

The Best, or Else. Водещи насоки по Проекта, съобразно Commonsense Direct & Digital Marketing на Drayton Bird

‘THE WAY WE DEFINE WHAT WE DO DETERMINES WHAT WE DO’

Digital Marketing: Marketing in which messages are sent using a medium that depends on digital transmission. Whatever fancy name you like, to succeed online or digitally you must simply practice accelerated Direct Marketing.

The Internet, by far the most significant digital medium, is not just advertising. It's near-perfect Direct Marketing medium because it involves a two-way exchange between user and provider of a service or product. In that respect it is like the telephone, a powerful Direct Medium, whether fixed or mobile.

All other media depend upon the user being for whatever reason where advertisers display the messages, or where they can reach him. One reads a newspaper – he sees the advertisements. One watches television – he sees commercials. One walks down the street – he sees posters. When he gets his mail, he finds direct advertisements. And sometimes when he picks up the phone, someone tries to sell him something.

Some messages will be timely and relevant – but very few. Most will be money down the drain for the marketer. Because unless it's Saturday night, your pipes have frozen, the house is flooding and you go through the pile of door drops looking for the plumber's leaflet, you don't necessarily want to be exposed to advertising messages. You are a passive recipient. Advertisers must work to reach you. And they often should make costly, ill-informed assumptions on whether you are in the market, when you will respond, or what will persuade you to respond.

Contents

The Uniqueness of the Internet.....	7
The Sameness of the Internet	7
GETTING IT RIGHT FROM THE START – SEVEN THINGS YOU MUST ASK YOURSELF ABOUT YOUR SITE	7
1. Why a website?	7
2. Who are your customers, and who do you want to attract to your site?	7
3. What do you want your site to do for you?	8
Five critical objectives.....	8
Four practical benefits	8
4. What draws people to a site?	8
Be quick: people are impatient.....	9
Amazon: the perfect balance.....	9
5. What keeps people on a site, and what persuades them while they are there?	10
6. What makes people return to a site – and reply?.....	10
7. You give people something – what can you get in return?.....	11
How you ‘give people what they want’	13
The perfect place for selling	13
What your site must deliver	13
A-Z OF BUILDING AND MANAGING A WEBSITE.....	14
YOU HAVE A FANTASTIC SITE – WHAT NEXT?	15
The most common mistake	16
DON’T BE BAMBOOZLED: COMMONSENSE ONLINE TECHNIQUES	16
Driving visitors to your site: the online effectiveness hierarchy	17
1 RSS	17
2 SEO	18
3 Affiliates	18
4 Pay-per-click.....	19
5 Viral marketing	20
6 Affiliate networks	20
7 E-mail marketing.....	21
8 Online advertising.....	21
HOW YOUR TRAFFIC HELPS IMPROVE YOUR AIM	22
Your unfair advantage	22

Beware of too much information	22
The curse of GIGO.....	23
‘If you can’t measure it, you can’t manage it’	23
JUST A REMINDER: IT’S ACCELERATED DIRECT MARKETING	23
A little experiment: new versus old.....	24
Old friends in disguise.....	24
Your website = your catalogue	24
1 Give people what they want.....	24
What online can do better.....	24
2 Lure people in with enticing offers.....	24
3 Make browsing a pleasure.....	24
4 Signpost things clearly	25
5 Sell more while they’re browsing	25
6 Keep in touch.....	26
7 Do a thorough selling job.....	26
Your weblogs = your transactional database	27
Your affiliates = your agents or resellers	27
Pay per click = classified ads	27
Banner ads = direct response ads.....	27
Search engines = directories.....	27
Viral marketing = refer a friend	27
WHOSE WEBSITE IS IT ANYWAY?	27
A difficult marriage	28
E-mails: who gets it right?	28
What people hate – and what they like	29
Tried and tested.....	36
It works just as well for small businesses	39
WHAT’S MAKING MONEY – AND WHY.....	39
Look online, buy off – or vice versa	42
Beware: nothing fails like success	42
Details that enrage customers.....	43
The other side of the coin.....	43
Beware the power of the user.....	43

AN EXTRAORDINARY, RARE OPPORTUNITY	44
Most firms are more enthusiastic than competent	44
Twenty suggestions for you to consider	44
Going digital: the basics.....	46
Points to remember.....	46
Your Greatest Asset	47
It is easy to waste money	47
THE VALUE OF A NAME	47
Talk to the right people	48
Get closer to perfect marketing	48
THE RELATIVE IMPORTANCE OF THE LIST	48
Lists: the most important factor.....	48
Build a database	49
Nothing new in the database	49
Three simple facts to start with.....	50
Which lists work the best?.....	50
The customers you want are like the ones you have	50
Predicting success.....	50
Predict which lists will work	50
The benefits of a questionnaire.....	51
The importance of analysis.....	52
Information to enrich your database	52
Transform failure into success.....	52
What is your best prospect?.....	52
Develop your own database	53
TWELVE CRITERIA FOR EVALUATING LISTS.....	53
1 Are they your customers, or someone else's?	53
2 How much money did they spend per transaction?	53
3 Have they bought recently?	53
4 Have they bought frequently?.....	53
Recency, frequency, monetary value	53
5 How up-to-date is the list?	53
6 Are they mail order buyers or not?	53
7 Were the sales for cash or for credit? What sort of credit?	54
8 Are they buyers, or just enquirers?	54

9 Is it a list of people who have established a business relationship with someone?	54
10 If it is someone else's list, how similar to your own are the people on it?	54
11 How often is the list mailed?	54
12 Is the name as well as the title of the person on the list, if it's a business list?	54
Apply criteria intelligently.....	54
Your business revolves around your knowledge of individuals.....	54
Know how people behave	55
People behave as they are accustomed	55
YOUR DATABASE AND HOW TO BUILD IT.....	55
Ways to acquire names	55
Always take customers' names	56
Trapping customer names.....	56
Ways to acquire more names.....	56
What should go on a database?	56
Information must be relevant	56
Build a dialogue	57
Valuable information.....	57
The potential of cross-selling.....	58
Identify best prospects	58
Markets where there are 'no databases'	58
Where things go wrong	58
Simple overkill	58
Invalid marketing information.....	58
False name creation.....	59
Sequence-dependent overkill.....	59
What to look out for	59
Same name, different companies.....	59
Synonymous titles.....	59
False title creation	59
Sequence straitjacket	59
Tie-breakers and heart-breakers	59
WHERE TO FIND THE BEST NEW CUSTOMERS	60
Get your customers' help	60
Referrals: neglected, but hugely profitable.....	60
Pass on the message.....	61
Beware of out-of-date names.....	61

LIFESTYLE DATABASES	61
How syndicated questionnaires work	62
COMPILED LISTS.....	64
How to proceed	64
The list industry	64
A history of lists	64
Lists today	65
Use an expert.....	65
A world of foul-ups	65
Renting out your own names	65
Seed your list	65
The most crucial element	66
The list is your treasury	66
The cheapest way to rent is: pay nothing.....	66
The pros... ..	66
...and cons of list rental.....	66
JON EPSTEIN'S 11 DESIDERATA	67
Define the ends exactly – only then talk data	67
Direct marketing principles always apply	67
Find the 20 per cent of effort that delivers 80 per cent of results	67
Never talk about the average customer	67
Deselect your worst customers	68
Contact your best customers more often	68
Spend more on new customers and new prospects	68
Ask your best enquirers and lapsed to come back	69
Sell when your customer is ready to buy	69
Keep and use your contact history with individuals.....	69
Use silent controls to prove real incremental impact	69
Ruthlessly keep demanding 'why did they do that?'	70
Database: the heart of your business.....	71
Points to remember.....	71

The Uniqueness of the Internet

With the internet things can be different. You can minimize risk and wastage by making decisions based on not what you assume but what you know. Your prospects are doing something online – looking for something. They are telling you they are in the market; they are raising their hands. They are probably there only because they want to get something – and it could be your products, services or the information you offer.

What's more you can talk to them at that very moment. You can get them to respond almost immediately. You can act, test, learn, and improve – all in the space of a day, not a month or two. It is hard to conceive of a more propitious situation.

With other media, how often can you know you are talking to people who have actively searched for what you offer? You also normally have to appeal to those who *may* want what you offer. And the more people you try to appeal to, the greater the cost, risk and waste, and the less the power.

The Sameness of the Internet

Yes, the internet, whether you see it as a distribution channel or as a medium, is unique because the relationship people have with it is unique. But is it so different that managing it calls for a totally new set of skills? Is the internet the realm of the internet experts – so they should deal with it?

GETTING IT RIGHT FROM THE START – SEVEN THINGS YOU MUST ASK YOURSELF ABOUT YOUR SITE

Do you have a website? Or if you are starting a new business, are you planning to have one? I bet the answer is yes. If you already have a site, you may find it useful to ask yourself the following questions and see how your site scores against them. Even better, if you are about to build a site, use them to guide your planning.

1. Why a website?

Ask yourself scrupulously why you are doing this. For personal reasons? They probably turn out to be wrong. For corporate reasons? What are they?

The internet reminds me, as I have already noted, of what happened when the database first came out. Dim marketers feared being left behind, spent squillions building databases which were far too often unsuited to their needs, and then sat around wondering what to do with them. Most did very little – still true to this day.

Just as many are mesmerized by the idea of advertising on television, so as to boast about their new commercials at the golf club, others like to prattle about their website. They pile it because it's the thing to be done; everybody else is doing it: why not us?

2. Who are your customers, and who do you want to attract to your site?

Everything starts with one question: who do you want to talk to? Define your customers and prospects demographically and psychographically, never forgetting that the prospects are likely to be very similar to your customers. By demographically, I mean what kind of people they are, socially and from economic point of view; by psychographically, I mean what motivates them, and how they think and feel.

So how much you know about your customers? Do you have a database that tracks their behavior? Your answers will determine everything from the content of your site to the **reciprocal links** you set up with other sites.

Even better, how much you talk to your customers? One of our clients is marketing director of the UK's most successful firm of independent financial advisers (IFAs). He bases most of his articles for their in-house magazine on conversations he has with customers. Hardly surprisingly, they always find his articles relevant and interesting – and often say so.

It doesn't take a lot of effort – just the occasional visit to your customer service department and a little curiosity – but it pays off for a simple reason: you can decide on facts, not assumptions.

3. What do you want your site to do for you?

For example, do you want to redefine or reinforce your positioning? To increase sales by 5 per cent through e-commerce in the next year? To free space or resources for other things? Write it down – with precise figures and time limits

Five critical objectives

To succeed you must focus on these five objectives:

- get people to your site;
- keep them for as long as possible, or certainly long enough to convince or sell to them;
- persuade them you are one of their natural options – perfectly their ideal one;
- get them to respond; or failing that, decide to revisit for more information;
- get permission to talk to them

Your site can help position you as an authority – and you should aim for that. Since most people seek information on the web, those who seem better informed are seen as better.

Your site can generate sales – though not perhaps as quickly as you hope. Few people buy the first time they visit your site. This is no surprise. McGraw-Hill discovered years ago that on average a salesperson does not make a sale until the fifth call. But your site can do four other things:

Four practical benefits

Some benefits are to:

- help identify your customers' buying patterns;
- enable you to provide more and better services;
- deliver free, valuable and relevant information to keep them coming back, attract fresh prospects, and build trust;
- help with one of your most important jobs: attracting new employees, and thus slashing normal recruitment costs.

4. What draws people to a site?

Since people go on the internet to find something – a product, service or information – the most you give them what they want, the more they will be drawn to your site. For instance, if your main aim is to sell, make your product easily available, make offers and use incentives, and sell the benefits strongly, repeatedly and extensively.

Never underestimate the power of information. Guides, white papers, free reports, glossaries, lists of specifications, comparison guides, FAQs, press, experts' and customers' quotes to name a few, are always good, especially if what you sell is complicated, technical, expensive or an important buy.

Be quick: people are impatient

And remember: when people are online, they expect to get everything quickly. When you go to a supermarket, you expect to waste time: you will walk down different aisles looking patiently for what you want. You may even enjoy it. You'll probably wait for the shop assistant if you need to ask something: you'll almost certainly join a queue at the till. But you'd be hopping mad if it took too long to get through the front door. A website is similar in some ways, though not all. People expect to find everything straight away, not to have to go on a treasure hunt – though once they've started they'll happily waste lots of time.

If you're unhappy about the service you get at a supermarket, you're unlikely to just dump your trolley and go to another store. But if you are unhappy about a site, it only takes half a second to leave it and go to another. You have very little time to grab and retain your visitor's attention. To put this in context, on average people only spend 44 seconds on a webpage, says the Nielsen/Netratings Global Index Chart (month of November 2006, Panel Type: Home, at www.nielsen-netratings.com/resoursec.jsp?section=pr_netv&nav=1). Do you think that's very little? Well, that average allows for all the half-hours people spend on a page that interest them.

What's more, the same research reveals that each person visits an average of 43 pages per surfing session. Admittedly they could be 43 different pages of your site, but they could also be pages on your competitors' sites. So it makes sense to tip the odd in your favour. Make sure you 'signpost' things clearly, so visitors can easily find what they are looking for. Perhaps the best example is Amazon. No matter what you are looking for, I bet you will find it in seconds – by clicking on the tabs at the top, the text links on the left, or by running a keyword search in the whole Amazon database or one of its sections.

Amazon: the perfect balance

By the way, is there anything else you notice on that screenshot? Offers, discounts and new products are really hard to miss! Amazon strikes the perfect balance between making it easy for you to find what you want to buy – if you have something specific in mind – and all the same tempting you with what they want to sell.



Figure 8.1 Amazon's website

5. What keeps people on a site, and what persuades them while they are there?

Again, the answer is simple – and it's pretty similar to what attracts them. Not clever technique, but better content, and more of it, that gives customers what they want: useful information and greater benefits. My firm's site has somewhere over 420 pages (it keeps growing). We answer common marketing questions; we give case histories; we offer advice.

The second most important thing is how the content is organized. It is easy to move from one page to another? Is it easy to search for things? Is it easy to read the content? It may be tricky to answer these questions yourself: when things are familiar, it is very common to become 'blind', failing to miss even the obvious.

If you already have a website, speak to your customer service people. They will know your customers' complaints and about the usability of the site. If you are building a site, ask one or two people to look at it with a fresh eye. Observe what they do when they got there and then ask them how easy to use they found it.

6. What makes people return to a site – and reply?

Quite simply, if they like what they get, they will come back. But you must remind them. Just think: how many times do you go to a restaurant, get a wonderful meal and tell yourself, 'Oh, we'll definitely get back here' – then never go again? Now imagine: suppose after a couple of weeks that restaurant sent you a message, maybe telling you about their new menu and offering you a free glass of wine with your next meal? Wouldn't you be more likely to go back? At the very least, I bet you will think of that restaurant when deciding where to go. So, keep in touch. Do what you'd do in normal direct marketing.

7. You give people something – what can you get in return?

The most important thing you can get from your visitors is permission to talk to them. Yet a surprisingly high number of companies don't do so – or at least don't succeed. So suggest the *National Client E-mail Marketing Survey* report, published by the [UK DMA](#) in December 2006, and containing the information shown in Figures 8.2 and 8.3.

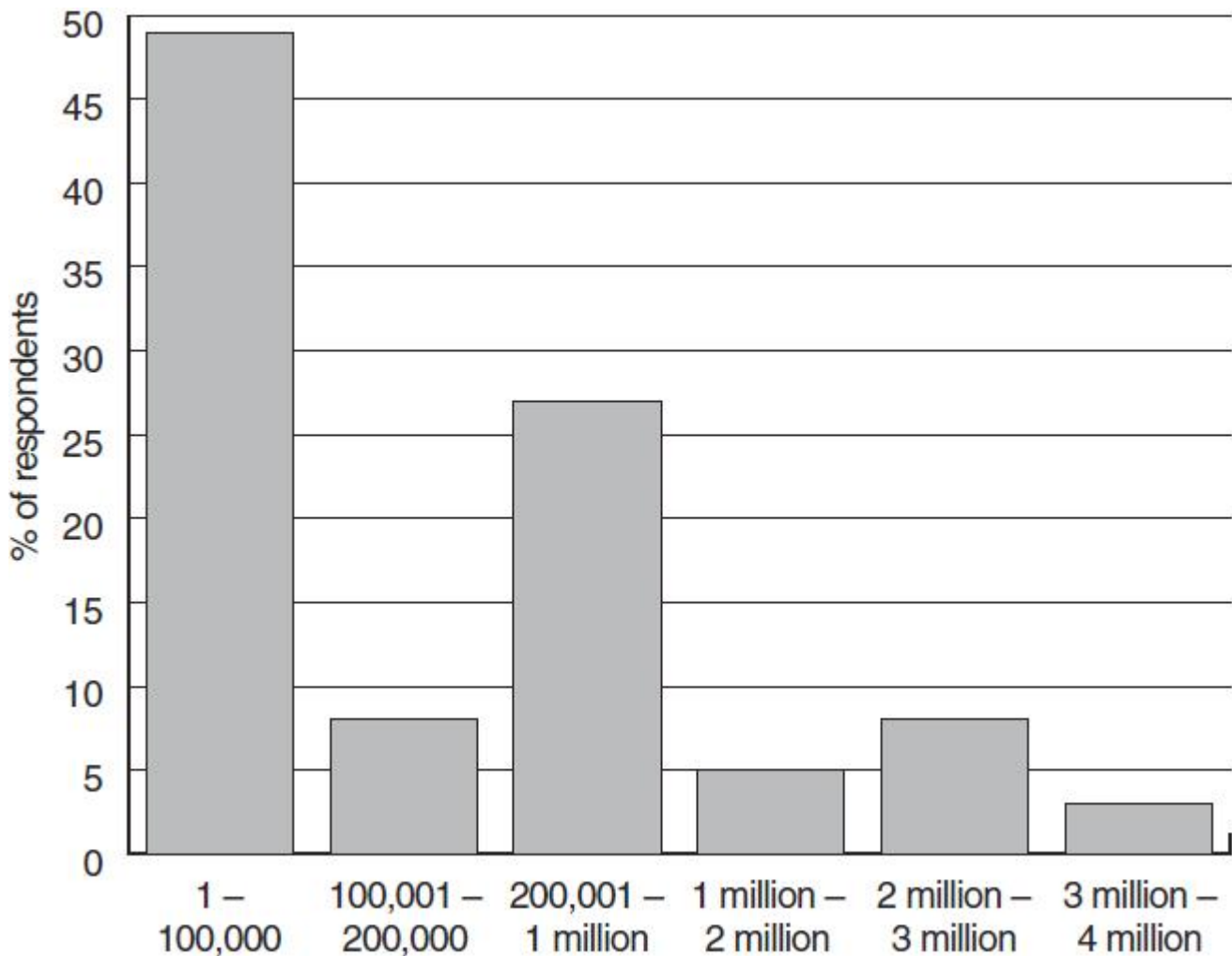


Figure 8.2 Size of e-mail database

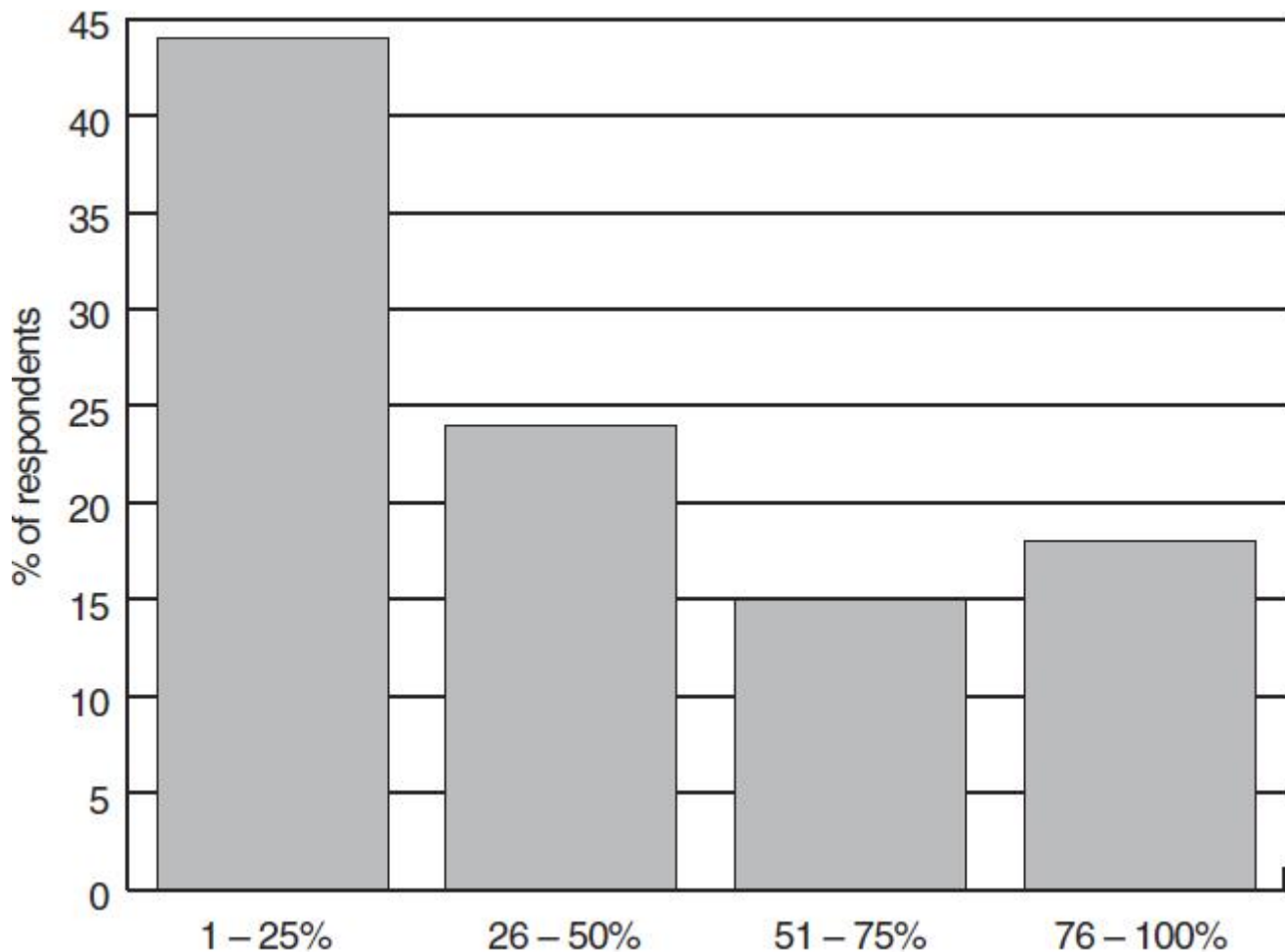


Figure 8.3 Proportion of database with e-mail addresses

The greatest proportion (44%) of respondents said they only have e-mail addresses for up to 25% of their entire database, and only 18% have 78-100%. Within this section. However, a significant proportion did have e-mail addresses for their entire database, which suggests that e-mail marketing is vital for their marketing and that they collected these addresses online. This in turn suggests these companies do all their business online: they are e-commerce organisations. (Direct Marketing Association (UK))

You must ask your visitors for their e-mail address whenever you reasonably can - and offer them something in exchange. People increasingly realise the value of their contact details. They don't give them out light-heartedly; they need a good reason. So, ask as much as possible, ideally on every page, with each order, with each new account, and every time someone asks for information.

