-SPAM Law?

TDS operations are subject to many regulations. One important regulation is CAN-SPAM—Controlling the Assault of Non-Solicited Pornography and Marketing Act. The CAN-SPAM law requires all emails to provide an explicit choice for consumers to unsubscribe. U.S. Congress passed this law in 2003 to mitigate the risk of receiving unsolicited emails. According to the FTC website, the law bans false or misleading header information, prohibits deceptive subject lines, and requires emails to explicitly provide an opt-out method. Senders who receive an opt-out request have 10 business days to stop sending emails to requestor's email address. The CAN-SPAM law also requires that commercial email be identified as an advertisement and show the sender's physical postal address (The United States Federal Trade Comission, 2006).

How Much User Information? Culling Data without Creepiness

Director of Sales, Ron Dvorkin, frustrated with the lack of user demographic data to better segment email marketing campaigns for advertising clients, frequently argued with Seth about data usage best practices, the potential consequences of violating CAN-SPAM laws, and the ethical implications of using the user database for sales-related email blasts. However, both knew the significance that the user database played in securing potential advertisers for the website and the value of such a database.

When designing the new website, specifically the user registration page, Seth researched best practices and learned that the more friction users experienced from start to finish (e.g., the more fields they had to complete), the less likely they would be to voluntarily complete the form. In fact, according to research conducted in 2013 by Forrester, 11% of adults have abandoned a purchase form because it asked for too much information. While the TDS form was not a purchase form, industry research still recommended only requesting necessary user information (Sheldon, 2012).

Marketers have increasingly turned to email to communicate specific messages with unique audiences that were previously unavailable due to the high costs (specifically printing and postage) of direct mail marketing. Companies can sell user email information to list brokers or directly to clients for as much as $150 per thousand email addresses. They can also charge fees for additional targeting within the complete list, such as age, sex, or zip code (DM Carney Direct Marketing, n.d.).

In management discussions about redesigning the entire TDS site, everyone recognized it as an opportunity to collect more user information for marketing purposes. Ron's position was that TDS should collect extensive user information so that he could segment the list better for potential clients. Seth worried that asking for more information might hurt the user experience and had recently familiarized himself with the FTC guidelines regarding the collection, handling, storing and processing of consumer information.

Seth's Presentation Tomorrow: To Collect or Not to Collect?

Seth has to develop and present a plan to improve user data collection, determining what 'necessary' information TDS should collect. Technically, the only information TDS needs from its users to create an account is an email address and a password. Seth wonders whether TDS should request that users provide additional personal statistics such as age, gender, education level, location (zip code), ethnicity, race and family size. He's not sure how much personal information is too much to request. How much personal information can be gathered without losing potential users? Seth also knows that he must consider whether TDS could become profitable without changing. Seth is considering:

- If TDS creates a new form, how much and what type of user information should TDS request?
- Will a richer user profile enable TDS to package, rent and/or sell the information for more revenue?
- Are there ethical concerns that are being ignored about gathering, storing, and selling user information?
-

APPENDIX A : Balance sheet of TDS in 2011 (in USD)

TDS Profit and Loss Sheet	
AQCxFIByb2Z AQAAAAkFAS	**Jan - Dec 11**
Income	
Advertising Income	$ 297,193.31
Fees	$ 56,944.43
Other Income	$ 1,000.00
Subscription Income	$ 62,624.87
Total Income	$ 417,762.61
Gross Profit	$ 417,762.61
Expense	

GENERAL & ADMINISTRATIVE

Bank and ADP Payroll Charges	$	9,752.04
Computer & Internet Expense	$	9,891.08
Insurance Expense	$	41,514.60
Legal Fees	$	6,388.05
Office Expense	$	50,464.86
Professional Fees	$	30,000.00
Rent Expense	$	65,283.73
Tax Expense	$	1,898.02
Telephone	$	17,029.90
Total GENERAL & ADMINISTRATIVE	$	232,222.28

LABOR COSTS

Outside Services	$	322,385.52
Payroll Tax Expense	$	44,938.49
Salary Expense ADP	$	496,665.36
Total LABOR COSTS	$	863,989.37

PROGRAM EXPENSES

Baltimore Tradeshow 01/2011	$	14,260.69
Europe Tour	$	(27,540.64)
PDL Expenses	$	30,295.96

Philadelphia Tradeshow 1/2010	$	1,223.02
Production Expense	$	13,291.00
Scouting Expense	$	9,382.16
Soccer Broadcast Expense	$	2,595.00
Soccer Showcase	$	1,110.00
Total PROGRAM EXPENSES	$	44,617.19
SELLING EXPENSE		
Advertising & Promotion	$	36,826.24
Meals & Entertainment	$	114.93
Trade Show	$	9,603.33
Travel Expense	$	19,420.58
Total SELLING EXPENSE	$	65,965.08
Total Expense		$ 1,206,793.92
Net Income		**$ (789,031.31)**

