

## How to Achieve Direct Marketing Success

By Pamela Lockard

As a direct marketing agency owner, marketing groups often ask me to speak about the strategies we use here at DMN3 to help our clients succeed with direct marketing. I always tell them I don't have a silver bullet, but there are basic, tried-and-true methods that can increase the odds of success.

If we look at what our direct marketing peers have said in a study by the Direct Marketing Association, we see a ranking of the types of activities they find to be most important to success. Priorities are different for consumer and business-to-business marketers in this study<sup>1</sup>.

With consumer marketers, "Testing and Tracking" ranks as the most important activity. This isn't surprising, because consumer mailings are usually larger and produce vast amounts of results data. It's proven that the larger the numbers, the more reliable the results, so consumer marketers bank on this advantage by testing the offer, the creative, the copy, the lists – any and all elements – to learn what works best before the rollout budget is spent.

### Top Nine Activities Viewed as "Very Important to Marketing Success"

#### Consumer Marketers

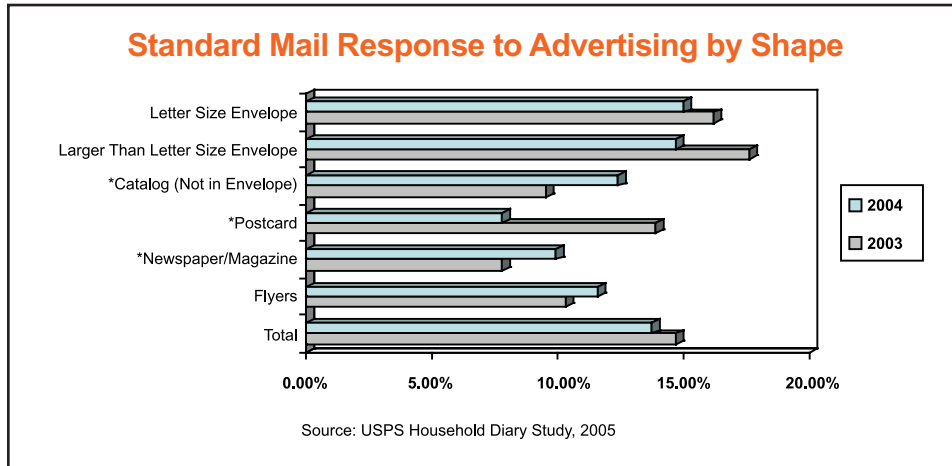
#### Business Marketers

VERY IMPORTANT	Percent	VERY IMPORTANT	Percent
Testing and Tracking	83%	Access to New Prospect Names	72%
Access to New Prospect Names	69%	Customer Segmentation	63%
Customer Segmentation	64%	Accurately Budgeting Company Performance	63%
Ability to Forecast Campaign Results	63%	Testing and Tracking	62%
Accurately Budgeting Company Performance	61%	Ability to Introduce New Products/Services	62%
Campaign Management	59%	Campaign Management	60%
Ability to Introduce New Products/Services	58%	Ability to Measure ROI on Each Offline Campaign	47%
Ability to Measure ROI on Each Offline Campaign	58%	Ability to Forecast Campaign Results	40%
Ability to Measure ROI on Each Online Campaign	48%	Ability to Measure ROI on Each Online Campaign	40%

"Access to New Prospect Names" and "Customer Segmentation" are near the top for both consumer and business marketers. It's easy to see why finding new customers is important, but why is list segmentation near the top? Because 1) knowing your target audience (in all it's colors) allows you to tailor everything – from creative, to offer, to how often to mail, and 2) getting results data in segments provides the basis for highly targeted strategy going forward.

## Trends in the Mail

It's important to keep an eye on your own mailbox, because what worked last year may not be as successful now. If you see the big mailers following a trend, it may mean that from a payout or ROI standpoint, one approach may be getting better response. The following information is from a large study by the U.S. Postal Service in 2005, measuring response to advertising by the shape and size of the mailer<sup>2</sup>.