Here are just some things you could offer in exchange:

- contact-s buttons;
- polls;
- ask the expert features;
- ask the colleague features;
- forums;
- free catalogue;
- free quote;
- a free 'white paper' (a report on a subject of interest);
- customer quizzes;
- members-only area;

- newsletter sign-up.

You should definitely try to get your visitors to complete an online questionnaire for you to learn as much as you can about who they are, what they want and what they think of your offerings – anything you can use later to talk to them more relevantly.

As with any other kind of direct marketing, incentives are important: prizes, discounts, extra services. If you're a wine merchant you can offer meal-planning wine lists, or regular half-bottle of new labels with a purchase. If you sell or service cars, offer daily-updated tables of the best deals for customers' marques online.

Whatever you do, use the data you acquire sensibly and deliver what you have promised. When you collect the data, reassure people: spell out how you are going to use it, and stress that if at any point they don't want to hear from you anymore, they only have to say so. And do so in plain English, avoiding copying and pasting straight from the Data Protection Act.

But let me stress this: no incentive, no matter how valuable, will work if your website fails to give people what they want and make them trust you.

How you 'give people what they want'

There is a 'convenience paradox' on the web: people use it to save time, and to waste time. Make it easy for them to do both.

Once you've got visitors to your home page, you must persuade them to explore. Map out your flow of information following how one of your salespeople would handle a customer. As with normal direct marketing, tell your prospects all about the benefits you offer – descriptions, pictures and demonstrations if possible. Give them valuable information. Quote reviews, testimonials; show satisfied customers; explain how easy it is doing business with you. Ask for their comments. 'E-mail us. We'd love to hear from you' is a message that works for us.

The perfect place for selling

The nature of traditional sales material is often governed by cost – how big is the mailer going to be? Four pages? Eight pages? Online you have all the space in the world to do a thorough selling job. You can get people to explore your content by making sure every angle that may interest them is covered – not something you can do with a two-page glossy leaflet. And if you can think of something entertaining, involving and relevant, put it in. It could be something that requires them to join in – but isn't too demanding – and offers a prize. They will then tell you about themselves. (Does this sound like a sweepstake to you? Quite so.)

What your site must deliver

Here are seven things I believe you should demand of your website, and one suggestion. Does your site meet these desiderata?

- It is a pleasure to visit – with easy-to-read script?
- Are transactions easy?
- Does it feature benefits, or just product names?
- Does it involve – or confuse?
- Does it try to learn about the customers?
- Does it work hard to get replies?
- Is it quick?

I've already mentioned this earlier, but it is so important I'll repeat it in a different way:

Ask 10 customers who are not familiar with your site to try it – without any help.

If you are selling from your site, use your own credit card and buy something. See what happens when your customers buy from you. In short, as with anything else, only the customer knows for sure. Far too many marketers forget this.

Shelley Taylor, author of *Click-Here Commerce*, surveyed 50 sites, including [CDNow](#) and [Blockbuster Video](#). Only two would work with older computers, 24 per cent offered no pre-sale assistance, 32 per cent didn't tell you how to buy, only 12 per cent offered third-party review of products and only 30 per cent told you whether product were available. I doubt much has changed.

Another relevant example is [AOL](#), a leading service provider which suffers from slight shortcoming of providing an abysmal service. They asked me to report problems – and do nothing about them. They ask me to fill in surveys – and don't react. And they charge money to call for service. The nadir was perhaps reached when I was in the United States recently and had a problem. I spent 20 costly minutes on my mobile phone just getting through to them – only to be told that as I am a UK customer, they wouldn't help. What kind of rubbish is that from an 'international' firm? And with what glee I cancelled my account – which of course they made as hard as possible, just to ensure I never want to rejoin. A lot of these people are going to find out the hard way if they don't learn the basics – fast.

A-Z OF BUILDING AND MANAGING A WEBSITE

Your Audience must like what they see. Design with your visitors' browsers in mind, as well as their demographic taste.

Your website can become a **B**usiness of its own right.

Commitment is vital. The internet is a fast-changing environment. Many new sites don't stay on the World Wide Web for long because maintenance, publicity and ongoing programming and design costs are sometimes underestimated and often under-quoted.

Design information for your customers' preferences, not yours. Information your customer is lured by should only be a mouse-click away. Think Excite, not Yahoo!

Engage your visitors with content that's irresistible, involving and packed with information and benefits.

Fancy graphics can lose you business. First impressions are made in 6 to 10 seconds – so if a graphic takes longer than that to download, ditch it.

Make sure your visitors can **G**et in touch with you easily and quickly. Make sure all contact information is not more than a mouse-click away. Provide names for visitors to contact personally.

HTML, Java, Flash, Oracle: you can teach yourself these; you can scan every image on your site yourself. But you'll probably build a better site if you find a programmer and designer you can trust, who'll make sure everything on your site will actually work, whilst you concentrate on the most vital aspect – content.

Like arresting creative work, each web page should contain one **I**dea. Decide which idea you want visitors to remember from each screen.

Join the online community yourself. Lurk at newsgroups, and then start contributing. Register with information services, review competitors' e-mailing and spend time browsing their sites.

Keepon going. Expect criticism, be brave with new technologies (if your customers' browsers or connections support them) and be prepared to change content 'on the fly'.

Less is more. Once you've built your site, cut out what you can until only value and intrigue remain.

Magnetism. You've either got it, or you haven't. What can you build on your site that will keep visitors coming back, time after time, to participate? An industry market-share index? A regular quiz? A game? A round-the-clock commodity monitor? A buzzing message board full of favours and contacts?

Network. Our service provider has a diesel generator in their basement, so our sites will be online even if the power in San Francisco and London fails. You must have confidence in your network service provider and ensure you have an adequate back-up plan should things go wrong, especially if you're building e-commerce applications. Watch the league tables in internet business magazines or ask a forum.

Offer fresh content each time visitors return. A dynamic, database-driven website that builds content 'on the fly' for individual visitors may be a distant strategy for you, but you can give visitors a reason to return to your site by offering fresh industry news, research in PDF files, interviews/transcripts/articles, and limited offers.

Permission marketing is easy - and essential. One of the internet's best advantages is that it allows marketers to send frequent personal e-mail messages extremely cheaply. Learn what your customers want. Ask their permission to send them more news about what they rely on you for. And deliver it on your website.

Be Quick to improve your content, which dates a couple of months after launch.

You must regularly refresh your site to guarantee **Repeat visitors**. Frequency will build familiarity and trust, and your visitors will buy from you when they need your products. Understand that this is not a one-off cost. It takes constant improving to breathe life into your sales. Updates must be made; imaginative online marketing has to happen.

Build a Search engine on your site, so visitors can find what they're looking for quickly.

Use a **Theme** to draw your content together, as you would when making a presentation, or writing a proposal.

URL – your address online, e.g. www.rollingstones.com. It's vital. Take time getting it right. Print it on everything offline – letterheads, business cards, invoices, press ads.

Brilliant advice I read online: all graphical content must add **Value** to what you're communicating. Explain your ideas to someone who doesn't flatter you. Discard anything that doesn't add value for your audience.

Watch what your competitors are up to online, and who they're attracting. Look at the portals for navigation and flow ideas; at games and internet technology sites for the latest in design capabilities. Watch what's coming through and choose the technologies likely to provide your customers with the best service. The coming of Wireless Application Protocol (WAP), or wireless technology, means more of your customers will be accessing your site from their mobile phones.

Constantly re-e**Xamine** your objectives and your reasons for doing business online. Ask the same group of people for their feedback every few months. Make sure the group includes the sort of person who looks for the pitfalls.

Pick the browsers you support, software, servers, networking and hosting based on **Your** needs, not your internet consultant's.

A website could place you at the **Zenith** of your sector, whatever your company size.

YOU HAVE A FANTASTIC SITE – WHAT NEXT?

Imagine this: you spend a lot of time and money creating and printing a superb brochure. Then you don't send it to anyone. Nobody sane would do that, would they? Yet a great many firms, especially selling to businesses, do just that with their sites. They spend an awful lot of time and money creating them and then tell nobody about them.

Of course, getting people to do anything – in this case visiting a site – can be expensive. So, as with everything else in direct marketing, the challenge is to strike the right balance between cost and results. The cheapest way to promote your website is to include your URL and preferably an incentive to visit the site in all your literature, from stationery to every marketing message that goes out in any medium. It won't cost you anything to print an extra paragraph or add this to all your commercials. But that alone won't be enough, especially if you have a serious e-commerce operation and need a critical mass of visitors/customers on your site to make it profitable. How do you go about it?

The most common mistake

A surprising – but luckily decreasing – number of firms, mostly those that only operate online, think that just because their website is on the web, they should only promote it there. It's rather like saying that as movies are shown at the cinema, you should only promote them with cinema commercials. Your visitors 'do things' when they are not online: they read newspapers, watch television, listen to the radio. Don't underestimate the power of offline media to drive traffic to your site.

Look at Expedia, perhaps the most successful online travel agent. They launched in 1998 and at the beginning of 2000, they were the first online UK agent to advertise offline, with an integrated campaign of press and online ads, television commercials and PR activity. They keep using all these media, with the latest campaign being launched in September 2005 and still running at the time of writing. I don't know the results, but unless Expedia are working towards a fast tax loss, I bet offline media are working for them.

Depending on what you sell – and who you want to talk to – different media make sense. The principles on which you should base your choice are those described in Chapter 7, so I won't repeat them here (I will however dedicate the following section to using online channels to drive traffic to a site). Only two things are worth highlighting here, because they are specific to using those media to promote a website:

- Make sure you promote a URL that is easy to remember and unlikely to be misspelled. People won't go online as soon as they have seen your television commercial. If your URL does not satisfy these two criteria, then consider promoting a different URL that points automatically to your website and maybe relates to your advertising.

Think of Norwich Union: in all their offline communications they ask people to go and visit www.quotemehappy.com ('Quote me happy' is the strapline they've used in the last few years.)

- Make sure everything is in place so you can track as precisely as possible what communication generates how much traffic. If you are making an offer to drive people to your site, ask them to quote a reference code to get that offer. Even better, advertise a special URL, pointing to a customized splash page. (A splash page is a specially created welcome page for people who've seen your message – it can even be personalised to improve the response.)

So, for instance, if you are advertising in the *Sun*, ask people to go to www.yoursite.com/sun and then customise the splash page so that it welcomes *Sun* readers and gives them access to the offer advertised in the paper. Your webmaster can tell you very easily how many people responded to the ad, because nobody would have known to type www.yoursite.com/sun in their browser unless they'd seen the ad.

DON'T BE BAMBOOZLED: COMMONSENSE ONLINE TECHNIQUES

Let's say you have the best possible website and you are driving traffic there using all your existing communications – and perhaps even running a dedicated offline campaign. The next step is using online tools.

Isn't that the responsibility of online marketers? Don't you need some kind of online expert to manage that? I won't reply to this here, but again, please keep the question at the back of your mind while you read this brief and simple practical analysis of all the online techniques you can use to drive traffic to your site. When I looked at each of them, I asked myself why I should choose one rather than the other, trying to understand individual advantages and disadvantages according to two criteria: how many people you reach and how precise your targeting is (that is, how likely they are to respond to you).

Driving visitors to your site: the online effectiveness hierarchy

Unless what you sell only appeals to a very limited number of people – and you know exactly who they are – you will find this little pyramid extremely useful. It evaluates the different ways you can promote yourself online. At the top is the most relevant, targeted – hence least risky – way, and at the bottom the one with greatest reach, but most wastage.

1 RSS

What it is: RSS stands for 'Really Simple Syndication'. If like me you are still no wiser, think of it as a subscription based distributable 'What's New' for your site. Subscribers need special software – now largely available free.

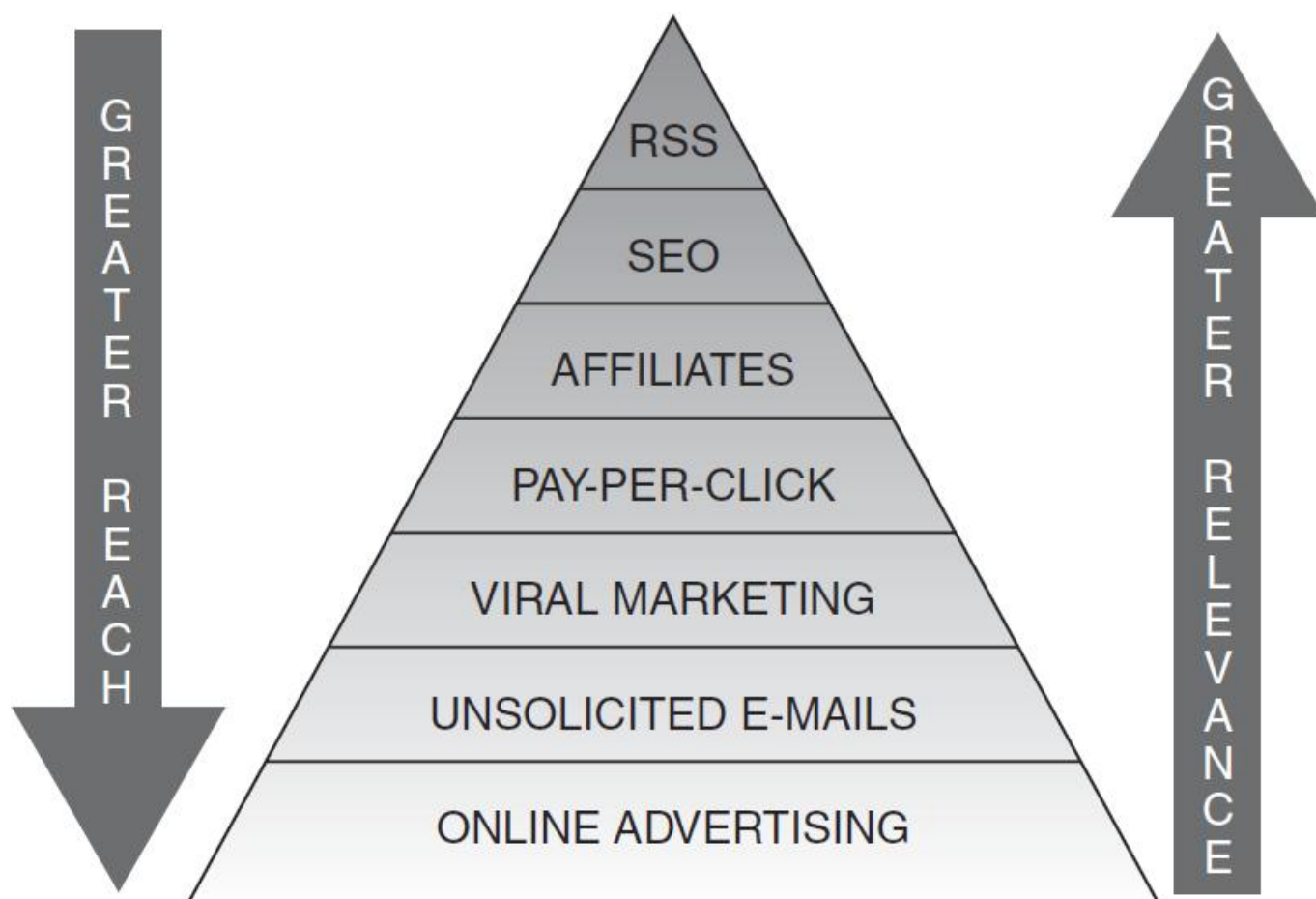


Figure 8.4 The online effectiveness hierarchy

How it works: RSS feeds were originally used to broadcast news updates. You download a piece of software and you receive the BBC news on your Yahoo page, for instance. More recently, commercial organisations have started to make clever use of this technology. If you have an RSS reader try and go to www.toptable.co.uk: you're prompted to subscribe to a number of restaurant's feeds. You'll receive news and offers from them on your Yahoo page – hard to ignore. Messages can be made even more intrusive. For instance, if you are a Manchester United fan, you can receive news about your team – straight to your

desktop, whether you are online or not. Of course, you will also be prompted to buy the latest strip, and maybe a Manchester United season ticket.

Pros: If people take the trouble to download a piece of software to hear from you, it means they are more than warm prospects – they are as hot as they come.

Cons: You only communicate with a small percentage of your universe of prospects – those who have downloaded the software. What's more, tracking could be tricky.

Caveat: Strike the right balance between information and promotion. If you just use the medium to sell to people, they will soon lose interest and you will have alienated your best prospects.

2 SEO

What it is: At least everyone agrees what SEO stands for (Search Engine Optimisation). The more optimised your site is, the more likely it is to come up in the first pages of a search on a search engine.

How it works: When you search for 'SEO' on Google, 176,000,000 pages come up. Most of the entries are from people who promise you the perfect recipe to make your site shoot up the natural listings. Broadly speaking, the position is determined by the combination of two factors: your site's content and the number of quality sites that link to it. However, no formula is guaranteed to deliver a number 1 ranking. The most you can do is try to influence the most important variable under your control: your site content. As Google puts it, 'Give visitors the information they're looking for.' To which I only add, 'the more, the better'.

(If you want to know more, you can read several pages in the 'Webmaster Help Center' on Google – it's a very comprehensive guide, most written in English, not techno-gibberish.)

Pros: It's the cheapest way to make your prospects find you at the very moment when they need you.

Cons: Most people would not go beyond the second page of the search results. And realistically, unless you have no competition at all, it will be hard work to get your site at the top.

Caveat: Don't deceive people. If you sell incontinence pants, don't cheat: don't optimise your site for some popular keyword. (In fact, the more precise, narrower in appeal your keyword, the less it will cost you.) I also recommend that you search for 'your' keywords and read the description that comes up. Make sure it makes sense and does justice to what you sell. For instance, as I write if you search for 'weekend getaway', one of the results that comes up is shown below

3 Affiliates

What they are: They are websites offering related but non-competing products or services that link to your site.

How it works: You may exchange links, or you could offer to pay the affiliate. You can either pay a 'bounty', a fixed amount per each sale or customer they refer, or a percentage of the sale. If you are really confident in the quality of the traffic, you could also agree to pay a commission based on the number of clicks you receive. You only need to supply the affiliate with information about your product or service, and a unique tracking link.



Figure 8.5 Search for 'weekend getaway' and...

Spend half an hour every day thinking of products or services related to what you sell – and find any relevant comparison sites. If you are short of ideas, check what sites link to your competitors' sites (just type in Google: link to:www.yourcompetitorsite.com). The best candidate to be an affiliate is a medium-sized site with relevant content.

Pros: You talk to the people you need to talk to – and only pay if they do something, so the financial risk is minimal.

Cons: It takes a lot of time and effort to get and retain affiliates. Unless you completely misjudge them, the quality of the traffic they send you should be good but check constantly that they send you enough traffic to make your efforts worthwhile.

Caveat: Treat your affiliates like a sales force. Give them all the tools they need to work properly – fresh ideas, creative, support. Monitor their performance and concentrate on the best.

4 Pay-per-click

What it is: It is any kind of agreement whereby you pay every time a visitor clicks on a link redirecting to your site. The expression is however commonly used as synonym of 'Adwords', the paid-for search advertisements in Google.