Source: TDS internal company records

APPENDIX B: Traffic, revenue and page visit information

Traffic historical information of TDS

Year	Visits	Unique Visits	Page views	Revenue
2008	442,453	174,938	2,687,451	$ 75,006

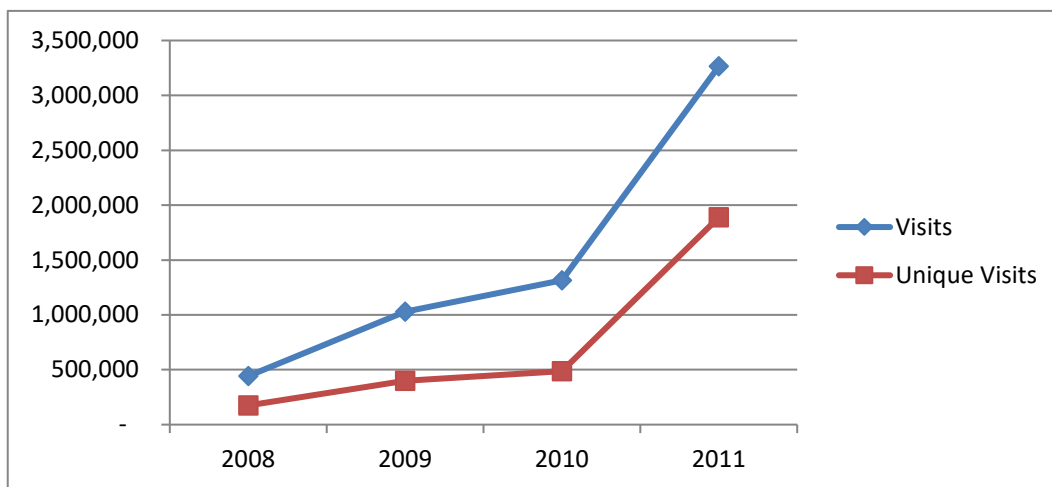|					
2009	1,030,120	399,733	6,301,806	$	201,475
2010	1,315,819	487,685	7,290,842	$	376,874
2011	3,264,065	1,888,514	14,321,093	$	417,763

Source: TDS internal company records

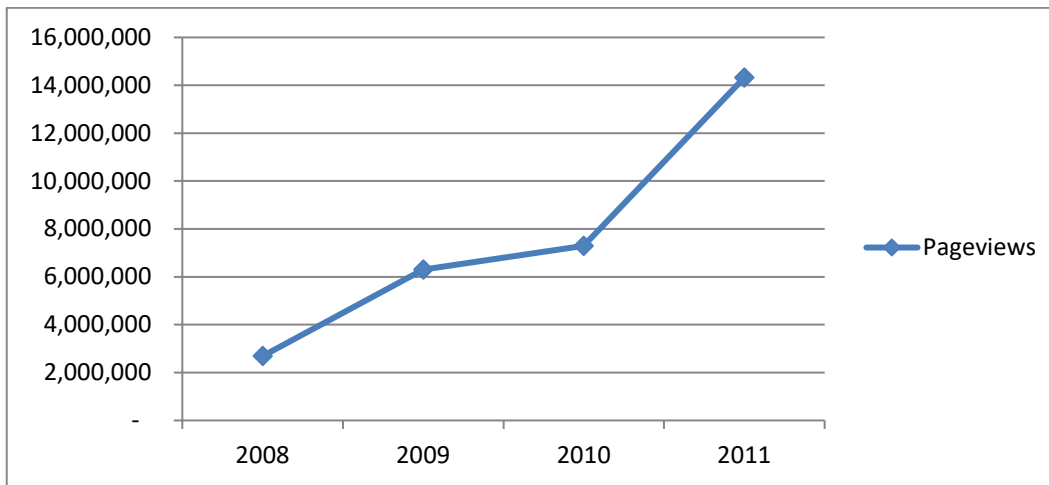### Revenue historical information of TDS
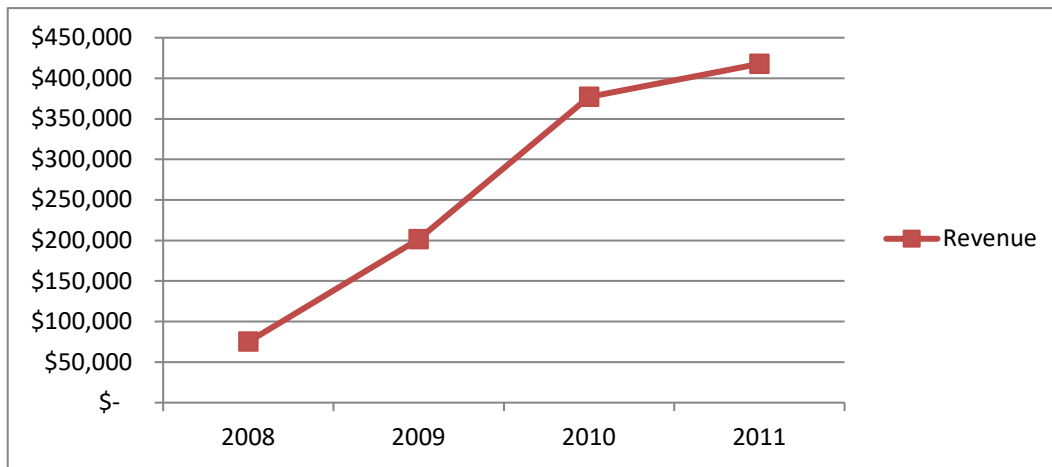
Source: TDS internal company records