This chart shows how the shape and type of mailers changed in two years, 2003 through 2004. The percentage of change wasn't that noticeable except for postcards –dropping more than 5%. There was a smaller decrease in letter size envelopes, but at more than 15% of the mail, this still shows to be a trusted format among advertisers. The largest surge was for self-mailer catalogs. If you're a catalog buyer like me, you've witnessed this trend in your own mailbox.

## Acquisition

These days, it's getting harder and harder to get new prospects to try you out. Offering a free trial is a great way to acquire new customers, and it's a great way for you to begin the relationship.

In an annual acquisition campaign for the Houston Symphony, DMN3 delivered free ticket offers to prospects via postal mail.

Acquisition goals included:

- Deliver compelling offer
- Promote action and drive traffic
- Give immediate gratification offers
- Encourage trial and maximize response
- Enhance data with findings
- Refine future marketing
- Increase response via the web



This program has worked well two years running, with a profitable percentage of those who use their free ticket voucher coming back for future shows.

### Test to Improve ROI

In this same Houston Symphony campaign, we tested two creative approaches – and witnessed a 20% difference in response between the two. It’s important to test on an ongoing basis if you want to hit home runs. Testing will help you refine future mailings for higher ROI.



### Use Promotions to Increase ROI

Because it’s harder and harder to get response, promotions have become an essential foundation for any direct marketing campaign. This is especially true if your target audience is “hard to reach,” such as college students who are always on the move. Guerilla promotions work because the audience self-selects.

### Be Seen and Heard!

High impact promotions engage the audience, provide multiple touch points, and generate awareness and consideration. When creating a guerilla campaign, use an integrated approach, such as:

- Special events
- Location merchandising
- Product placement advertising
- Non-traditional marketing



## Getting Creative!

In a direct marketing campaign targeting college students for Wilmington Trust, guerilla promotions were used:

- Vehicle graphics
- Free pizza + tee shirts
- iPod giveaway
- Ads in school publications
- Bulletin board flyers



Multiple touch points ensure awareness, and increase direct marketing response and ROI.

## Co-Marketing is a Win-Win

With tight budgets in marketing today, co-marketing is great way to improve reach and return on investment. DMN3 client, Reliant Energy, co-markets with other businesses and nonprofit organizations like the Houston Symphony, the Houston Zoo, the Houston Livestock Show and Rodeo.

It's a win for Reliant Energy to bring valuable offers to customers, and a win for these organizations to reach large new universes of consumers to create trial. By providing its customers with special discounts for events, Reliant Energy delivers extra value and good will.



## Be Proactive!

Co-marketing is an affordable way for both sides to gain higher exposure. Be proactive in approaching organizations that share the same target audience, and develop relationships and co-offers that will be mutually beneficial.

## Retain Your Loyal Customers

If you want successful marketing, you have to work to keep the customers you already have. Look for ways to thank your customers at least once per year, with no strings attached.

To maximize response, use a proven retention strategy:

- Develop a communication continuum
- Surprise and delight
- Say “Thank You”
- Provide valuable incentives

In a retention program for Reliant Energy business customers, DMN delivered a quarterly newsletter with discounts and news stories from other member businesses.



## Summary: A Formula for Success

There are key steps to take for direct marketing success. You have to spend time up front to enhance the campaign and bring value to the prospect or customer. You have to consider and build in more than one tactic if you want to be successful. It's important to test, otherwise you'll never know if you're leaving money on the table. And on the back end, it doesn't do any good to test if you're not continually adjusting your strategy based on test results.

Here's a helpful list to use to plan your next (successful!) direct marketing campaign:

- Plan and spend up-front time on strategy
- Use an integrated approach (more than one tactic)
- Test, test, test
- Partner to expand reach and build a larger universe
- Think outside the box

*Pam Lockard is president of DMN3, a full-service marketing agency based in Houston, TX. For help in planning intelligent, effective, measurable marketing campaigns, think of DMN3. It's what we do. [www.dmn3.com](http://www.dmn3.com).*

## Resources:

<sup>1</sup> The DMA Customer Retention Report, Direct Marketing Association, 2005.

<sup>2</sup> USPS Household Diary Study, United States Postal Service, 2005.