How it works: You choose the keywords and keyphrases that you want to advertise. Then you write a headline and a small ad that will appear when someone searches for that keyword. You only pay when people click on your ad. The starting price of a click in Google is \$0.15; however, the more the competition, the higher the price. What's more, paying the top price does not guarantee your ad will be shown first, as the position depends also on how relevant your ad is considered.

Pros: You talk to the people who are looking for what you sell. It's rather like having a stall that sells drinks and that magically appears next to someone when they are thirsty.

Cons: Unless you have no competition, all your competitors will be playing the same game. This means each click will become increasingly expensive. And don't forget: it's just a click, not a sale. Constantly monitor your conversion rate and your cost per sale to make sure your pay-per-click campaign is cost-effective.

Caveat: Think not only about keywords but also about key phrases. If you sell curtains, buy not only the keyword ‘curtains’ but also ‘velvet damask curtains’, if this is what you sell. You won’t get as many clicks, but it will be cheaper and the clicks should convert better. It’s the same thinking that makes a precise headline do better than a vague one. Lastly, give a lot of thought to your ad. You are talking to people who are interested, but you only have a couple of seconds to persuade them to come and visit you. Give them your best pitch.

5 Viral marketing

What it is: Quite simply, whenever you ask your customers – or your website visitors – to forward the link to their friends, you are practising ‘viral marketing’. It is the online version of word of mouth and referral schemes like member-get-a-member.

How it works: You can track how many people accept your invitation to forward the link, and in some cases, even who forwarded it – and to whom. Depending on what you seek to achieve, whether getting traffic to your site, getting new names or making a sale, you may test different formats.

Games, video or any involving content tend to work well – if they are fresh and well made. Last Christmas one of our clients published on their site a flash animation, where the user had to kill a number of turkeys appearing in quick succession. It was fun. I played it a couple of times and forwarded it to a couple of friends. Would they start investing with our client? Let’s say I cannot exclude the possibility.

If you don’t want just to drive traffic to the site – but also to get names or make sales – it always pays to offer incentives: one for the person who is referred and one for the person who refers them.

Pros: As the old saying goes, ‘birds of a feather flock together’. The people your customers know are likely to be similar to them and fit your target profile. But the big advantage of this tool is that if you use simple messages, it can be relatively cheap and lets you talk to cold prospects who have been warmed up by their friend’s recommendation.

Cons: The cons are the same as with any targeting based on profiling: you are assuming people will be interested in what you offer because of their demographics and lifestyle (assuming they are similar to those of the customers who referred them). However, you have no idea whether they are in the market when you contact them – or at all. Quite frankly this doesn’t matter much if your format is cheap and you ask your prospects to take action (give you their details or buy something). But it becomes rather less sensible if you go for a more expensive solution, like a specially created game, hosted by a dedicated viral portal.

Interestingly, says the American Marketing Association online, as reported by Bruce Horovitz on *USA Today* in November 2006, ‘there has been a huge increase in viral advertising spend over the last 24 months, a large part of which can be put down to the huge increase in the costs the dedicated viral portal and websites are commanding to host virals’. When you consider that such viral campaigns do not usually offer accurate tracking, paying for this seems unduly risky.

One way to minimise that risk is to try as hard as you can, to capture details when running an expensive, hosted viral campaign. If you are using a game, for instance, league tables and message boards are the best options to get people to leave their details.

Caveat: If you want your customers to effectively become your advocates (this is what viral marketing is, in the end), you have to give them a compelling reason to do so. An offer so good, or creative idea so much fun they want to share it with their friends – and/or a good incentive to do so.

6 Affiliate networks

What they are: Quite simply, they are firms that manage your affiliates for you. They work with a number of websites that are willing to publish advertisements.

How it works: If you are an advertiser and join one of these networks, you must decide which categories of websites you would like to advertise on and what you will offer them. You then decide how much you want to be involved in the daily management of your affiliates (most affiliate networks offer the option of a fully managed solution). You only pay the network a small set-up fee and then a commission on top of what you pay the actual affiliates.

Pros: It's the perfect solution to get relevant sites linked to you if you don't have the time or the resources to build your own affiliate network. Or you could even use it alongside your own affiliate network to build up the traffic quantity. Ideally, you should manage yourself the top affiliates and let the network manage the less profitable ones.

Cons: As there is virtually no personal relationship between you and your affiliates, they tend to be less committed. You may end up with thousands of affiliates who only refer a handful of customers every month. But then again, you only pay for those customers, so you have nothing to lose.

Caveat: Even if you decide to let the network manage your affiliates, give them good promotional tools and check on their performance. Give bonuses to the best ones and maybe even negotiate a special deal with them.

7 E-mail marketing

What it is: Needless to say, e-mail marketing is any message delivered via email to a group of recipients, who have given you permission to contact them via this medium.

How it works: Depending on the broadcasting system you use, you will be able to see instantly how many people opened the e-mail, how many clicked on each link you included and how many replied (if you included such a call for action).

The good news is that you can target e-mail campaigns based on what people have been looking at on your website, where they have gone next, how long they spent in each place, what they have bought before, how much they spent in the past, when they bought from you and previous campaigns they responded to. On top of this, most list servers can now detect the e-mail programme used by recipients, and deliver the message in the most appropriate format: for example, containing images.

Pros: It is a very low-cost and intrusive medium

Cons: Because of its low cost and intrusiveness, it is widely used. On the basis of the data provided by the latest 'National e-mail benchmarking report' published by the DMA in December 2006, it appears that each e-mail service provider (ESP) sent an average of 16 million e-mails during the first two quarters of 2006. Multiply this figure by the number of ESPs, then add all the e-mails that are sent from some obscure ESP in a remote island in the Caribbean – scary, isn't it? Because of this, people are getting increasingly annoyed with the amount of spam they receive, and it is therefore far harder for advertisers to get their message through.

Caveat: Don't be discouraged. The same observation is made at regular intervals about direct mail. Yet advertisers still use it – and, more importantly, people still respond. The truth is that if a message is timely, relevant, well targeted and includes a good offer, it will be read and acted upon. But more on this in the session about e-mail creative later on.

8 Online advertising

What it is: It's every banner, video, flash animation, button displayed on somebody else's website, in a space that you have 'rented' at a rate based on number of impressions.

How it works: Quite simply, you supply the creative to the publisher site – although the technicalities of it are indeed more complicated and vary depending on the publisher. You also supply the unique tracking link that lets you measure how many people clicked through.

Pros: Depending on the popularity of the publisher's site, you can get your message in front of literally millions of web users.

Cons: It is quite costly – even more than television ads in some cases. What's more, people are so used to seeing advertisements that it is easy for them to just ignore them, especially as most are not really targeted. The only good news about targeting is that opportunities are starting to emerge, with the increasing popularity of social networking sites like Bebo and Myspace (see section below on this subject). For instance, Bebo has recently announced that it wants to give users the power to select areas they're interested in, so they only see ads relevant to them.

The next step, which we won't see till the cost of the technology to implement it drops, is to use behavioural data to target messages. Just as offline, people pay less and less attention to advertising when all they see is the same ads again and again, whether they've already responded or not.

Caveat: While we wait for decent targeting at an acceptable cost, the only way to ensure you have a reasonable click-through rate is to make your ads really stand out. This calls for highly intrusive formats – hence the popularity of rich media and oversized, expanding ads – or interactive formats (a flash game, for instance). Perhaps even better is relevant content – maybe supplied via a live feed (if you sell investments, you could have a banner that displays share value in real time).

Measuring results can also be tricky. Of course, you know how many people clicked through, but it is more difficult to be really sure how many subsequently converted. However, there are quite a few specialist pieces of software that can do the job.

HOW YOUR TRAFFIC HELPS IMPROVE YOUR AIM

At the risk of boring you by relentless repetition, a chief advantage of direct marketing is that it makes it easy for you to test different things, measure and compare results, so you can aim better next time. It all goes back to the spiral of prosperity I mentioned early in this book. The internet is no different. Indeed, it's better because, as I've also pointed out, the process is accelerated to an extraordinary degree – and you can learn far more. If you want to test two headlines in direct mail, you have to wait a week or more to know which was doing better. If the headline is online, say in an e-mail, you'll know almost instantly which attracts more clicks.

Your unfair advantage

But the advantages of the internet go much further – it really gives you 'big brother' power. Suppose you send out a direct mail pack with a brochure. What if you could tell exactly how many people opened the envelope, how many acted, and which of the many calls for action prompted them to do so? Then, what if you could see also how many looked at the brochure, whether they looked at the front or back first; how long they spent on each page, and which page they looked at last? Wouldn't that give you an unfair advantage next time you plan and design your mail pack? Well, that's what the internet gives you.

You can have records of absolutely everything that happens on your website: how many people visit it, when, for how long, where they come from, whether they are visiting for the first time or not, on which page they land, on which page they spend most time, on which page they spend least time, on which page they leave the site and so on. You can have a record of every click for each of your visitors – it's now even possible to see how people moved their mouse around.

Beware of too much information

All this means the amount of data is *huge*. You must transform it into information that ultimately leads to useful action. Luckily there are now many programmes and pieces of software – free and paid-for – that translate the data recorded on the weblogs into information that's easy to digest, usually in the form of graphs and charts. But even then, the sheer volume can be overwhelming, so it is paramount that you

define clearly what is really important to you. And let me stress: this is a business decision, not to be left under any circumstances to the IT department.

The curse of GIGO

As with all kinds of research, the quality of the answers you get depends largely on the quality of the questions you ask or, in the graphic phrase, ‘garbage in, garbage out’. It is crucial to define exactly what you want to learn – and this largely depends on the nature of your business and its aims. However I believe there are things any business should keep an eye on – and act upon:

‘If you can’t measure it, you can’t manage it’

- Follow visitors’ ‘click route’ – and where they came from. This tells you which campaign/source works better for you – where to invest more and where less. And if you sell something on your site, remember, the conversion rate, not the click-through rate matters. It’s like the way one press ad may get more replies, but fewer sales.
- Do many visitors leave your site on a particular page? Try to understand why, and test different things to see whether they make any difference.
- Is there a particularly popular link? Maybe a download? Make it prominent on every single page – maybe even advertise it.
- Is there a pattern in the navigation? Do visitors tend to visit certain pages in succession? You could make the navigation between those easier. For instance, suppose you have a page for worldwide holidays and a lot of people who land there go on to UK holidays. Have a special button that takes you there, bypassing the worldwide section. Or you could have a special reference and link in your copy.
- If you sell something, pay great attention to the click route on the buying pages – from the ‘add to basket’ button to the information collection through to the order confirmation page. What percentage drop out after they have started the process? At what stage? Again, test changes and measure their impact.
- Is there a page that is especially popular or where people stay longer? Try to give them more of that kind of information.
- Check your busy times – it will tell you the best time to do promotional campaigns and when is best to perform maintenance.

Whatever you look at – whatever action you take – the most important thing is to record and measure accurately before and after results, both in response and conversion.

JUST A REMINDER: IT’S ACCELERATED DIRECT MARKETING

Remember the two questions I mentioned earlier that I suggested you kept at the back of your mind? They were both about whether the internet is something new, to be dealt with by internet experts, or not. The internet is indeed a new distribution channel and medium – but the principles that should govern your thinking are just good, old-fashioned direct marketing principles. The only difference is the speed at which things happen.

But don’t take my word for this. I shall prove it to you, first with an experiment, then with an example.

A little experiment: new versus old

Old friends in disguise

When something new emerges, so does a new vocabulary. But does that mean that we have ‘new things’ or are we simply giving a new name to ‘old’ things? Let’s examine all the ‘new things’ that have emerged with the internet and see whether there is something more to them than technological novelty.

Your website = your catalogue

Start with your website: the technology behind it is new, but the purpose it serves and the principles governing it are the same as the oldest direct marketing medium, a mail order catalogue. Can’t see it? Let’s look at all the things a good catalogue does – and see whether they apply to the internet.

1 Give people what they want

The success of a mail order catalogue is largely based on making it convenient for people to get what they want: a selection of products they may prefer to buy this way, for whatever reason. Catalogues can be less threatening than going into a shop and give you a greater feeling of being in control. They can remove confusion, allowing you time to study anything that puzzles you. This is exactly what websites do, except that technology can simplify and speed up the process – just press a few buttons, and the machine does what you want.

What online can do better

Online services are not only quicker; they may be even better because of the ability to link a vast amount of knowledge held on a database to customers’ needs. The economics of the internet are such that some firms like Amazon only offer their services via this medium.

New ideas always create new problems – and they can create new business for older media. Telephone call centres – expected to suffer from this new competition – are attracting a lot of new business handling complaints from customers. So, a touch of scepticism is not inappropriate.

2 Lure people in with enticing offers

How do catalogue companies build their database? They do so by making very appealing offers, usually via advertising. And they keep making offers, to keep people’s attention. Look at any good catalogue. One thing you will always find at least in two places – the front cover and the order form – is a special offer, a discount or incentive. Again, this attracts people to a website. But online you have the advantage of speed I keep mentioning. And just as you can offline, you can make relevant offers to customers, based on their past behaviour – which you know a lot more about.

For instance, if I send out an e-mail offering our services, and I see that person has gone on to our website I can (and sometimes do) get on to that person and offer a special deal as a first-time client.

3 Make browsing a pleasure

The more you browse through a catalogue, the more likely you are to buy. The same applies to a website: involvement devices on a site can engage people in a pleasurable way. They are the online equivalent of all the stamps and scratchcards that work so well in print. I mentioned earlier the turkey shoot one of our clients offered.

Technology should be a tool, not a barrier. Your site can be very confusing if you’re not careful. So don’t show off with too many flashy tricks – and beware of baffling jargon. ‘The devil is in the detail’, so make sure everything on the site works. Not for designers with fancy Macs, but for people sitting at home using their kids’ PCs. For both large and small screens, and different browsers. The advanced technology

available to your designers will not be in many people's homes. Smart record producers used to play their potential hits on cheap radios to see how they would sound to their customers. The same principle applies.

4 Signpost things clearly

Is it easy for customers to find what they want – and go there quickly? Are the verbal descriptions clear, even to an idiot? Look at the Argos catalogue, perhaps the UK's largest. No matter whether you are looking for a light pull or a digital camera, you'll find it in seconds (and probably buy a few more things in the process).

My partner, Alastair Lee, once created a website for a lighting company. It had thousands of pages. Before the MD signed it off, he grabbed one of the cleaners, set her down in front of the computer and asked her to find a particular kind of light. To Alastair's relief, she did so immediately: he would not have got his cheque otherwise.

You will find an amazing number of sites where nobody bothers to tell you a) what to click, b) what will happen next, or c) what the benefits of the site are. Imagine if the beautiful Prada shop on London's Sloane Street had a front door you couldn't see. How would you get in? Now look at the home page of this fashion website. What do you click? I tried the picture, the logo, even the white space – I haven't managed to find my way in yet.

5 Sell more while they're browsing

Again, I'm talking about basic direct marketing principles: the 'instant bounce-back'. All good mail order traders know the best time to sell is when people have just bought. That's why in catalogues you'll always find offers bundled together. And what happens when you receive your order? You'll find more offers.

Amazon has got this trick down to a fine art. Whenever you look at a book, they tell you:

- Buy this together with another one from the same author and save even more.
- People who bought this, also bought this other item.
- People who had this in their wish list also listed this other item.

(They even tell you how you can make money by selling the book you've bought and read, but that's another subject.) And when you receive the book, what do you find in the box? At least a couple of leaflets trying to sell you more things. They actually use an offline medium called paper. Simple, right? But now they call it 'integrated marketing'. Yet many people ignore this principle, even some very good people.

I recently ordered my food shopping from Ocado, a year since the first time I visited the site – I'm a slow converter, because I enjoy buying groceries from supermarkets, and little speciality stores, too. I was impressed by Ocado's impeccable service, but I was really surprised that they missed something utterly basic. They left with me a full-colour, nicely designed receipt. But that's all. It would have cost them nothing to print an offer on it. Even something as simple as 'Would you like the same delivery at the same time next week? Confirm this now and get £10 off.' They ignored one of the most basic rules in mail order. Why sell one item when you can sell three? This process is infinitely faster on the internet.



Figure 8.6 Prada's baffling home page

6 Keep in touch

Everybody knows that once you order once from a mail order company, you'll never stop receiving mailings from them – and possibly from similar companies. Remember the rules of direct marketing. Build a good database – and exploit it. Communicate more, rather than less, because if you bought once, you will buy again or, at any rate are twice as likely to buy as somebody who has never bought before.

The same applies to websites. Your visitors are like your responders to an ad, so miss no opportunity to capture your visitors' data. Then follow them up remorselessly. If people have visited your site and have liked what you offer enough to leave their details or buy from you, they are likely to visit or buy again. Yet if there is one area where I find internet marketers weak, this is it. When you order on the internet, firms ask for your e-mail address so they can reach you, but then do nothing. That is a missed opportunity, although like all things it shouldn't be over-exploited.

7 Do a thorough selling job

A good catalogue always comes with a persuasive letter. That's the job your home page should do. Most don't. They are usually all about the company – a huge mistake, as nobody goes on the web to learn all about you. They want to know what you can do for them. So tell them.

Among the direst offenders are the big ad agencies and – funnily enough – firms that purport to be internet experts. They often use the opening to boast or talk pretentious drivel – just go online and look at a few and you'll see what I mean.

Your weblogs = your transactional database

Weblogs are like an almost instant transactional database. Just as in mail order the history of each customer and prospect is recorded, on your weblogs the history of each visitor is recorded. It's just that more information is available more quickly. So, you should study what people do on the site and use that information intelligently – to communicate more relevantly and give them more of what they want.

Your affiliates = your agents or resellers

Your affiliates are like agents or resellers. And their quality can be gauged just as you would gauge that of any agents or customers. Some send you many visitors (but only a few buy) and others only send you a few (but most buy), and so on. There's no harm in using both, provided you only pay a commission on what gets sold.

And just as you would give your agents any possible tool to make it easier for them to sell, give your affiliates all your support. Share with them what works for you – it will work for them too. Teach them all you know, and tell them what you know about your customers: they don't have that information.

Pay per click = classified ads

Pay per click is like classified ads, except you know exactly how many people see them. They call for few, but powerful, words – a headline that offers a clear benefit, with preferably an incentive. You must ask forcefully for a response – and make it easy (a click-through).

Banner ads = direct response ads

Banners are like direct response ads – or Yellow Pages ads. Would your banners work as press ads? Make sure they would – and exploit technology like 'expanding' banners. For the British Horseracing Board we created a very successful ad years ago which featured a horse galloping across the screen.

Search engines = directories

Search engines are like a huge telephone directory, with the only difference that people can make their search much more precise.

Viral marketing = refer a friend

The oldest trick in the book practised by the savvy catalogue companies: 'Would any of your friends be interested in this catalogue?' Viral marketing is just accelerated member-get-member. Do you offer an incentive for forwarding your message? You would in direct mail. Why not now?

WHOSE WEBSITE IS IT ANYWAY?

The internet has been dominated by 'techies'. It was the same when television came in. Advertising agencies hired a lot of out-of-work actors and failed directors because they thought film technique was what mattered. Eventually, they realised commercials were just advertising, and those who would do best were probably advertising people. A similar principle applies to the internet, but even more so, as it is not so completely an entertainment medium as television.

So, if, as I've just demonstrated, the internet is just accelerated direct marketing, why should anyone other than someone with a direct marketing background be in charge? Here are two comments, one from my former partner, and one from someone in publishing. Although the first seems a little intemperate, both, I think, have validity:

As someone who has to ‘hand-hold’ and talk non-internet savvy companies through the hype and bullshit of the new generation snake-oil salesmen – the internet chipheads who tend to know little, if anything, about the fundamentals of direct response... some should step out of the ‘virtual’ world into the ‘real’ world of generating profit.
Glenmore Trenear-Harvey

And here’s Rupert Goodwins of Ziff-Davis:

Your marketing department won’t understand how technical projects are managed and implemented, but they’ll try to define what they should do... Commercial enterprises should be marketing-led, but without an awareness of the implications on corporate resources, this approach can lead to projects from hell. And if the technical departments get the upper hand? Well, let’s be honest. Websites designed by engineers often lack that certain sparkle.

True, direct marketers very rarely understand the technicalities of the internet. But then again, they don’t understand the technicalities of printing. Yet nobody ever suggested that printers should dictate what goes into a catalogue or direct mail pack. So why should IT people rule what goes on your website, or what your e-mails look like?

Take what happened when we set up www.draytonbird.com. It underlines this problem of the technician versus the marketer. The programmers wanted to show off the technology; I wanted to communicate effectively. Their proposed format was hard to read, much of it in either caps or sans serif type with ragged setting on both margins, all reversed out on a light background. When I protested, I was given all sorts of gobbledegook to convince me there was no other way, which being translated meant, ‘We don’t want to change because it’s too much work, and we’re very busy.’ It took a lot of time and effort – and money – to get it right.

The same applied to one of their pet projects, which was to put video extracts from some of my speeches onto the site. These never worked properly, making me look like a particularly moronic marionette. I took a year to get rid of them – although now that most people’s computers boast more advanced technology, they would make sense.