Page visit historical information of TDS
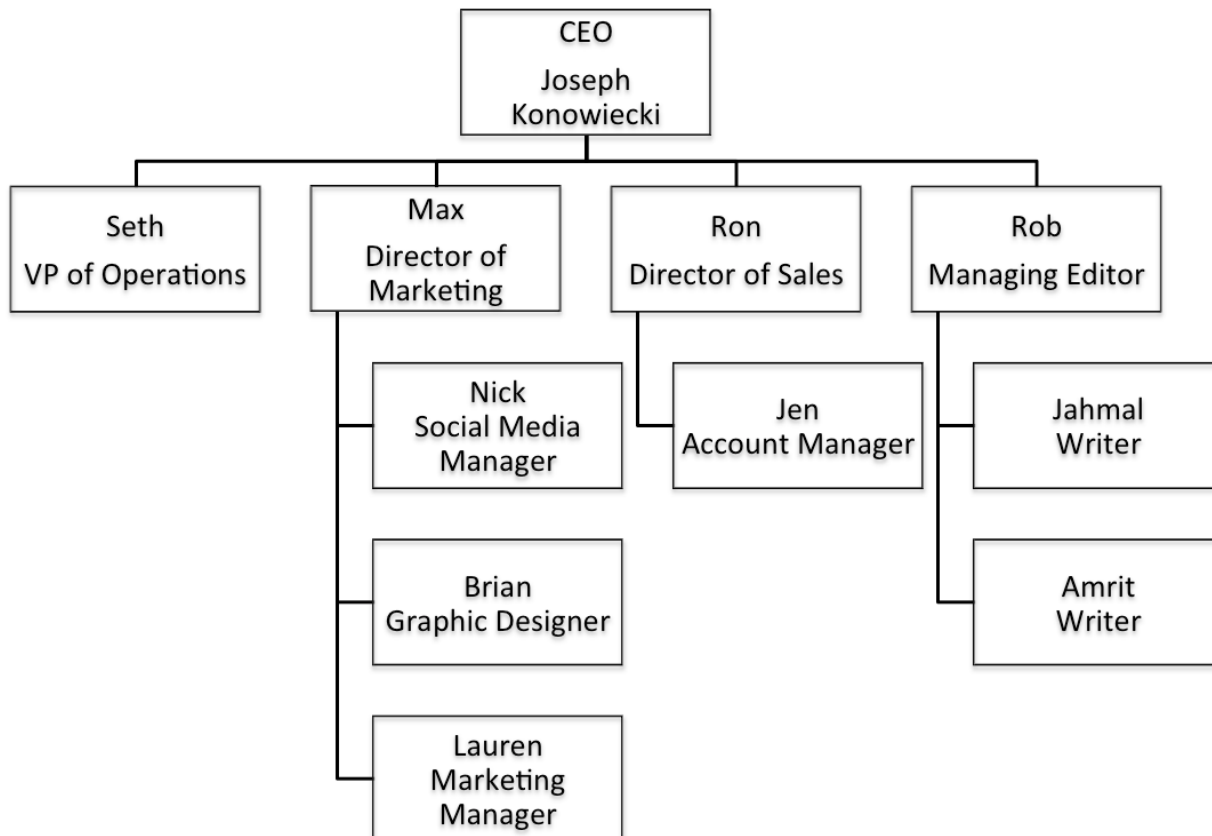

Source: TDS internal company records

Page views historical information of TDS

Source: TDS internal company records

APPENDIX C: Organizational Chart

Source: TDS internal company records

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