A difficult marriage

Mind you, I am not suggesting that you ignore what techies say – just as you wouldn’t ignore what your printers say. Often, they can come up with solutions you would have never thought of. And anyway, you need them. The solution, as in any relationship, is more, better communication. It will pay if you spend some time with them explaining what you want to achieve – and why it matters to you, the firm and them. Don’t treat them like uncooperative suppliers or skilled workers – they are your partners. But nor should you take for granted what they tell you. The reason is simple – and you will see it for yourself by comparing what the experts tell you and what test results prove about e-mails.

E-mails: who gets it right?

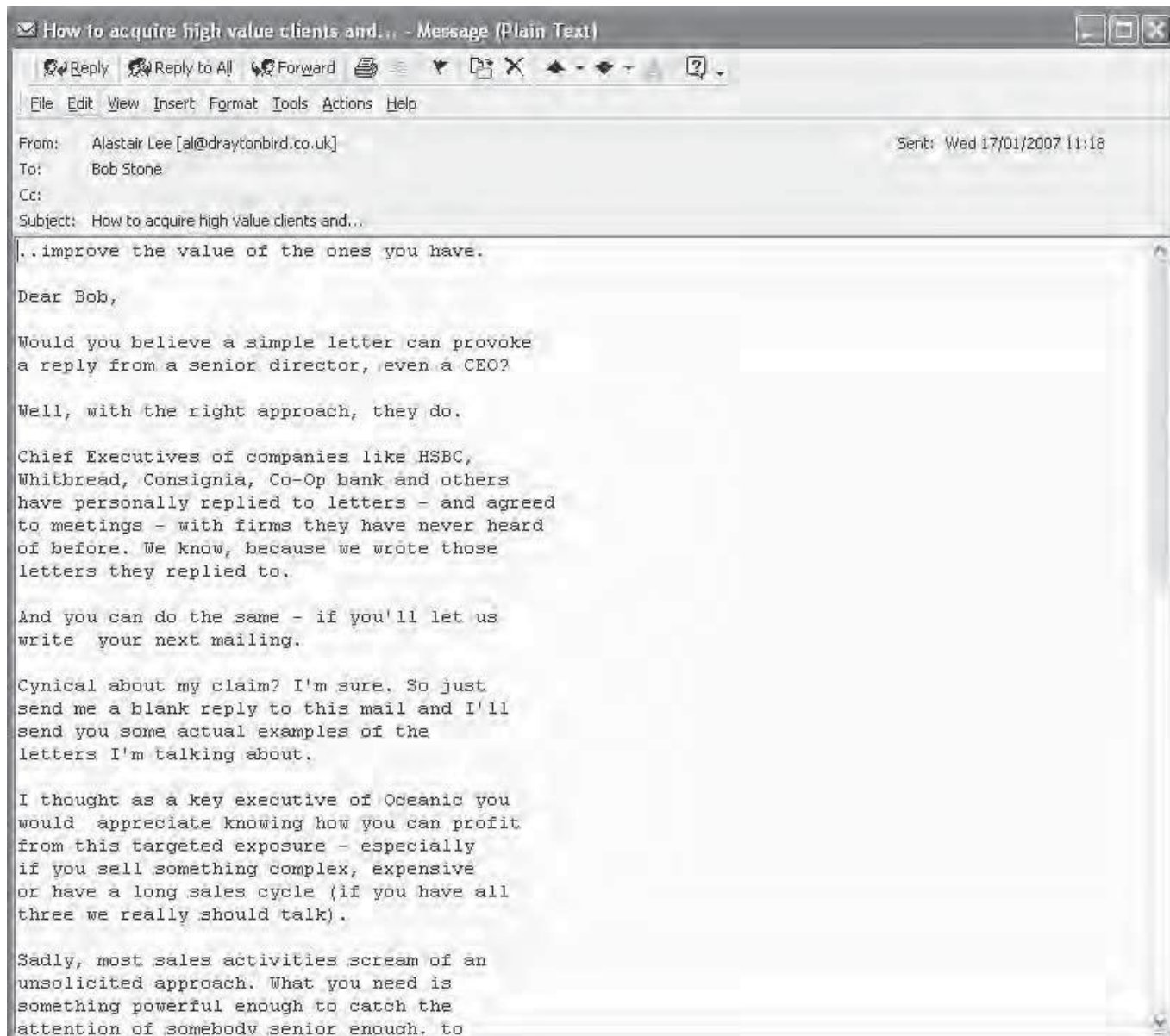
I cannot count how many times I’ve heard from this or that e-mail expert – although it’s getting more uncommon with time – that e-mails should be short and eye-catching. Quite frankly I could never believe this to be true, probably because so many times over the odd 50 years I’ve been in this business I have heard similar claims about direct mail, press ads, television – you name it. And time and time again, whenever a client has been willing to test a short message, perhaps with a very eye-catching graphic – against a long, relevant and interesting message, the latter has performed better. Would this apply to e-mails too?

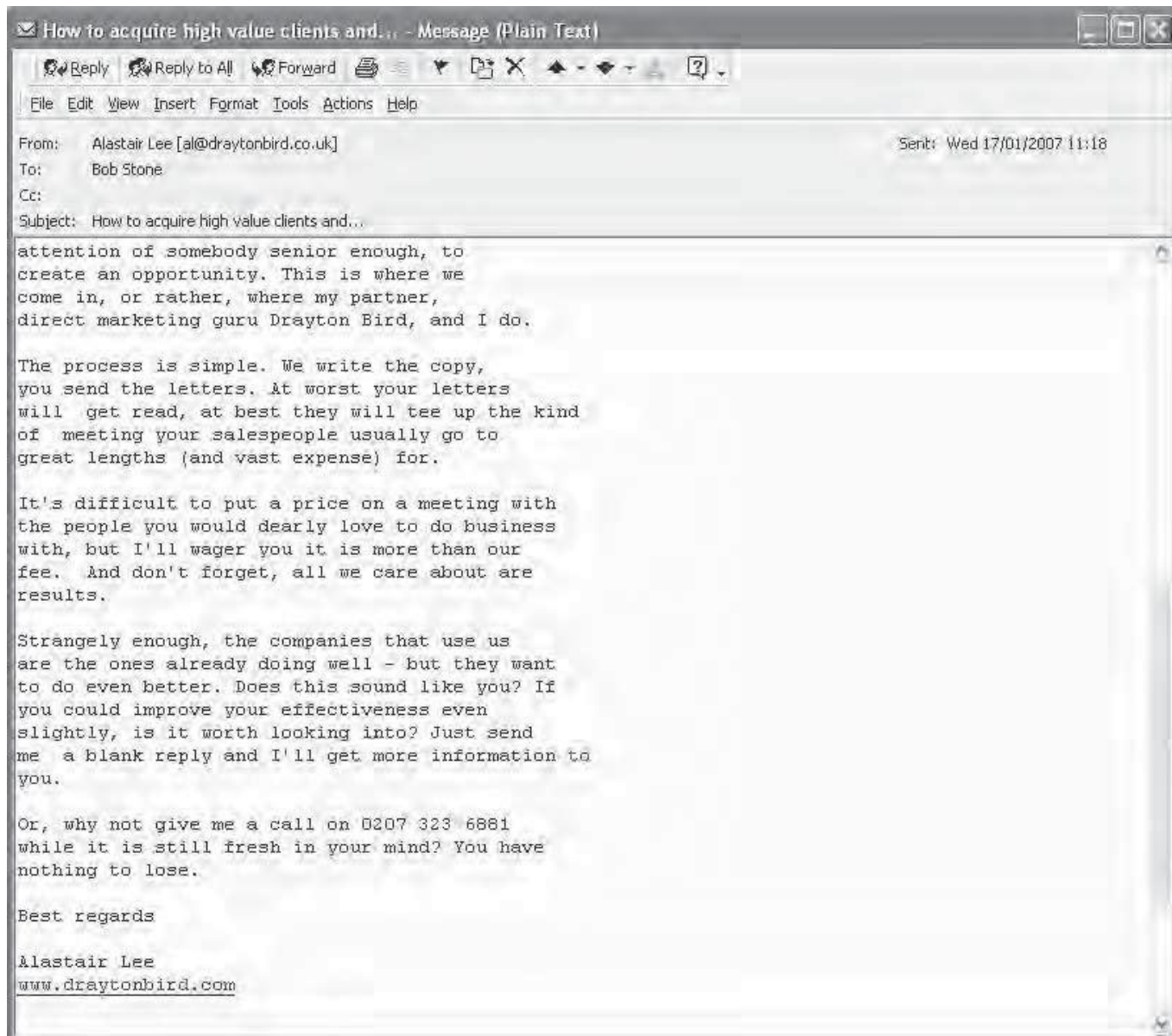
What people hate – and what they like

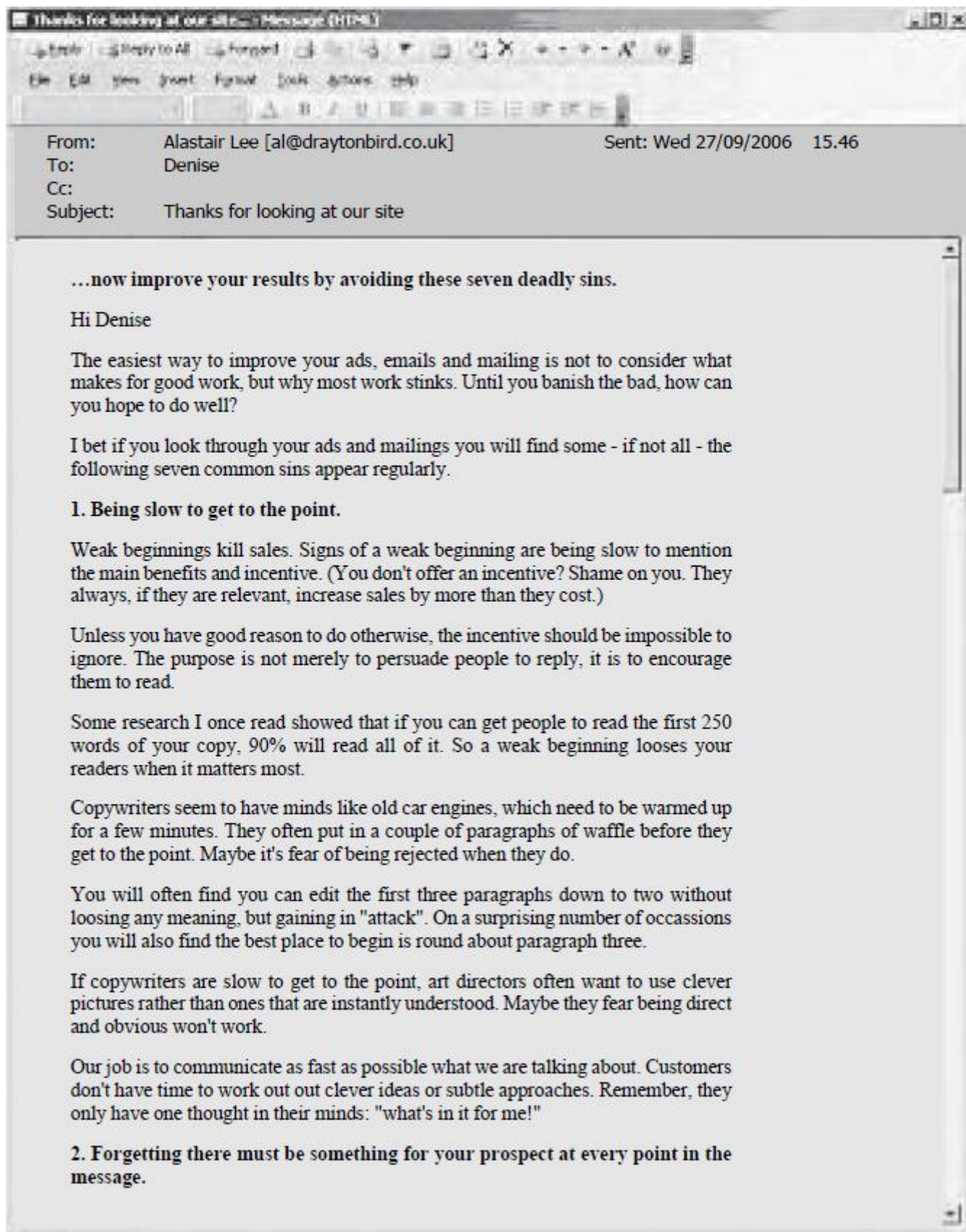
Statistics show people are interested enough to open most mailings. But while they may not lose sleep over how much direct mail they get, they resent bad direct mail more than other forms of bad advertising. Because it is so intrusive, they hate unsolicited phone calls. I don't know how much spam infuriates them – but it may be even more. Yet we send out an e-mail newsletter and e-mails selling our services once or twice a month – in fact whenever I think of something people might like to know. It is pretty much the only marketing we do. We always give people the opportunity to have their names taken off the list. Less than 1 per cent do. The key is to make the content of interest, not just to sell. You can see two of our e-mails below – both did well.

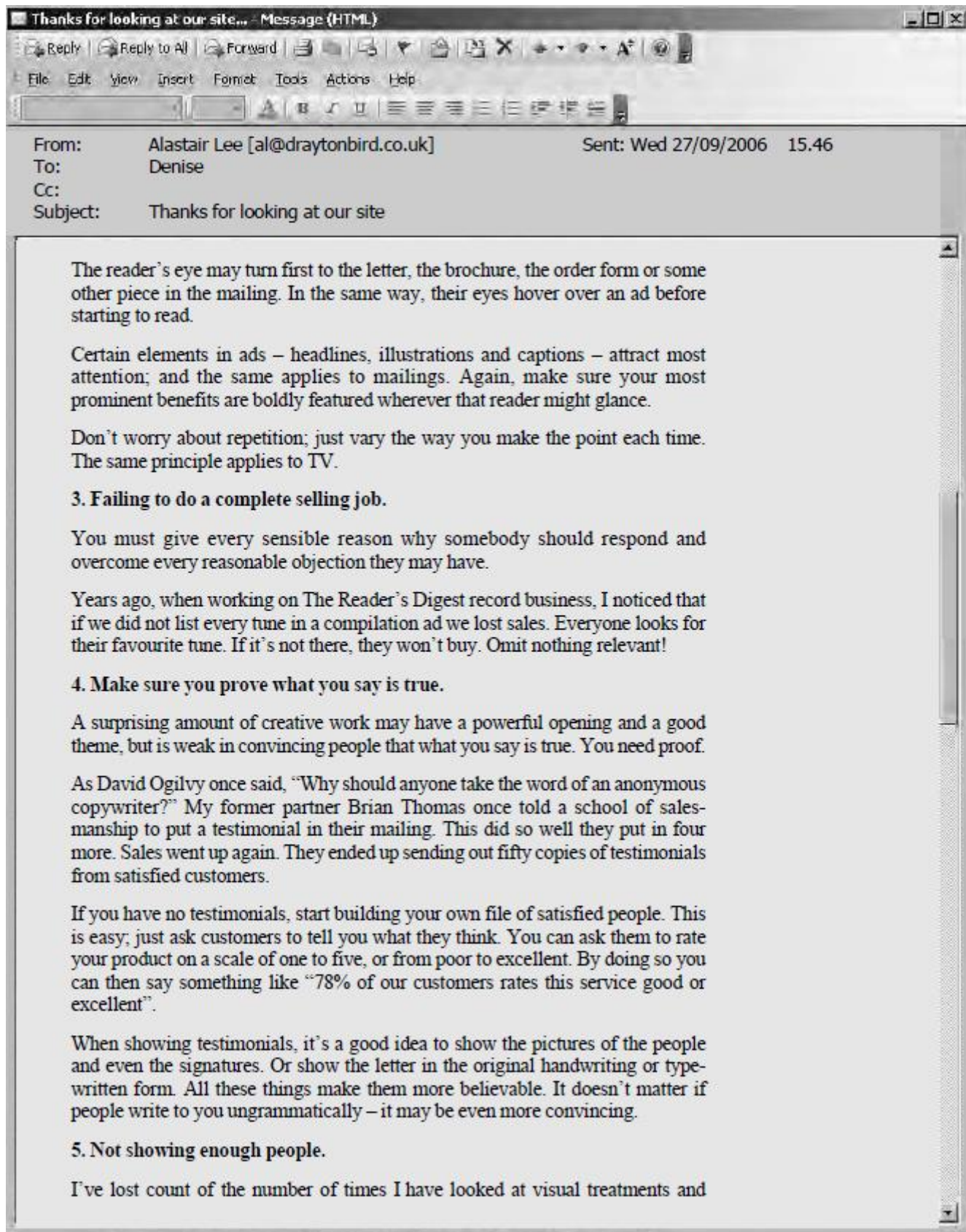
Do you notice anything about them? The basic rules for e-mail are pretty much the same as for direct mail and direct response advertising (an e-mail can look like an advertisement or a letter). Here are some guidelines, which sound very familiar to me:

- Don't worry about being too long – worry whether you are interesting enough.
- Try to cut copy as much as you can.
- You should write for scan-ability with short paragraphs, subheads, and bulleted lists. Again, very familiar.
- People don't see the whole of your copy at once – they only see the top. So concentrate the most important promises there – don't waste that precious space for images that could be placed anywhere else in the e-mail.
- Focus on the subject line, just as you would focus on the headline in any printed communication.
- Make sure it looks as though it has been sent by a 'real person' – just like the signature in a letter – so don't use obscure sender names. You wouldn't sign a letter 'postmaster' or 'info', would you?
- Exploit fully the medium potential. Use personalisation – it's free!









Thanks for looking at our site... - Message (HTML)

Reply Reply to All Forward

File Edit View Insert Format Tools Actions Help

From: Alastair Lee [al@draytonbird.co.uk] Sent: Wed 27/09/2006 15.46
To: Denise
Cc:
Subject: Thanks for looking at our site

suggested "why don't you put pictures of people in?" People look at people.

For example, in the ads for our clients INSEAD – the world's most expensive business school – I tested putting in a picture of the Associate Dean. We found that when it was omitted (at the request of a jealous colleague of his) – response dropped by nearly half.

6. Wasting money on unnecessary elements.

Every word, every picture, every piece of paper must contribute to the result. If you can't see what job some element is doing, take it out.

Because it's sometimes hard to develop an argument, particularly about financial products, you may be tempted to put in illustrations that are really not required in an attempt to develop a special visual theme. Be very careful.

Many mailings include the traditional letter, brochure, envelope etc., where the brochure is only there because people think there should be one. Sometimes a letter without a brochure will do just as well – or even better.

One famous example is the case of the man who was sending out an insurance mailing containing a beautiful brochure featuring the horoscope of the prospect. It was sent out to arrive on the prospect's birthday. One year they forgot to put the horoscope in, and the response went up by 25%.

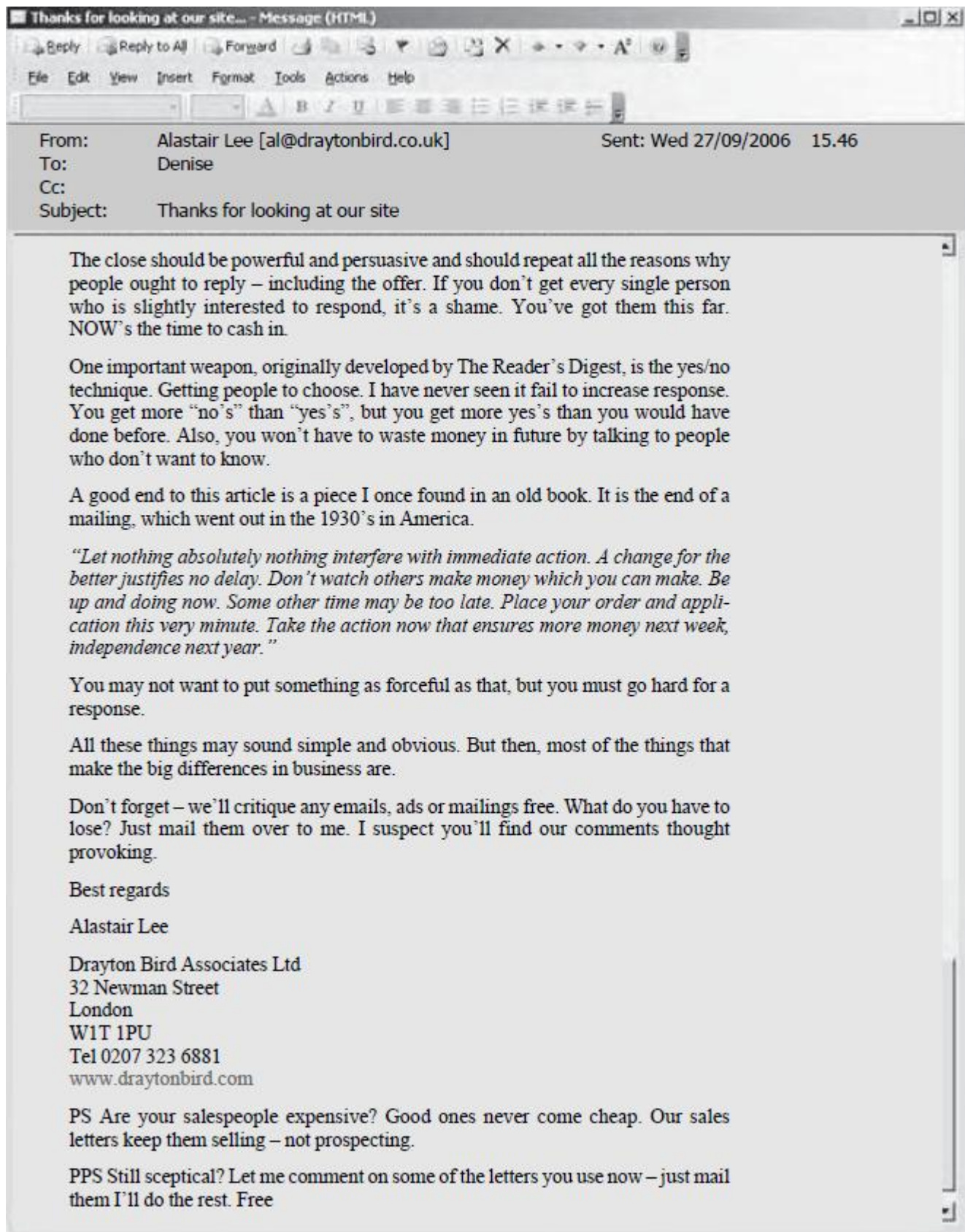
On another occasion I changed a mailing for a bank by taking out two brochures. The response doubled whilst the cost of the mailing reduced by 66%. A brochure costs money and the higher the cost of the mailing, the harder it is to make a profit.

Some of the most successful pieces I've written – particularly in the financial and business to business fields – have contained no brochure. They have been simple letters, perhaps even more persuasive because they seem somewhere less commercial.

7. Never have a weak ending.

Every element in a mailing, ad or commercial has to be good if you are going to get results, but two are more important than the others – the opening, which I have already covered are; and the close, which determines whether they reply or not.

You must make it easy to respond. American Express enjoyed 30% uplift in sales a few years ago in one highly competitive market, largely by making the application easier to fill in.



A firm called Sun.com had some research conducted into how people read on the web. All I can say is that it sounded extraordinarily like the way they read normally. In truth, the only difference is that when you read on a computer screen the light is reflected, which makes it a bit more tiring.

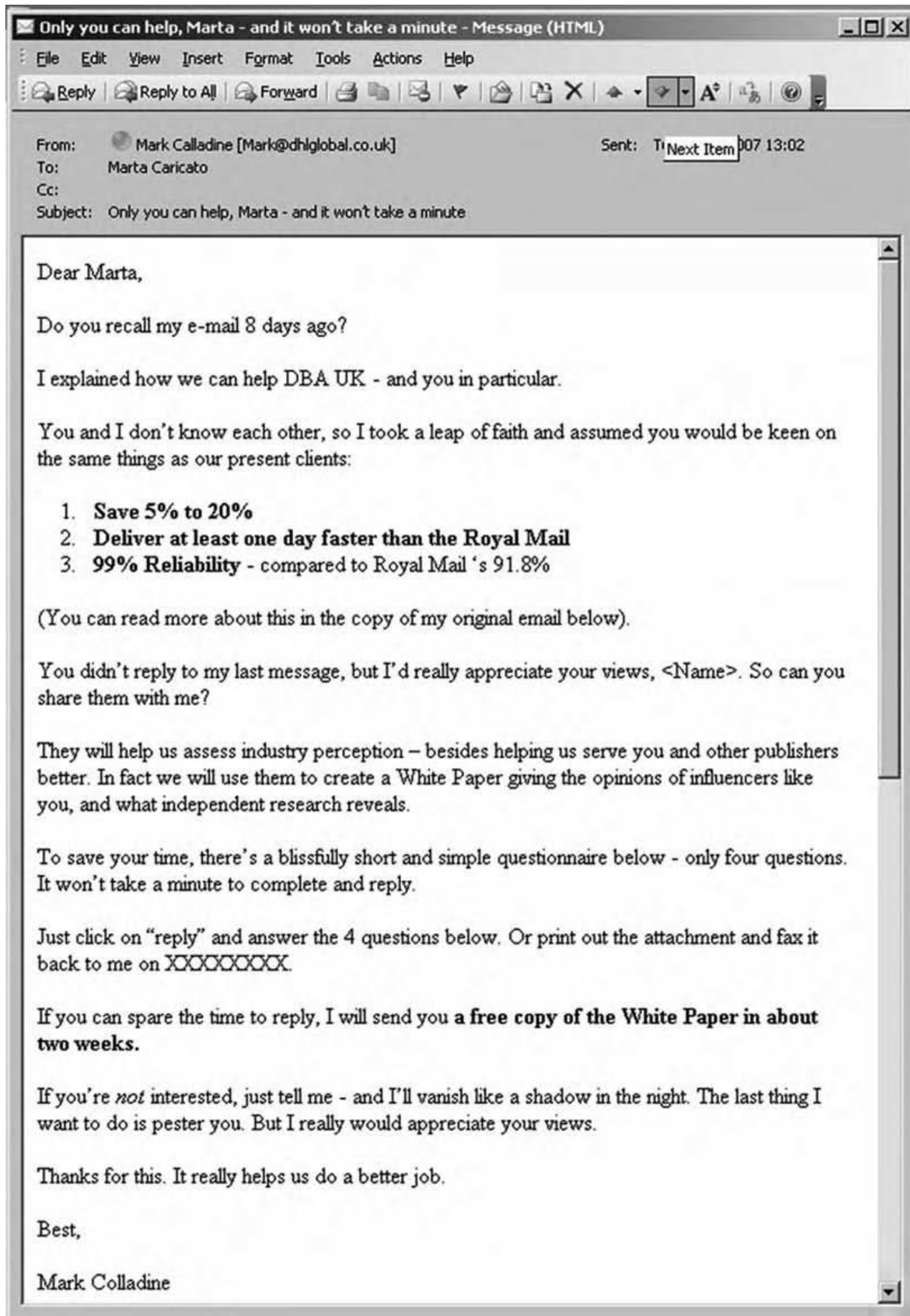
The research revealed that the *subject field* is critical. No wonder: it is the first thing people see, like the headline. It explained that benefits are important and that you should use plain language – no puns, humour or playing with words. You should be careful about teasers – busy people dislike surprises.

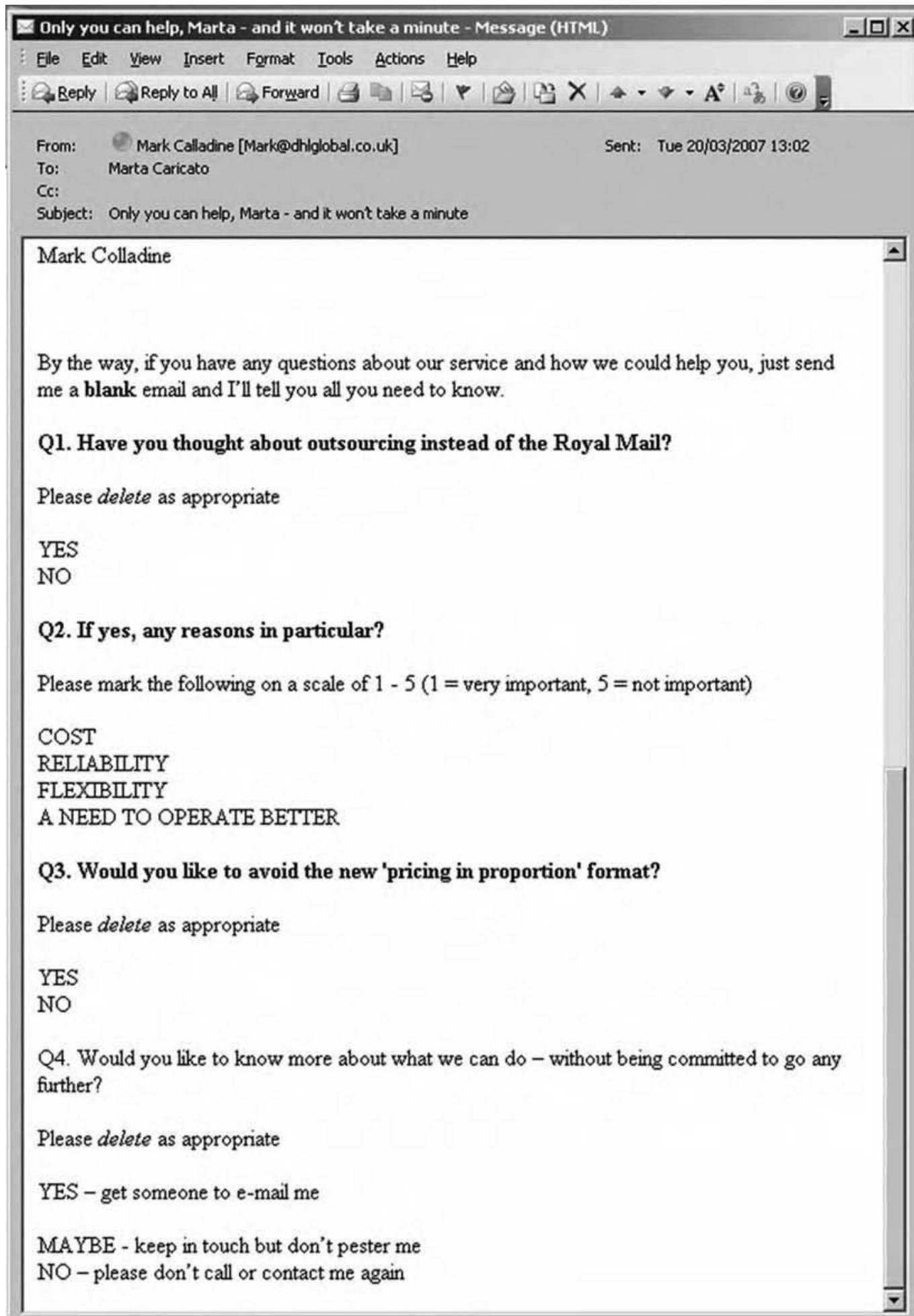
Other important points were that you must make it easy for people to unsubscribe. Why build ill-will by pestering people who don't want to listen? You should define the relationship early on. People forget who you are and want to know why you're writing. This pays in direct mail, and perhaps even more so in the e-mail due to the huge volume.

For obvious reasons, make a point of your privacy policy. This is so important in this intimate medium. And remind people who they are: 'You are subscribed as jbloggs@e-mail.com'. This may sound crazy, but it's the equivalent of the 'do we have your details right?' in direct mail. People often join things and forget. And with e-mail it's even more essential, as many people have several addresses.

Tried and tested

Whenever we have tried to apply these principles to our clients' e-mail campaigns, they worked too. Here is the second of a three-e-mail campaign we created for DHL. We offered recipients a free white paper, in exchange for some information. Responses were overwhelming and although it was clear that the e-mail was part of an e-mail broadcast, the conversational tone, the sender's name and the personalisation created an illusion of sincerity, to the point that some of the recipients actually replied asking Mark (a real DHL employee) about his family.





It works just as well for small businesses

Of course, it helps if your recipients recognise your name, but the same principles work even for small businesses, targeting recipients who have never heard of them:

From: CityServant [<mailto:request@thecityservant.co.uk>]
Sent: 05 July 2006 09:01
To: Angela Denny
Subject: Liverpool city centre post office queues get worse

Angela,

The queues for the post office in Liverpool city centre can now take up a huge chunk of your lunch hour. Or for businesses, having staff queue up is costing you.

Don't you just hate it? Braving the elements, standing around waiting, and all for just a stamp.

We're a little strange though, we love standing in queues. It's our job. So why not try us out?

If you want 2 or 200 first class stamps, give me a call and I'll deliver them to your office. There's no charge bar the cost of the stamps.

That's just one of the hundreds of things we do for busy city centre workers to give them back their lunch hour or save valuable staff time.

THIS IS VERY IMPORTANT. Every single business in the city centre can try us out free of charge. So to get a free 'errand', please click reply and I'll send you a voucher together with our usual charges should you wish to try us out again.

Want your dry cleaning dropped off or picked up?

Want the ingredients for a Chinese meal you're cooking picked up from Chinatown?

Need to buy a card and CD from HMV on Church Street for your partner's birthday?

Need some documents delivering by hand to another company in the city centre?

Why not reply now? It will take you a couple of seconds, but it will save you upwards of 20 minutes next time you have an errand to run anywhere in the city centre.

P.S. We're giving away 'City Servant' branded suit carriers to the first 10 people to reply and try us out.

Regards
Dean Scrutton
The CityServant
Making your life simple

WHAT'S MAKING MONEY – AND WHY

The final test of whether what I am saying is right it is to look at the businesses that, more than any others, are making money out of the internet. I'm afraid human weaknesses are a great source of revenue. You can get all sorts of information on the internet, but what many people like most is look at pornography: 70 per cent of browsing is done on sex sites. Don't be shocked: anyone in the hotel business will tell you the videos most looked at in their rooms are the sexy ones. Whatever else happens, new technology is not going to stop sex being the most important thing to most people once they've filled their stomachs.

Many of these sites are so sophisticated technically that ‘legitimate’ marketers often study and copy their ideas. And of course, they all use traditional direct marketing techniques – especially incentives and discounts. I won’t show examples from this market for obvious reasons, but it is interesting to look at examples for the other two very profitable markets on the internet: gambling and self-improvement/get-rich-quick.

If you look at the list of ‘website musts’ I described earlier on, you will see these guys do not miss a trick (despite the heavy regulations, in the case of gambling). OK, so you’re not a pornographer or a gaming expert and you don’t want to promise people they will become millionaires in their sleep. How much money can you make on the internet?

There are hundreds of examples of very profitable online operations even in more ‘traditional’ markets. Firms like Ryanair and easyJet rely almost entirely on internet sales. And in the past few years, Ryanair was one of the few airlines to show a profit.

In England, Tesco overtook their great rivals, Sainsbury, some time ago to become the number one UK supermarket chain, partly, as I have noted, by using their database when others didn’t. They also set up a good website. Then they went one step further: they offered their own internet access, becoming an ISP – internet service provider – and giving that access free. This move was judged so clever by the investment community that the day it was announced, Tesco’s shares leapt up. At the moment they are probably the largest online retailer.

Many traditional retailers pursue what is called a ‘Clicks ‘n’ mortar’ strategy. John Lewis, the best-managed department store group in the UK, saw a 70 per cent increase in online sales in the years 2005–06, and their online sales will soon overtake those in their flagship store in London’s Oxford Street.

The truth is that digital will never entirely replace traditional media, but if you’re *not* using these media, your competitors probably are – and stealing a march on you. This applies to almost any product or service you care to mention. For example, I met a man on a plane not long ago who sells hardwood flooring. He told me his business had been in deep trouble for the last two years, but he had only just discovered why. His competitors were using online and he wasn’t.

Some services – like online grocery ordering – appeal to some, but not to others. Just as some don’t like buying through the post, so others won’t like the internet. They will prefer to touch and feel before they buy. And sometimes people will use either method depending on how they feel.





Look online, buy off – or vice versa

Dell Computers, which sell directly, became, partly because of this, the world's biggest computer firm. Dell turn over many millions a day via the internet. I must say, though, having bought from them, that their service – like that of many others in the field – does not match their claims, which is one reason why their growth has faltered. And the phrase 'via the internet' is deliberate. Dell get enquiries on the internet, but not all sales are actually consummated that way. (Additionally, they have a hidden advantage: Intel heavily subsidises their advertising.)

The truth is that although people search for what they want online they may buy offline. Not long ago we bought a brass bed. We found what we wanted online, but the best deal by far was a long way away. Nevertheless, we drove 220 miles to choose, examine and buy the bed from Heavenly Beds in Wales. (I recommend them, by the way. If you want to know what constitutes good service, visit them: they are superb marketers.) By the same token, when deciding which television to get, we visited some of the shops on Tottenham Court Road, to actually check image and sound quality – but we bought the set online, for the simple reason that it was a much better deal.

Beware: nothing fails like success

Much of Dell's success was due not just to selling directly, but to giving customers what they wanted – a computer configured to suit them, delivered quickly at a low price. Then they forgot what made them successful.

As I pointed out earlier, a better product or service is – by far – what matters most in marketing. But as I also pointed out, what happens after the sale counts even more. Dell delivered the product, then forgot

the customers. Both they and AOL are in trouble as I write because they do an unsatisfactory job of handling customers. (Incidentally, if you want to know more about how much this matters, read *Simply Better: Winning and keeping customers by delivering what matters most* by Patrick Barwise and Sean Meehan.)

Details that enrage customers

Dell and AOL – plus quite a few others – fail in one simple respect which could easily be remedied. They conduct what I call inhuman direct marketing. Sure, you can buy from them directly. Sure, you will get messages from them. But if you want to talk to a human being, you can't. When it matters, they prefer a one-way relationship: you can't talk back. But talking back is what people want. They want control. What's more, the internet gives it to a greater degree than ever before. If you have a bad experience with a firm, you can tell the world. And people love to do so.

The other side of the coin

Amazon sit instead at the other end of the spectrum. They are not perfect – who is? – but they work hard towards perfection. Here's a simple example that tells a long story. Some months ago, my colleague Alastair Lee bought a book from them for £8. He never received it, so he contacted Amazon and explained what happened. Mind you, he didn't have anything to prove his story, as Amazon orders are not sent with registered delivery and the online tracking system showed the book as 'delivered'. Yet he was sent another copy of the book free. What's more, he received his £8 back, as an apology. Where do you think Al did all his Christmas shopping this year?

But then again, Amazon's daring strategy was to reinvest all their potential profits in improving their offering, so as to build their brand and get in more customers in the hope that they could make them loyal – or at any rate profitable – before their competitors got hold of them. Offering service that exceeds expectations was apparently part of the strategy. After a great many nerve-racking moments, it paid off, even despite the great internet bubble of 2000.

We are talking here about the value of a customer – a critical subject discussed earlier when looking at the economics of direct marketing. A few years ago, Amazon were apparently paying £50 to get a customer. I have no idea how long it took them to generate that much profit per customer – but that's the key calculation, and they obviously had the nerve to wait for the magic moment and the determination to implement their vision at every level.

Beware the power of the user

So far, many companies have been able to thrive despite not making any efforts to please their customers. I predict things are going to change quickly, for two reasons. First, as happens in every market reaching its maturity, product and price will no longer be enough to guarantee a competitive edge. Service has to enter into the equation. The second is because of the growth in popularity of users' exchanges over the net. Think of the huge communities created by MySpace, Bebo and Facebook. Think of how easily people can share opinions, videos, and any kind of files on those and other sites, like Flickr and YouTube. Or think about blog-related sites such as LiveJournal, also extremely popular and with a slightly higher age demographic than MySpace.

Sites like Yahoo! Answers are taking advantage of this collective contribution: they use users to provide answers to thousands of questions free. Wikipedia meanwhile uses collective contributions to provide one of the most comprehensive online encyclopaedias available. What all these sites have in common is that the content is being managed by other users – not a firm.

Traditionally the only relationship that mattered was the one between the company and its customers and employees. Outside of this triangle, there are the brand advocates who not only have a relationship with the brand but also with other customers. Although marketers have long realised the power of word of

mouth, they generally haven't taken full account of the influence of brand advocates with other customers or offered them a forum to communicate.

Just think: if Amazon hadn't sent Al another book, he would have been disappointed and upset. A couple of years ago, he would have probably told his story to his friends. Now, he could just post an entry on his Myspace page – and potentially reach hundreds of thousands of people. Is this a risk worth taking?

AN EXTRAORDINARY, RARE OPPORTUNITY

For 30-odd years I have slogged around the world preaching the gospel of direct marketing. Looking back, I am amazed at my persistence, since so few people wanted to listen most of the time. I never lost hope, because it seemed to me inevitable that this form of marketing would triumph, as it is now doing. A change in the climate has occurred. Direct marketing, from being beneath contempt, is now fashionable.

This isn't for some inchoate reason: it is because all the factors I mentioned earlier in this book suddenly became so relevant that nobody could ignore them any longer. Technology was one – and the internet is a product of new technology. Lots of firms rushed into direct marketing. Most still do it wrong. The same applies to the internet. Many new entrants remind me of the old joke about the man who jumped on his horse and galloped off in all directions. Their enthusiasm has outrun their intelligence.

But more importantly, you can divide direct marketers – whether they use digital or more traditional media – into two kinds: amateurs and professionals. Those who know what they are doing – and those who don't.

The professionals did not necessarily get that way because they were cleverer, nor are the amateurs hopeless because they are stupid. The difference between the two is simple, and I explained it when looking at two types of advertiser right at the start of this book. The professionals are those firms that have no choice, because they rely entirely, or predominantly on this medium. They *have* to make it work, or go broke. The amateurs are those who do it because they think they should, or because it seems fun, or fashionable, or whatever.

In fact, just as most firms are useless at marketing, even more are useless at *this* kind of marketing. And the biggest culprits are often those with the most money – because they have more to waste.

Most firms are more enthusiastic than competent

Here is a cautionary statistic for you: most websites are never visited by anyone – ever. And even when they are, things don't always go very well. I was also not surprised to hear recently that a significant number of requests for information – free brochures and such – from websites were not replied to. It's just the same as in the world of print.

Strategy and planning are important in this as in all else. You must consider what you are trying to achieve, why you are doing it, how you plan to set about it – and all the other little obstacles that may occur along the way. It will probably cost much more than you think. If you don't know what you're doing, this is a pretty good way to waste money, much more money than you would imagine. Despite technological advances and more trained people, the average cost of setting up and running a site has soared. That trifling sum mentioned initially by the people who create it for you may bear no relation to what it eventually costs.

So, here is a series of questions to help you to get on the right lines. Think about them carefully, answer honestly – and you're far less likely to squander valuable time and money.

Twenty suggestions for you to consider

- WWW– why??? Ask yourself why you have a website. You may recall that right at the beginning of this book I quote the old army song – 'We're here because we're here.' Well I've asked audiences all

over the world why they have a website. And many admitted it was because they (or their bosses) thought they should – often because their competitors had one.

- Make it pay for itself.
- Use every road to reach it.
- Make it work with other media.
- Beware of experts. ‘One thing long experience has taught me: beware of experts’ (Lord Salisbury).
- Realise the medium may have changed; the customers haven’t.
- Compare it to what you know.
- Every page is the first page to someone.
- Make offers.
- Don’t talk about yourself.
- Go for action on every page. ‘The most essential gift for a good writer is a built-in, shock-proof, bullshit detector’ (Ernest Hemingway).
- Test.
- Measure.
- Act.
- Gain knowledge about customers.
- Make it easy: signpost clearly.
- Copy good sites.
- Keep in touch.
- Be personal.
- Make it easy to reply.

And remember, it costs you nothing to test – and the results may astound you. One of our clients hit their yearly sales target with just three e-mails. Goodness knows how much it would have cost through other media. Another increased loan applications from 0.48 per cent to 2.2 per cent with one small, easy-to-miss change on one of the many pages of their website. Another got a 5 per cent response from their e-mail where previously they got 0.2 per cent. What could you achieve? With intelligence, understanding and commitment, who knows?

Going digital: the basics

Points to remember

- The internet is 'more' unique than other media.
- Ask yourself what you want from your website.
- Five critical objectives for your website:
 - get people to it;
 - keep them there;
 - come across as an ideal option;
 - get people to respond;
 - get permission to talk to them.
- Four practical benefits of your website:
 - help identify customers' buying patterns;
 - provide more and better services;
 - deliver information;
 - attract new employees.
- Be quick: people are impatient.
- Ask for e-mail addresses but offer something in return.
- A successful site should be a pleasure to use.
- Promote your site offline to attract browsers.
- Use online techniques to attract browsers.
- Ensure marketers and not techies are in charge of the process.
- Plan e-mail communications with care.
- Integrate online and offline marketing.

Your Greatest Asset

*'Father, Mother and Me,
Sister and Auntie say
All the people like us are We
And everyone else is They.'*

Rudyard Kipling

*'The one thing our industry does not lack
is computer people with the personal characteristics
of a Messiah plus a willingness to dress up a
perfectly ordinary mailing list maintenance system
and call it a "marketing database".'*

Ian Goodman
Acxiom UK Ltd

The word direct marketers probably use more than any other was hardly mentioned in the first edition of this book 25 years ago. That word is *database*.

In those days, people talked about *lists* – as they had done for many years. Now, the simple (and inexpensive) list has been cast into outer darkness and replaced by the sophisticated (and sometimes very expensive) database. In fact, one of the leading UK experts on this subject once asked me: 'At what point, Drayton, do you think a list becomes a database? What *is* the difference?'

It is easy to waste money

Lists were relatively inexpensive because everyone understood what they were, and thus what they were paying for when they compiled or rented one. 'Database' is a word many do not entirely understand. A very profitable industry has evolved to cater for this ignorance, with predictable results: many people spend prodigious sums, even millions, without gaining a great deal of satisfaction.

But I have good news for you. If you start by thinking about lists, you will end by understanding databases and what they can do rather well. Indeed, I hope to reassure you: you probably understand a great deal more than you may have thought.

THE VALUE OF A NAME

I refer elsewhere to Jerry della Femina, who once said he thought advertising 'the most fun you can have with your clothes on'. This displays a worrying ignorance of good music and fine claret, but I know what he meant.

Working in our business is not as worthwhile as being a conservationist or a surgeon, but it is fun, and you get involved in some interesting areas of life. For example, I once wrote copy for a racing tipster service. It all came about through a couple of friends, one of whom gambled professionally, and the other of whom already ran a tipster service.

This taught me a number of things, especially that the average professional gambler is not too hot at running any kind of service, let alone one which requires you to be at the office first thing in the morning to give people tips.

But the most interesting fact I learned was that the name of one regular purchaser of racing tips was worth £1, making the value of a list of 1,000 such names £1,000. To put this in context, at that time the

pound sterling was worth four times more than it is now and in those days even a list of extremely wealthy people would have cost you no more than £50 per 1,000 to rent once.

Talk to the right people

I tell you this to emphasise that with the right people to talk to you can hardly fail. The most wonderful mailing on earth will die the death if sent to the wrong names. The worst mailing on earth can succeed if it goes to the right ones. I shudder to think how much money has been thrown away because insufficient thought has been given to the people who are being spoken to. If you don't know who you're talking to, you're highly unlikely to make the right offer, let alone gauge why they should want to buy whatever it is you're selling.

This is true even of the broadest appeal – like a sweepstake. Almost everybody likes the idea of winning something for nothing. But some people are put off by this sort of approach. One company which operates in almost every civilised country on earth has hardly ever been able to make a sweepstake pay. Their type of customer simply isn't interested; or to be more exact, does not find that sort of approach from them appropriate – an important distinction, obviously derived from their positioning.

The problem is that, particularly for people accustomed to general advertising, it's easy to think of a list as a *medium* like a newspaper. Yet in fact, of course, direct mail is the medium; the list is the equivalent of the readership of a newspaper. More importantly, a mailing list, if carefully compiled and properly analysed, will reveal far more variables than you could discover about the readers of a particular publication, or the viewers of a TV programme.

Get closer to perfect marketing

List experts sometimes utter a rather dull, but very relevant expression to recall us to the most important truth about lists. They say, 'Lists are people'. And – you might reasonably reply – so are the readers of a newspaper or the viewers of a TV show. But direct marketing is all about how people can all be approached as individuals – to return to the besetting theme of this book. And the point about individuals, as I indicated earlier, is that if you can learn enough about them and their needs, you can meet those needs better, and get closer to perfect marketing.

THE RELATIVE IMPORTANCE OF THE LIST

The role of the list as compared with the other factors in a mailing is well illustrated by the results of some tests, we conducted a few years ago for one of our clients.

Mailings were sent to 12 lists we thought likely to succeed. We also tested three prices, two ways to pay, different times for mailing, alternative ways of responding and several creative approaches. The best combination of all these factors produced a result 58 times as good as the worst combination. By far the most important factor in these tests was the choice of list – as you can see from the following abbreviated figures.

Lists: the most important factor

Typical mailing test results

Factor	Difference between best and worst
List	× 6.0
Offer	× 3.0
Timing	× 2.0
Creative	× 1.35
Response	× 1.2

Let me emphasise that we had no clear idea in advance which of the 12 lists would work best. In fact, the winner was something of a surprise to me.

This book is not the place (nor am I the person, for I have little sympathy with the subject) to go into the fine and dreary detail of list buying, holding and maintenance, though I hope to give you some helpful advice. But you will have gathered simply from looking at the test results above that the role of the list is critical in this business. Let me now transfer your attention from the list to the database.

Nowadays, people generally hold their lists on computer. It's easier. And the computer is getting infinitely less expensive to buy and run. In 1985, *Direct Marketing* magazine stated that 'Since 1960 the cost of computer mainframe storage has plummeted roughly 20,000 times – whilst speed of operation has increased by a factor of about one million. There is now a 50 per cent gain in efficiency per annum.' This has continued at the same pace.

Build a database

This enables you to build (increasingly cheaply) a more detailed kind of list: a database.

There is a lot of talk about databases, not all necessarily well-informed. Indeed, some time ago, one expert asked a group of his colleagues to *define* 'database marketing'. They all gave different answers.

This gives you some insight into the confusion surrounding this word. Yet, in my view, a database is only a list of customers or prospects incorporating relevant information about them. This enables you to target your messages in a way which is much more interesting to your recipient – and therefore, likely to be far more profitable to you.

One publication remarked a few years ago that the importance of the database is such that it believes the *primary duty* of a direct marketing agency is to build its client's database. I think this a sweeping and inaccurate assertion. After all, the agency must also be able to help the client exploit that database in an imaginative and profitable way. And if an agency cannot help the client acquire customers and keep them profitably, there will be no money for database building. The business will go broke.

A database is a tool, nothing more. It is your skill at building the database, analysing the information it holds and using your knowledge to construct more effective communications that will determine your success.

Be that as it may, once you understand the principles of list evaluation, you are a fair way to understanding all about databases. In fact, the idea of building a database – of acquiring information about your customers or prospects which you can note down in conjunction with their names and addresses – is not new at all. I am indebted to my friend Roger Millington, a keen historical sleuth, for an example of database-building which dates back quite a while.

It is the case of a company with a medical product asking respondents to give details of their injuries or illnesses as a result of their war experiences. Obviously, this would enable them to target those people better: to offer them the right products.

It was not particularly difficult for the company in question because they made Dr Williams' Pink Pills for Pale People, which had the uncanny facility of being able to cure everything from the common cold to cancer. Probably they merely adapted the messages – based upon the information their respondents supplied – without adapting the product.

Nothing new in the database

What is most interesting about this example is that it dates back over 130 years, to the period of the American Civil War. Not only is there nothing new under the sun, there is not very much new in a database: simply greater technological proficiency as a result of the computer.

Let us now return to the fundamentals of the mailing list.

Three simple facts to start with

All understanding of mailing lists starts from three simple facts.

Which lists work the best?

- 1 Lists may be conveniently divided into two kinds: your own, and other people's.
- 2 Your own list should always give you better results than anyone else's.
- 3 The best lists to rent or buy are those which are most similar to your own.

I think this is fairly simple. But in case you have any doubt, let me explain that by 'your own' list I mean any list of people who have transacted business with you or had a contact with you, and thus know you.

In business, people prefer to deal with people they know. This is particularly so in the mail order business where customers have to have confidence in the vendor. To send you money for a product they don't have in their hands they have to believe you are reputable. If they've done business with you before, they are going to be that much more confident.

But you will be interested to know that the same thinking applies whether you're talking about mail order or any other form of marketing. For instance, one of my clients uses salespeople. They have discovered that it is four times easier to sell to existing customers than it is to sell to similar prospects who have not done business with them before.

So the important thing to remember is: if people have done business with you or had contact with you previously, their names and addresses are valuable.

The customers you want are like the ones you have

In the mail order business, it is reckoned that a mailing to your own list will be about three times as effective than if it were sent to someone else's list on which the names had similar characteristics.

You will, I am sure, have nodded in agreement at all this. It makes sense, doesn't it? The customers you wish to get are likely to be very similar to those you already have.

Predicting success

Gordon Grossman, a former marketing director of *Reader's Digest* in the US, wrote an article in December 1982, 'Foreshadowing response: the muscle in your merge', which demonstrated in the most startling way how important it is to remember the fact that new customers' responses can be predicted from old.

Predict which lists will work

Grossman noted that if you compare the lists that are working for you currently with ones you are thinking of testing, you can predict with a high degree of certainty which lists are likely to work.

When people rent lists, they have to complete a computer run to eliminate duplication – known in the trade as 'merge and purge'. Having removed this wasteful duplication, the average mailer carries on. Not Grossman, because he takes a look to see how *similar* the lists are. He points out that in his experience: (1) if the duplication factor between the two lists is 25 per cent, your mailing has about an 86 per cent chance of succeeding; (2) if it is under 10 per cent, the likelihood of success is about 3 per cent.

Not long ago, a direct marketer attending a seminar I was conducting told me that her company had discovered the same figures applied to within 2 per cent.

Your ability to place on a database relevant information about the people you are interested in, to analyse what you have learned and then exploit it, determines your success in direct marketing. Here's a

simple example which shows how *little* the thinking has developed since Dr Williams' Pink Pills were saving lives (or not, as the case may be) 100-odd years ago.

**Veterans, Please Fill Out and Return This
List of Questions.**

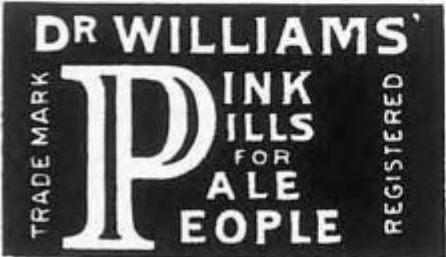
Were you *WOUNDED* during the War? _____

If so, *HOW* and *WHERE*? _____

NOTE.—It is not alone those who were wounded who deserve our sympathy: it is that great majority WHO WERE NOT, but who contracted the seeds of disease in Southern swamps and prisons, and who have as a consequence lost their health before their time—THESE are as deserving of sympathy as their wounded comrades, and should have equal reward.

Do you attribute your present ill-health to your war experiences? _____

How has it affected you, and what is the nature of your disease? _____



DR. WILLIAMS MEDICINE CO.,
SCHENECTADY, N. Y.

If we can advise you in any way regarding your condition we will be pleased to do so, free of charge, on receipt of this Blank properly filled out.

Very truly yours,

Figure 9.1 Dr Williams' Pink Pills. This example of database-building goes back to 1868: there's nothing new under the sun

The benefits of a questionnaire

In the chapter on positioning I mentioned North West Securities and a mailing they sent out to prospects asking them to reply to a simple questionnaire. The questionnaire answers revealed what assets prospects planned to acquire over the next 12 months, how much they thought they would cost, what makes and models they were considering, when they intended to buy and the best time to talk to them on the phone.

This is all enormously valuable ammunition for the company. It also makes sense to the prospect. He (or she) knows that he is only going to be approached by the company *at the right time* to talk about something *he is already interested in* in a way which is *relevant*. In this way the company can offer a better service than it could without that information.

The importance of analysis

Every relevant piece of information can help you build up a picture of your best prospects or customers and enable you to do a better job for those people. This principle applies whether you are talking about business-to-business or consumer marketing. The information you use to enrich your database can come from many sources, internal or external. And you can acquire it in many ways.

Information to enrich your database

One way is to look at who has responded to your previous communications and discern the characteristics they share with other respondents. The converse is equally true: you can see who does *not* respond. In this way, you can target your communications to those most likely to respond and eliminate those least likely.

Transform failure into success

This means that you can take a list of people which as a whole would not be profitable to mail and, by eliminating the least responsive names, cut down the size of that list and make it profitable to mail the remaining names. In effect, you transform failure into success. Alternatively, you can make a list which is *already* profitable *more* profitable.

You can use generally available information to enrich your knowledge of the people on your database. For instance, in the public domain there is often information about particular residential areas: what sort of people live in them, what sort of accommodation they inhabit. This is usually available through postal or census statistics.

You can also acquire information from your order forms; often simple but valuable data, by asking whether people have telephones, how old they are, how many children they have and of what sex and age. By comparing this information with the responses, you have received from other customers you can predict likely responses from those people. Every shred of information helps build up a picture of the people you are talking to and their probable behaviour.

If you like to blind your colleagues with science, the phrase ‘regression analysis’ can be used to fine effect when discussing this.

And if you like to impress your colleagues with good profit and loss statements, I should state that generally this technique – though it costs money – tends to generate more profit than it costs: indeed, you can *double* your profitability.

Of course, unless you have your list properly organised, with every possible factor about your buyers incorporated into the database, such analysis is very difficult.

What is your best prospect?

For instance, we once learned for a client that our best prospect tended to have an ‘ethnic’ surname – that is, not English, and that included Scots and Irish. If English, they were likely to have more initials than average, to be a professional person inhabiting a house rather than a flat, and a house with a name rather than a house with a number. Information like this can, as I said, enable you to transform unprofitable mailing lists into profitable ones simply by eliminating the names less likely to respond.

Develop your own database

For a large business, developing your own prospecting database can save millions. One of my clients, American Express, used to be amongst the largest renters of mailing lists in Britain. They employed a considerable staff to do the job and spent enormous sums both renting and deduplicating the lists. In the end they decided to build their own database from the electoral register and used the information they already possessed about their best prospects and customers to target the best names on that file. It took time and money, but the final result enabled them to mail that database for no more than their rental method used to cost them – but with no rental charges.

Most businesses of any size can apply the same sort of thinking. If you are not a large, sophisticated company with its own database, the good old-fashioned mailing list will be critical to you.

TWELVE CRITERIA FOR EVALUATING LISTS

Here are 12 points to consider when assessing a list's value, in *rough* order of priority – based on what the traditional direct marketers have learned.

1 Are they your customers, or someone else's?

If they are someone else's, one way you can get a better response is by persuading the list owner to write an endorsement of your product to go out with your mailing.

2 How much money did they spend per transaction?

Obviously, the £1,000 buyer is likely to prove a more lucrative prospect than the £10 buyer. Equally, when you come to communicate with him or her you will use a very different tone of voice.

3 Have they bought recently?

Recent buyers will always do better than others. In the US they are sold as 'hotline' buyers. Often, when other names will not work on a list, people who have bought recently will work. In one company I was involved in at one point, whereas we were failing to convert customers by mailing them after six weeks, we were wildly successful by mailing them immediately after a purchase.

4 Have they bought frequently?

Recency, frequency, monetary value

In the same way that recency is important, so is frequency. In fact the three factors that often make the most difference in a list of database selection (apart from accuracy) are recency, frequency and monetary value.

5 How up-to-date is the list?

People sometimes move home. They move jobs more frequently. Unless the list has been mailed recently and the 'gone-aways' have been cleaned out, it could be full of out-of-date names. Business-to-business lists can be particularly poor. I recall a list which we discovered was 50 per cent inaccurate although it came from a very reputable source.

6 Are they mail order buyers or not?

Some people like to buy through the mail. Some don't. So, a list of retail buyers or competition entrants will not be nearly as good as mail order buyers – though a list of your own competition entrants will almost certainly do better than a list of somebody else's buyers. The same principle applies to online buyers

7 Were the sales for cash or for credit? What sort of credit?

A cash buyer would be better than a hire purchase buyer. But a credit card buyer should be better than a cash buyer. And a charge card buyer should be better than a credit card buyer. They generally have a higher socio-economic rating.

8 Are they buyers, or just enquirers?

Normally buyers will be better for you than enquirers. Sometimes, though, when renting outside lists, you may find enquirers work better.

9 Is it a list of people who have established a business relationship with someone?

Or is it a compiled list, taken from printed records of some kind, like the telephone directory? Compiled lists are not nearly as good. Moreover, if they have dealt with someone, that enables you to approach them by referring to that relationship. This establishes a reason for writing – very valuable.

10 If it is someone else's list, how similar to your own are the people on it?

By age. By socio-economic background or, if this is business-to-business, by type of company. This is, of course, quite apart from whether they have bought the same kind of product. The best list for you is a list of people who have bought an identical product to yours. (You may find this hard to understand, but, as Shakespeare said, 'The appetite grows by what it feeds upon'.)

11 How often is the list mailed?

You may be surprised to learn that the best lists are those which are mailed often. The people have got into the habit of responding to offers. If a list has only been mailed once in the last six months, the people on it seem to languish.

12 Is the name as well as the title of the person on the list, if it's a business list?

Some lists may only have the company name on them. Make sure you're getting the detail you think necessary. In my experience, rather than settle for what are likely to be inaccurate personal names, you are better off going for the title.

Apply criteria intelligently

If you take all these criteria and apply them intelligently, you should find assessing the likely responsiveness of a list much easier. Indeed, by looking at a list or database and thinking about it attentively, you will frequently come up with the offers and even the products you should be marketing. After all, what you sell, the offers you make, and how you make those offers all start with studying the customer or prospect.

Take two examples from the same field. People who paid £145 cash through the post for an exercise bicycle might read your new £12 a year publication on fitness. On the other hand, subscribers to your publication on fitness are not proven mail order buyers who spent good money recently: they might not be at all prepared to pay £145 for an exercise bicycle – let alone through the post. You would approach your test with fewer expectations.

Your business revolves around your knowledge of individuals

But let me repeat: your entire business should revolve around considering the individuals on your database or the people you wish to recruit as new customers and thus enrich your existing database. Considering those individuals will not merely help you formulate the right offers and the right products to offer; it will enable you to *communicate* your message more effectively. As a copywriter, I always find

information about the people I am about to write to and how they have behaved in the past – and indeed *anything* I can find out about them – is immensely valuable in helping me do a better job.

Even scrutinising the names and addresses on a list can sometimes tell you a lot. People with upper class names and smart addresses are different, clearly, from those with working class names living in cheap neighbourhoods. It is *particularly* worth your while to read customer correspondence, as I suggested earlier.

Know how people behave

Perhaps a little story will illustrate how it can pay to think carefully about the people on a list.

People behave as they are accustomed

Some years ago, some enterprising folk opened offices in Manchester and printed a lavish catalogue full of attractive consumer durable goods. They mailed the catalogue to a large list of people who had bad debt records. All the goods offered were available on low deposit.

Because they had thought about the nature of the list, the mailing was extremely successful, pulling some £60,000 in deposits, so my informant told me. A few weeks after the mailing had gone out, the entrepreneurs vanished with the money.

This is quite the most successful approach to the problem of bad debt I have heard of. It also illustrates one of Francis Bacon's maxims: men behave as they are accustomed.

You should never forget this when making fresh offers to customers you have recruited, for generally speaking they will respond well to the kind of appeal that attracted them in the first place. Thus, to take a simple example, people who were recruited via a sweepstake offer will respond to that sort of offer later, and so on.

YOUR DATABASE AND HOW TO BUILD IT

A list can belong to anybody; but your database only belongs to you, designed to meet your particular needs. It is simply a list of names and addresses to which are appended all the things you think might be relevant; the information you can discover that will help you deal better with these people: talk to them about the right things at the right time.

One point to remember: don't waste time and money acquiring information about people and placing it on your database – which costs money – when that information is, however interesting, of no real value. This is a mistake often made.

Ways to acquire names

There are only two ways in which you get people on to your database. You may know enough about them to identify them as prospects for what you're offering. You therefore place them on your database and start communicating with them until you find it is no longer worthwhile, because they are clearly not going to respond. Or they identify themselves by replying to communications of one kind or another – advertisements, commercials, take-ones, or syndicated questionnaires (more about this in a moment).

At conferences, people often say to me: 'We don't have a database; how do you build one?' Being a bit of a smart Alec, I always reply: 'Surely you must have a list of customers? Even if it's only to send out bills. Surely you must have a list of your staff. This is your database. All you have to do now is enrich it by adding information about these people on to it.'

Although this is a bit of a simplification, it is true. Most people actually have important lists under their noses which will form the basis for their database and either fail to see their value or don't realise the names are there just for the compiling.

Some years ago, somebody in the very competitive business of photographic developing came to see us. He spent most of the meeting telling us what a hot shot company he had. At the end, we asked him what he did with his database. ‘What database?’ he asked. ‘The list of all the hundreds and thousands of people who send in for free films,’ we replied.

‘Oh, those. We take their coupons and use them to send the film back – it saves money,’ he replied. ‘Making a list would be far too expensive.’

Always take customers’ names

Anyone who thinks that a list of satisfied customers is not worth the expense of compiling is being very shortsighted indeed. And when you are in a highly competitive – even cut-throat – business like the one this gentleman was in, you should be particularly anxious to communicate regularly with the customers to retain them.

So the first place to look for lists which can build you a database is in your own backyard. Some of the sources are so obvious it’s easy to overlook them.

Trapping customer names

Gordon Grossman, whom I have already quoted, once wrote an article with the pleasing title: ‘If your customers won’t make you rich, then who will?’

It’s vitally important that you trap the name of every customer you have, or have had in the past. They will come in from your direct advertising and mailing, obviously. But what if you’re just starting out on direct communications? Then you must look elsewhere.

Ways to acquire more names

- Get everyone who deals with customers to record their names and addresses. Your telephonists. Your receptionists in the showroom. Your complaints department. Your service people. Your sales people. Your marketing people.
- If you have retail outlets or agents or a chain of dealers, get them all to do the same.
- Do you offer a guarantee? Get those names and addresses on file.
- What about your past records? Invoices you have sent out, old customers (a lapsed customer is one of your very *best* prospects), past enquiries.
- Do you attend exhibitions or shows? Collect names there.
- How about competitions? Always capture the names of entrants. They should be useful, too.

A little chart overleaf shows you how names come on to a database. I can understand it, unlike most business charts, so I hope you will.

What should go on a database?

Building a database requires careful planning. Sometimes costly errors can be made. For instance, a few years ago the Automobile Association discovered that when planning its database it had neglected to include information about the makes of cars members had, and how long they had had them.

Information must be relevant

Your database is only as good as the information you hold on it. The more information, the better the database; but the information must be relevant.

You need to know as much as possible about what kind of people they are; where they live; how many people live in the household; how old they are; what sort of home they live in. Depending on what you sell, you may want to acquire other information.

For instance, one of my favourite campaigns a few years ago was a series of pages for Fancy Feast cat food, with the engaging headline: ‘The richest cats in the world and how they live’. The reply section asked for such information as: ‘How many cats do you have, how old are they, what are their names, what cat food do you buy, and how much?’ Information like this is obviously of critical importance to that company.

Indeed, *everything* relevant you can learn is likely to make your endeavours more successful. Suppose you wish to sell home improvements. You will obviously be better off appealing to certain types of people living in a certain type of property. If you wish to sell children’s toys, you want to find households with children of the right age, and so on.

Build a dialogue

Equally, as you have already learned, if these people have either bought from you or received communications from you in the past, that must go into the database. *If* they have bought, *when* they bought, *how recently* they bought, *how much* they paid and *how* they paid – all valuable ammunition to help you build a dialogue and create a relationship with your prospects.

The same thing applies when you are dealing with business-tobusiness. Let’s examine the type of information you might want to hold. It will probably fall into the following categories:

Valuable information

- purchase history;
value/date of last sale/frequency of purchase/product range;
- company profile;
business type/size/credit rating history;

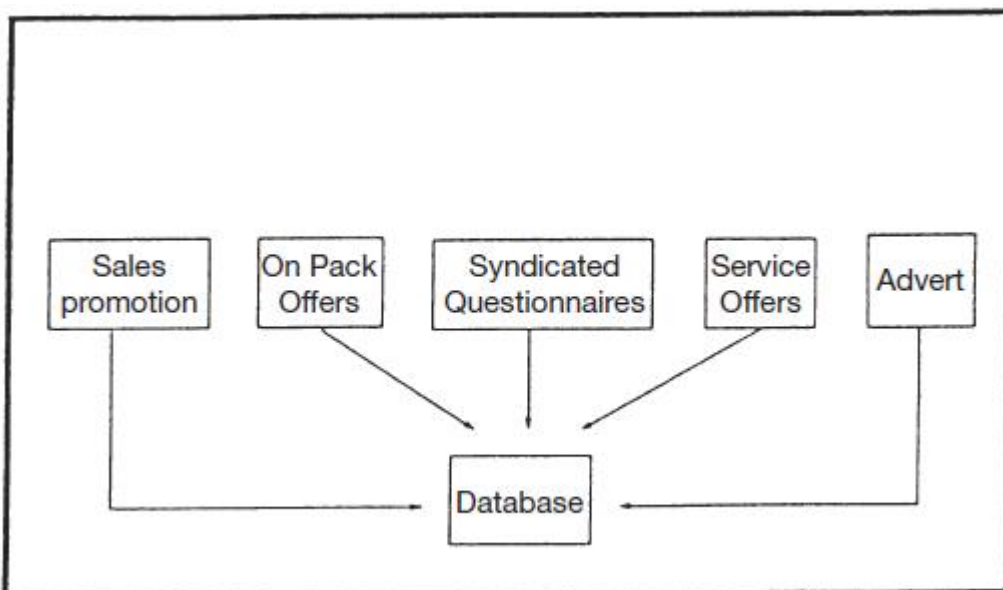


Figure 9.2 Identify individuals

- marketing data;
source of name/promotion history;
(i.e. mailings/telephone calls/sales visits)
- expressed interest in other products or services.
- You need to know who the influencers, specifiers and purchasers within a company are, so you can address each individually, addressing his or her motivations. That’s because most buying decisions are made by more than one individual.

The potential of cross-selling

If you know what interest a customer might have in other products or services you offer, it helps you to cross-sell. This is obviously desirable, but few people do it as well as they might, simply because they lack this information. But what happens when you do have it? Some years ago, the Trustee Savings Bank announced unusually good results. The reason given by informed observers was that they had developed unusual skills at cross-selling. ‘Around the world the bank has been held up as an example of what you can do when you know your customer base’, said one leading analyst.

Identify best prospects

If your business relies on personal selling, a rich database enables you to manage your sales force leads in a sophisticated manner, helping you monitor and control all your sales activities far more efficiently. Because you are constantly acquiring more knowledge about people as individuals, you can manage your database to identify your best prospects.

As we have already learned, those prospects will be those whose characteristics most nearly match those of your existing customers. Thus, retailers can examine regional distribution and identify the best areas for potential new outlets by analysing what they know about their existing customers.

We suggested to one of our clients, for instance, that by analysing the geographical distribution of their best customers and prospects, they could convince retailers that a market existed in their area. In this way they could persuade them to join a preferred supplier scheme.

Markets where there are ‘no databases’

Some of my colleagues in less developed markets say to me: ‘There are no proper databases in my market. In fact, there are hardly any decent lists. Nobody knows how to put databases on computer.’

Is this an insurmountable problem? Of course not. As I have already pointed out, people were using forms of database over a hundred years ago. Marketers like *Reader’s Digest* were using the database principle before the introduction of the computer. The computer is just technology which enables you to create a database more easily. Moreover, if your clients don’t have databases, then start creating them. If you’re a client, start creating your own.

The computer is not such an awesome mystery after all. You might be encouraged, when contemplating possible mistakes, to realise that the big companies are *constantly* screwing it up gloriously. It may be that you have little to lose and much to gain by attacking the problem yourself.

But you will need specialist help. That is precisely what I sought when writing this chapter. I went to a leading expert, Ian Goodman. Ian gave the following examples of computer problems during deduplication.

Where things go wrong

Simple overkill

Mrs J Smith
Janet Smith

The computer compares these two names at the same address and decides they are duplicates. In fact, they refer to mother and daughter. What if Mrs Smith is a bad credit risk, but her daughter isn’t?

Invalid marketing information

The computer discards Janet Smith after crediting her history of purchases to Mrs Smith, who now appears to be a splendid customer.

False name creation

The computer creates a non-existent person by amalgamating the names into Mrs Janet Smith.

Sequence-dependent overkill

A Mr John Smith, Motoring Ltd

B Motoring Ltd

C Mr John Brown, Motoring Ltd

The computer compares A with B and decides that A=B. It marks B for suppression. The computer then compares B with C and decides to mark C for suppression. Thus, only A will be mailed.

What to look out for

Same name, different companies

Mr Smith, Motoring Ltd

Mr J Smith, Cars Ltd

Suppose both records refer to the same address. Either they refer to the same person who works for a group of associated companies, or they refer to two different people whose companies share the same business premises. How does your computer cope?

Synonymous titles

Mr John Smith, Managing Director, Health Care Ltd

Mr David Jones, MD, Health Care Ltd

Perhaps the company has joint managing directors. Perhaps one of these records is quite old, referring to a person who has retired. What does your computer make of this?

False title creation

Mr David Jones, MD, Health Care Ltd

Does your computer 'improve' MD to managing director? Or does it realise that Mr Jones may be a doctor?

Sequence straitjacket

Computers rarely demonstrate any flexibility about the way they sort names and addresses into geographic sequence before deduplication. The tiniest spelling variation in two otherwise identical names and addresses can play havoc with a computer sort, forcing the records so far apart that the computer cannot spot the duplicates.

Suppose the computer is sorting by street name. Consider Alder Road and Older Road. Imagine the number of other street names which may be sequenced alphabetically in between!

Tie-breakers and heart-breakers

Suppose the computer resolves its sorting problems and notices the two addresses for Alder Road and Older Road. How far will the computer go to test if one of these names has been incorrectly spelt? Consider the possibilities.

- Alder Road exists, but Older Road does not;
- Older Road exists, but Alder Road does not;

- Both Alder Road and Older Road exist;
- Neither Alder Road nor Older Road exist;
- It is possible to match either street name with another street in the locality, after allowing for a different kind of spelling error. For example, Alder Street.

The computer might resolve these conundrums by referring to a gazetteer of all known streets in the locality, using any given postcode as a tie-breaker. But it does not take too much imagination to see that the rules required to break the tie are extremely complex, being variably dependent upon both the given names and addresses and the particular mix of real street names recorded in the gazetteer in the given locality.

How far does your computer go in resolving these problems? What protections exist against incorrect address correction?

Ian ended with a sobering thought you might like to consider. If 99 per cent of direct mail managers do not know the answers to the above questions, and 99 per cent of computer people are equally uncertain, then only 0.001 per cent of all computer deduplication work involves people who know what they are doing – all the more important to make sure you get the right people working for you. If this sounds somewhat cynical, then consider this: some years ago one famous advertiser in Britain managed, I am told, to spend over £50 million without creating a workable database.

WHERE TO FIND THE BEST NEW CUSTOMERS

Get your customers' help

Just as your own customers are the best people to make you money, they are the best source of new customers. Always spend time and thought on ways of encouraging them to give you the names of possible new recruits. This activity – known variously as ‘Member-get-Member’ or MGM, and ‘Friend-get-a-Friend’ – tends to be the most cost-effective of all ways of getting new customers.

In fact in the United States, some research into why people buy cars revealed that the chief influencer for choosing a model was not television ads, which is where car firms spend most of their money. It was word of mouth. The second biggest influence was looking on the internet, and direct mail from dealers came third. It follows logically that any direct mail based on personal recommendation is likely to work very well, and it does.

It will normally pay you to offer incentives in exchange for the names of customers' friends. (The incentives only being received when the new name buys.) Usually it pays to offer the new recruits a gift, too. That way they do not feel exploited.

This activity of stimulating your own people to give you names is surprisingly neglected. I think it is so obvious that people tend to dismiss it as something they will get round to when they've solved their big problems, such as the design of the new corporate logo. Apart from collecting and exploiting testimonials, it may be the most neglected marketing ploy I can think of. Yet I can imagine few circumstances, save perhaps recommendations to a clinic for unsociable diseases, where it would not work, and I know of no easier way of increasing your profits.

Referrals: neglected, but hugely profitable

It's normally a licence to print money, because the message that solicits the new names goes out as part of your regular commerce with existing customers. It rarely requires more than a simple leaflet, sometimes less. Unlike a mailing or an ad soliciting new members, you have no need to spend much time persuading people your product is good; your satisfied customer is already convinced. In fact, the most cost-effective example I have ever seen (which I mention in another chapter) consisted of a simple one-line request on an envelope flap, offering no incentive at all. *Nothing* could be less expensive;

I have never heard of *anything* as cost-effective.

So, write it in letters of fire over your desk: 'I need an MGM programme because it's money for old rope'.

Pass on the message

While I am on the subject, what about the converse: what can you do with people who won't buy? Your customers will help you recruit new customers; what about those who aren't your customers? It is by scavenging around in piles of what appear to be otherwise useless commercial debris – like noncustomers – that you can sometimes find little nuggets of gold.

Therefore, put a line in your communications suggesting to recipients that if they are not interested themselves, will they pass the message on to someone they think may be. A good place is behind the window on an envelope in a mailing so the message appears when the contents are removed. Another is in the PS to the letter.

In business-to-business mailings it's particularly important to do this sort of thing. That's because although it generally pays you to mail people by name, this is not always true: sometimes the additional cost is too great to justify the additional response. Often people move positions within organisations or from one company to another, so that you may be better off mailing to a title. This is not always the case, but it generally is because of the large number of executives who change their jobs – or lose them – each year. One respected UK list broker stated a few years ago that 30–40 per cent of all names on the average business list at any time were likely to be inaccurate.

Beware of out-of-date names

The same principles apply whether you are selling to consumers or businesses. This letter to accountants got the highest response the firm had ever had.

Often, it may not be at all clear who the real decision-maker is in the case of your product or service. That makes it particularly important that if you mail the wrong person they pass the message on to the right one.

Never assume that people will do it automatically. But if you point out to them that the better a job of informing their colleagues you can do, the more it will benefit their company, they may be more than happy to help you. I have illustrated one way of getting these names below.

LIFESTYLE DATABASES

The syndicated questionnaire, and the database developed from it can help you build your own database. Such databases can contain much or all of the information you need to target people accurately. I am only familiar with this form of database building in the consumer area, though clearly it would apply for business-to-business as well.

This is how it works. Consumers are offered incentives – often free or discounted samples – in exchange for completing a questionnaire. The questionnaire may be in the form of a door-to-door leaflet, an insert in a newspaper or magazine, an insert with a product delivery, or even part of a product guarantee form. The questions cover the characteristics of the household, and the individuals within it, in considerable detail. What they buy, what brands, when they buy, how often they buy, what their hobbies and interests and habits are – almost everything you need to know. With the aid of this information you can target more accurately.

For instance, suppose you are selling Brand A coffee, you can then offer households who buy Brand B free samples of your brand and thus attempt to convert them. To households already using your brand, you can make a different offer. Perhaps one which encourages them to buy a greater quantity.

How syndicated questionnaires work

The firms running these questionnaires generally offer marketers the opportunity to sponsor questions – which they can help formulate – in areas that interest them. A car manufacturer can sponsor a section on car ownership. What car do you own? How long have you owned it? When do you plan to replace it? Obviously, the firms pay for this privilege, which offsets the cost of sending out the questionnaires.

This offers you what is potentially a *guided missile* for your marketing. You are able to target your competitors' customers and make them compelling offers. And it works. In the case of a pain reliever in the United States, one brand was able to persuade between 50 per cent and 75 per cent of the customers of a competitor to try their product.

The 1999 Silk Cut Leisure and Lifestyle Survey



What makes you tick? Would the chance of winning £10,000?

Start ticking, send us your completed, signed Survey and your name will be entered in our special Free Prize Draw. Win and we'll give you £10,000 to spend as you wish. Blow it all on a holiday that you and all your family will remember forever. Or save some and spend the rest on a new runabout - it's up to you.

Please answer the following questions so we can tailor any future offers we may make to suit you. Anything you tell us will be treated confidentially in accordance with the Data Protection Act. Thank you for your help and good luck with the Draw.

We've tried to make this Survey easy to complete, by using tick boxes where possible, so it should only take you a few minutes. If there are any questions you'd prefer not answering or that aren't applicable, please feel free to leave them blank. We would much rather have your Survey returned to us without these facts, than not receive your Survey at all. Once completed and signed, please return the Survey in the reply-paid envelope provided, or send to: The 1999 Silk Cut Leisure and Lifestyle Survey, FREEPOST SEA7364, Eastbourne BN20 8BR. Your name will then be entered automatically in the Free Prize Draw.

Don't forget to sign the box to confirm you're a smoker aged 18 or over, or your entry in the Prize Draw cannot be accepted.

CLOSING DATE FOR RECEIPT OF ENTRIES IS 31 DECEMBER 1999.

Start ticking now for that big prize!



SECTION A - YOU AND YOUR PARTNER

1. Mr A Sample
1 Sample Street
Any Town
Anywhere
AB1 2CD

9999999999

B1

(If any of the above details are incorrect, please cross through and write your corrections clearly alongside in block capitals.)

2. Why keep a good thing to yourself? If you give us your partner's name and get them to sign at the end, they can hear of offers too.

Mr ☐ Mrs ☐ Ms ☐ Miss ☐ Other ☐
Forename
Surname

2. And if you're the sporty type, which of these activities do you enjoy REGULARLY? (Please tick all that apply.)

	Watch	Play		Watch	Play
Cricket	<input type="checkbox"/> 01	<input type="checkbox"/> 02	Golf	<input type="checkbox"/> 03	<input type="checkbox"/> 04
Snooker	<input type="checkbox"/> 05	<input type="checkbox"/> 06	Ice hockey	<input type="checkbox"/> 07	<input type="checkbox"/> 08
Motor Racing/Formula 1	<input type="checkbox"/> 09	<input type="checkbox"/> 10	Ten-pin bowling	<input type="checkbox"/> 11	<input type="checkbox"/> 12
Cycling	<input type="checkbox"/> 13	<input type="checkbox"/> 14	Snow-skiing/boarding	<input type="checkbox"/> 15	<input type="checkbox"/> 16
Sailing/Wind surfing	<input type="checkbox"/> 17	<input type="checkbox"/> 18	Fishing	<input type="checkbox"/> 19	<input type="checkbox"/> 20
Jogging/Exercise	<input type="checkbox"/> 21	<input type="checkbox"/> 22	Rugby	<input type="checkbox"/> 23	<input type="checkbox"/> 24
Football	<input type="checkbox"/> 25	<input type="checkbox"/> 26	Racquet sports	<input type="checkbox"/> 27	<input type="checkbox"/> 28

3. Do you support a premier league football team, or another?

Arsenal	<input type="checkbox"/> 01	Aston Villa	<input type="checkbox"/> 02	Blackburn Rovers	<input type="checkbox"/> 03
Charlton Athletic	<input type="checkbox"/> 04	Chelsea	<input type="checkbox"/> 05	Coventry	<input type="checkbox"/> 06
Derby	<input type="checkbox"/> 07	Everton	<input type="checkbox"/> 08	Leeds	<input type="checkbox"/> 09
Leicester City	<input type="checkbox"/> 10	Liverpool	<input type="checkbox"/> 11	Manchester United	<input type="checkbox"/> 12
Middlesbrough	<input type="checkbox"/> 13	Newcastle United	<input type="checkbox"/> 14	Nottingham Forest	<input type="checkbox"/> 15
Sheff. Wednesday	<input type="checkbox"/> 16	Southampton	<input type="checkbox"/> 17	Tottenham Hotspur	<input type="checkbox"/> 18
West Ham United	<input type="checkbox"/> 19	Wimbledon	<input type="checkbox"/> 20		
Other	<input type="checkbox"/>				<input type="checkbox"/> 21

4. Do you or your partner have a flutter on any of the following? (Please tick all that apply.)

	You	Ptr		You	Ptr
National Lottery	<input type="checkbox"/> 01	<input type="checkbox"/> 02	Littlewoods Pools	<input type="checkbox"/> 03	<input type="checkbox"/> 04
Vernons Pools	<input type="checkbox"/> 05	<input type="checkbox"/> 06	Other Pools	<input type="checkbox"/> 07	<input type="checkbox"/> 08

SECTION B - SPORTS AND LEISURE

Knowing more about you helps us to send you stuff which you'll appreciate. Please answer as many questions as you can, but do feel free to leave out any which are not relevant.

1. Do you or your partner REGULARLY enjoy any of these leisure activities and interests? (Please tick all that apply.)

	You	Ptr		You	Ptr
National Trust	<input type="checkbox"/> 01	<input type="checkbox"/> 02	Current affairs	<input type="checkbox"/> 03	<input type="checkbox"/> 04
Theatre/Cultural/Arts events	<input type="checkbox"/> 05	<input type="checkbox"/> 06	Gourmet food/Fine wines	<input type="checkbox"/> 07	<input type="checkbox"/> 08
Gardening	<input type="checkbox"/> 09	<input type="checkbox"/> 10	Book reading	<input type="checkbox"/> 11	<input type="checkbox"/> 12
Photography	<input type="checkbox"/> 13	<input type="checkbox"/> 14	Crossword puzzles	<input type="checkbox"/> 15	<input type="checkbox"/> 16
Fine art/Antiques	<input type="checkbox"/> 17	<input type="checkbox"/> 18	Hiking/Walking	<input type="checkbox"/> 19	<input type="checkbox"/> 20
Collectibles/Collecting	<input type="checkbox"/> 21	<input type="checkbox"/> 22	Home computing	<input type="checkbox"/> 23	<input type="checkbox"/> 24
Eating out	<input type="checkbox"/> 25	<input type="checkbox"/> 26	Sewing/Needlework/Knitting	<input type="checkbox"/> 27	<input type="checkbox"/> 28
Further education	<input type="checkbox"/> 29	<input type="checkbox"/> 30	Shopping	<input type="checkbox"/> 31	<input type="checkbox"/> 32
Self improvement	<input type="checkbox"/> 33	<input type="checkbox"/> 34	Health foods	<input type="checkbox"/> 35	<input type="checkbox"/> 36
Do it yourself	<input type="checkbox"/> 37	<input type="checkbox"/> 38	Fashion/Clothes	<input type="checkbox"/> 39	<input type="checkbox"/> 40
Household pets	<input type="checkbox"/> 41	<input type="checkbox"/> 42	Orienteering	<input type="checkbox"/> 43	<input type="checkbox"/> 44
Nightclubbing	<input type="checkbox"/> 45	<input type="checkbox"/> 46	Doing the pools	<input type="checkbox"/> 47	<input type="checkbox"/> 48
Shopping by catalogue	<input type="checkbox"/> 49	<input type="checkbox"/> 50	Going to bingo	<input type="checkbox"/> 51	<input type="checkbox"/> 52
Going to the pub	<input type="checkbox"/> 53	<input type="checkbox"/> 54	Watching video films	<input type="checkbox"/> 55	<input type="checkbox"/> 56
Going to the cinema	<input type="checkbox"/> 57	<input type="checkbox"/> 58	Camping	<input type="checkbox"/> 59	<input type="checkbox"/> 60
Betting	<input type="checkbox"/> 61	<input type="checkbox"/> 62	Competitions	<input type="checkbox"/> 63	<input type="checkbox"/> 64

SECTION C - YOUR SHOPPING

In this section, we'd like to find out a bit about your shopping habits. It all goes to helping us to send you offers you'll appreciate.

1. Where do you generally shop for food and groceries? (Please tick all that apply.)

	Main	Secondary		Main	Secondary
Aldi	<input type="checkbox"/> 01	<input type="checkbox"/> 02	Alldays/Circle K	<input type="checkbox"/> 03	<input type="checkbox"/> 04
Asda	<input type="checkbox"/> 05	<input type="checkbox"/> 06	Budgen	<input type="checkbox"/> 07	<input type="checkbox"/> 08
Co-op	<input type="checkbox"/> 09	<input type="checkbox"/> 10	Farmfood	<input type="checkbox"/> 11	<input type="checkbox"/> 12
Gateway/Solo	<input type="checkbox"/> 13	<input type="checkbox"/> 14	Iceland	<input type="checkbox"/> 15	<input type="checkbox"/> 16
Lidl	<input type="checkbox"/> 17	<input type="checkbox"/> 18	Mace/Spar/VG	<input type="checkbox"/> 19	<input type="checkbox"/> 20
Marks & Spencer	<input type="checkbox"/> 21	<input type="checkbox"/> 22	Netto	<input type="checkbox"/> 23	<input type="checkbox"/> 24
Kwiksave	<input type="checkbox"/> 25	<input type="checkbox"/> 26	Safeway	<input type="checkbox"/> 27	<input type="checkbox"/> 28
Sainsbury	<input type="checkbox"/> 29	<input type="checkbox"/> 30	Savacentre	<input type="checkbox"/> 31	<input type="checkbox"/> 32
Somerfield	<input type="checkbox"/> 33	<input type="checkbox"/> 34	Tesco/Tesco Metro	<input type="checkbox"/> 35	<input type="checkbox"/> 36
Waitrose	<input type="checkbox"/> 37	<input type="checkbox"/> 38	Petrol Station	<input type="checkbox"/> 39	<input type="checkbox"/> 40
Corner shop/Other	<input type="checkbox"/> 41	<input type="checkbox"/> 42	7-Eleven	<input type="checkbox"/> 43	<input type="checkbox"/> 44

S6

Figure 9.5 The first page of a four-page syndicated questionnaire

Like most new ideas, this can give rise to vain hopes, if not considered carefully. The truth is that most sophisticated marketers are aware that just to get your prospect to sample your product once is only the first step on the way to brand loyalty – that nirvana of the sophisticated marketer. Nonetheless, it is a very important first step. (One of my clients reckoned it took seven purchases to ‘hook’ a prospect on the brand.)

If you offer customers a series of incentives which persuade them to keep using the product, then you are getting somewhere. However, always make sure that you tell people why you are offering these incentives – as a spur to loyalty, or as thanks for their custom.

COMPILED LISTS

Evaluating whether people are likely customers or not is something I have covered already to some degree, but I have not dealt with the tedious business of *compiling* lists of names of likely prospects.

How to proceed

Generally speaking, you should only do this if you have a subject for which there is no list available from a broker to suit your purpose. Even then, though, it may pay you to go to one and get them to compile it for you. They may do it cheaply in exchange for the right to hold the list and make money by renting it out to other users. You obviously make sure you retain the right to restrict rental to people you approve of, i.e. non-competitors.

But if you have a pool of fairly intelligent people willing to pore through business directories and put lists of names on to word processors for a pittance, then by all means compile your own lists. Your sources for this heart-breaking task will be some (even all) of the following: telephone directories, trade directories, membership lists of relevant associations or clubs and any private lists you can beg, borrow or otherwise lay your hands on.

It is frequently worthwhile compiling your own list in business-to-business. Business products are becoming ever more sophisticated, and inside businesses there are functionaries who did not even exist a few years ago. Like a data processing manager.

Sometimes the value to you of reaching a named executive can be great enough for it to pay you to *telephone* companies to find out the right people to talk to. You might also pick up valuable information on how buying decisions are made. We have someone in my office who does nothing else.

The list industry

When I first became involved in this industry, there were many occasions when one had to compile one's own lists. There was no other option. Now, happily, this is less frequently needed.

A history of lists

In those early days, too, the industry was infested with jolly pirates offering to sell (or even *steal*) lists for you. Some left the business; others went ‘straight’ and became pillars of the industry.

So today, although the list business worldwide is not as highly developed as in America, it is becoming fairly well-organised. As long as you take sensible precautions you can normally rely on getting what you have paid for.

Some of the rogues I knew in the 1960s whose pockets were stuffed with ill-gotten cash would have been stunned to see that there is a List Brokers and Managers Association in the UK. They must have felt rather like aged gunfighters did when the law came to the Old West. In their day, the business was often conducted over bars, with the unit of exchange purloined postal dockets. These would be filled in with fanciful numbers and shown to gullible clients as proof that their mailings had gone out.

Lists today

Nowadays, if the thrills and spills have diminished, there are still quite enough things that can go awry to keep the adrenalin flowing.

Broadly speaking the list industry is divided between list managers and list brokers. A manager will look after lists on your behalf, whilst a broker is a middleman. In many countries such fine distinctions have not really caught hold. Most brokers will manage; most managers will broke.

Any broker can normally get hold of most available lists, so it really comes down to finding a broker you think is efficient. In a nascent industry, this comes down to trial and error, and consulting your friends.

You can go direct to the owners of the lists, too. In Britain people who buy data regularly are most likely to use Listlink, but with the changing marketplace, online resources are also becoming more widely used. In the US there are many such sources. In less developed markets, none.

Use an expert

Although you will end up paying one way or another for his services, I think it's worth going to a broker.

So many things can go wrong with the way names are held (e.g. what kind of computer program is it held on?) and with whether you get what you paid for (e.g. the number of names on the list, or the number actually still alive and kicking) that you should make sure you have someone else to worry about it. And of course, to *blame* when things do go wrong.

I will only give you two words of advice on this subject. First, make sure you are not paying *two* sets of commission rather than one. Sometimes the broker you are dealing with may be charging a commission and the one who is managing the list may be, too. Let them split their earnings, not double them.

Second, take the time to go into every conceivable detail about the lists; or to make sure that the broker has done so. Other, more technical books deal with this at great length. They are worth studying if you can't afford an in-house expert. It is a good idea to arrange to phone some of the names as a check.

A world of foul-ups

All I would urge you to bear in mind is that this is a world on its own, with more possibilities for foul-ups than you can imagine. All the criteria I listed earlier in this chapter apply, plus questions such as whether the computer can provide an *n*th selection for testing? ... Are the names in postcode order or in alpha sequence? ... On what kind of labels will they appear? ... Does the owner insist on mailing himself? ... How recently were they mailed? ... How soon can *you* mail them?

Every question contains the seeds of a sleepless night if it hasn't been asked and answered, I promise you.

Renting out your own names

It is perfectly possible for list rental to make the difference between profit and loss in a modest business. The average rental today in the UK is about £130 per 1,000 names. If you only have a small list of 100,000 names and you rent it out once a month, the pickings are quite toothsome. This being so, only good reasons of corporate policy (or reactionary masochism) can impel one to nonrental.

Seed your list

But you must take precautions. You must seed your list with trap names – the names of people who work for you, or are associated with you, to monitor what goes out. And, of course, you must let those

who rent the list know that your list is so protected. Equally, before letting anyone use your list, make sure they show you what they are sending out.

Other sensible precautions include storing a copy of your list elsewhere, in case of fire or theft – indeed, anything you would normally do with something of value. Simply think about the list not just as some *names*, but as a precious business asset and act accordingly. Maybe just by calling it your *database* you will treat it with appropriate respect.

Incidentally, one consequence of renting out your list is that you get to see other people's packages and learn how they are doing.

The most crucial element

Mailing lists, or even databases, may seem at first sight rather dull. But please give the subject great priority. This is possibly because, as I have already admitted, I suffered for many years through knowing far too little about it. More important, these are *people* we are talking about.

Thinking deeply about the people you mail or telephone is vital. For example, if by analysis you can make unprofitable lists profitable, and profitable lists *more* profitable, this affects your business right down the line.

You can, for example, afford to mail a greater number of outside lists, thus enlarging your business base. You can also make more money from your own database. First by segmentation, secondly by communicating more often, and thirdly by delivering more potent messages.

In testing, it is the *people* – the lists – that make the biggest difference. In creative, the same: how well you speak to them will determine your results. In choosing the correct position for your business, once again, your knowledge of people is critical.

The list is your treasury

The database, or list, is your treasury. What you do with that treasury will determine the future of your enterprise. And how well you manage that treasury will be determined by how well you understand those people.

The cheapest way to rent is: pay nothing

Many direct marketers believe list rental is good for three reasons:

The pros...

- 1 Having your list mailed regularly keeps it 'clean' by taking out the gone away names, as well as making it more responsive.
- 2 Mailing list rental income is easy money, for the overheads are minimal, and the revenue almost entirely profit.
- 3 The activity nourishes the industry generally by giving everyone another source of sales.

...and cons of list rental

But there are also good reasons for *not* renting out your names. Some companies use their lists so much they are worried that additional use by outsiders would kill the goose that lays the golden eggs. Others are just naturally cautious: they fear they will have their names stolen. Personally, I would take the money and take the precautions.

One way to overcome this problem (particularly with a competitor, who may be worried about his precious customers) is to exchange names – possibly names of lapsed customers. That way, you pay no rental, and everyone feels secure. Another is to mail the list yourself.

JON EPSTEIN'S 11 DESIDERATA

I am no database expert. So, I went to one of the best people I know, Jon Epstein of r-cubed. Jon's refreshingly down-to-earth approach – 'it's all about return on investment' – has worked with clients as varied as Coca-Cola and American Express.

I asked him how he would tell a client what, in terms of data analysis, would most benefit them. I was reassured to see that what he said fitted in very neatly with how I see direct marketing.

- Define the ends exactly – only then talk data.
- Find the 20 per cent of effort that delivers 80 per cent of results.
- Never talk about the average customer.
- Deselect your worst customers.
- Contact your best customers more often.
- Spend more on new customers and new prospects.
- Ask your best enquirers and lapsed to come back.
- Sell when your customer is ready to buy.
- Keep and use your contact history with individuals.
- Use silent controls to prove real incremental impact.
- Ruthlessly keep demanding 'why did they do that?'

I asked him to explain why those 11 points matter, and here is what I learned.

Define the ends exactly – only then talk data

Direct marketing principles always apply

- Quantify 'success' exactly, or you won't know when you achieve it. Most marketers aim to do 'better', but too few define how much better.
- Nail your colours to the mast! Have the guts to tell everyone how you define success.
- Will you be able to see that you have achieved success when and if it occurs?
- Supposing it doesn't, will you be able to learn from failure – and if so, what?

If you say no to any of the above, Jon thinks you should start all over again. Most of the money spent on creating, analysing and exploiting data is lost at this first stage.

Find the 20 per cent of effort that delivers 80 per cent of results

- The Pareto principle to which I've already referred applies here.
- It has strong financial implications which you ignore at your peril as this is not an academic exercise.
- It's not about response but about money.
- Only invest in data if you can see it's likely to produce more money than it costs.
- If you think it makes sense as a loss leader, can you point to and measure where else the profit will be made?
- Watch out for weasel words about strategy or brand building. This must pay off sometime, somewhere.

Jon talks about your investment as 'data-money', and asks: how will you and your data-money make more than it would at the bank?

Never talk about the average customer

- There is no such beast. We are talking about individuals. Don't treat them all the same.

- While drafting this we were working with Jon on a client's problems. He found that 10 per cent of one file of customers provided over 90 per cent of the results. The same principle will apply to you.
- You must vary your investment by individual, not list or segment. In every cell there are better and worse customers.
- Don't be average: it only leads to average results.

Jon, like all good people, is enraged by the second rate. 'Why do so many people still base their targeting on segmentation, the land of the average consumer?' he asks.

Deselect your worst customers

- Direct marketing is about spending your money where it does most good.
- So, what's better, £80 sales for £20 cost, or £100 for £50? The answer should be obvious – but it isn't to many marketers.
- Finding the worst is far easier than finding the best.
- It's far easier to predict the many *least likely* than the few *most likely* to respond – and you need far less data.
- You lose very few sales by dropping the worst but you save lots of money.
- You can reinvest that money in talking to the best or testing.
- You *must* find the 20 per cent that delivers the 80 per cent.
- Then you must quickly apply the principle everywhere: data, systems, data preparation, selection, analysis.
- Speed and flexibility make money, not completeness.

Data, targeting, analysis and so on can *never* be perfect! Trying to make them so is very, very expensive. As Voltaire noted, 'the best is the enemy of the good'.

Contact your best customers more often

- First you must define what you mean by 'best'. It is what achieves your objectives.
- Usually that is the greatest return for the least cost – the most possible ROI.
- Nearly always, your most recent, most frequent and highest-spending customers deliver that, and it's not hard to see.
- This is actually the oldest, simplest list-rule: *RFM – Recency, Frequency, Monetary value*.

As Jon puts it, 'It's as old as the hills – it's easy – it works – *use it*.'

Spend more on new customers and new prospects

- When you are new to people, they are more interested: the ROI of first-time contact is always dramatically higher.
- Marketers talk about the 'afterglow' – that rather agreeable feeling when we have just bought something.
- That is when customers are at their most receptive, but they cool quickly.
- As customers, they become bored or dissatisfied. As prospects, they will be ruthlessly courted by others.
- 'New' gives us a clean slate for communications. Some marketers ring fence and protect their new customers – they're mad.

I have pointed this out already: when they're new they are far more hot to trot. Neglect this opportunity and you throw away a fortune.

Ask your best enquirers and lapsed to come back

- They may leave or not convert for temporary reasons. We may be still relevant, even loved, but it's not the right time.
- There is usually data to differentiate the best prospects among enquirers and lapsed from the worst. These are the ones to resolicit.
- Remember, if you don't ask, you don't get.

I have talked elsewhere about the extraordinary impact and memorability of a simple 'thank you'. Customers love to be remembered and acknowledged.

Sell when your customer is ready to buy

- People buy when it suits them – not you.
- Who would you target? The customers with the right profile, or the ones ready to buy?
- *When* is more powerful than *who*.
- 80 per cent of non-response is down to the wrong time.
- Work out *when* they buy, don't imagine your messages will change them.
- Look for 'hot data' that could trigger activity.
- An unexpected contact may be a buying signal – say an enquiry about something you haven't offered, an insurance claim, or a change of address.
- Make sure staff are listening!

Jon is particularly keen on this. When the right time is glimpsed, he says ROI can be multiplied.

Keep and use your contact history with individuals

- What's it worth spending on an individual or a household?
- You can't say if you don't know how much you spent in the past – and what it produced.
- One big sin is comparing customers by past sales, without looking at past investment.
- If you know what you spent on each person, and what it produced, how do you use that knowledge?
- You may find that repeat purchasers have had masses spent on them.
- Does it affect future investment? When do you cut off spending?
- Do you use that knowledge by segment, or by individual?
- Do you use mailings, phone, e-mail, friend get a friend, inbound and outbound?
- If so what are the key moments when it pays off? Is data recorded? Is it usable?

Jon has found that smart use of contact history can outperform all other data. But, he laments, some clients still look at buying third-party data first.

Use silent controls to prove real incremental impact

- 'The mailing did well – 20 per cent response!' 'Yes, but how many would have bought *anyway*?'
- The real response cannot be known without a controlled test. No technology or technique can overcome this.
- This is a basic rule of targeting – it's worth many millions of pounds.
- Yet amazingly, few companies measure real results.
- No measurement – no comment.

As Jon points out, good marketing generates incremental sales, not ones you would have got anyway. And for that you must follow the basic rule of testing: compared with what? He elaborates on this in his last point.

Ruthlessly keep demanding ‘why did they do that?’

- You’ve had a good idea – how will you know it works?
- Test it against doing something different, or nothing at all.
- A properly tested result = learning = repeatability = gains.
- This is the beauty of DM – it is easily measurable – but you have to want to learn.
- Untested activity implies a ‘we can’t improve it’ attitude, but there is always a better way to get more ROI.
- *But* poor (or, even worse, no) testing = wrong insight = waste and loss.
- *And* good analysis is driven by good questions, not data or statistics.

I couldn’t have put it better myself – actually, not nearly as well. But Jon’s points show how universal principles apply in this business.

To give you an idea of what this sort of thing means when it comes to money, I spoke to one of Jon’s colleagues, Kate Williams. Take the largest direct marketing category – financial services. Suppose you start with something pretty basic. Say you analyse your customer base, looking at things I’ve already mentioned like recency, frequency of buying and how much they have spent as a result of other offers. This alone could increase your sales by 25–30 per cent, and your profits by 200–250 per cent, since you make these extra sales with no extra budget. This very simple analysis is not advanced metaphysics – it’s been around for at least 50 years. Yet an astounding number of allegedly sophisticated firms don’t apply it.

Then suppose you do a test mailing and look at the response and conversion results so as to target better. Again, not magic: just good sense. This could increase your sales by 70–75 per cent and your profits by 400–450 per cent since, once again, you make these extra sales without spending any more money.

If firms applied themselves more to such analysis than frittering away time, money and executive energy on navel-gazing about their new slogan, mission statement or sexy TV commercial they would post infinitely better profits. But I have to tell you that there is little sign of any such dawning consciousness.

Database: the heart of your business

Points to remember

The right people matter more than better messages.

- Not new thinking – new technology.
- Building a database – collecting every name possible – essential.
- Your names best; names most like yours next best.
- Duplication not just needed but indicative.
- Recency, frequency, monetary value usually matter most.
- Names worth money: ensure they are always collected.
- Keep a keen eye on where things can go wrong.
- MGM (viral) highly effective.
- Not interested? Pass it on.
- Compiling lists often pays.
- Brokers – don't pay commission twice.
- Should you rent? A matter of policy.
- Exchanging names often pays.
- Eleven *practical suggestions from an expert*.