



*Karl Amstadt of WSI Internet Consulting and Education uses the Internet to help clients begin a more personal approach to sales.*

# One to One

HOW AND WHEN TO USE DIRECT MARKETING TO TURN PROSPECTS INTO CUSTOMERS

► BY DAVID SEARLS

“Direct marketing means that there is no intermediary between an organization and its customers—it’s a one-to-one relationship.”

That’s how Andrew R. Thomas of the Taylor Institute for Direct Marketing and Center for Organizational Development at The University of Akron explains the marketing communications system that can include direct mail, couponing, telemarketing, door-to-door sales and other methods of forming an intermediary-free relationship between seller and buyer that can be tracked, measured, refined and retooled.

Today’s direct marketing can take a decidedly whiz-bang approach. An example of that is the pay-per-click Internet search engine marketing campaigns Karl Amstadt, president of WSI Internet Consulting and Education, designs and implements for small and mid-size service-oriented companies. The object is to snag prospective customers who are using search engines such as Google to find a business. Companies pay to have their Web site come up at or near the top in response to searches conducted by individuals within a given radius of the advertiser.

One such client of Amstadt’s is an insurance agency.

“We’ve had 69 people fill out coverage applications as of the first 12 days of the month,” he says after the spending just ten seconds tapping keys on his computer to get the results of their marketing efforts.

How does it work? First Amstadt helps clients plug into their Web sites a set of words (known as keywords) strategically selected to match the query requests of customers his clients most want to attract. Take the insurance agency for instance.

When a prospect uses a popular search engine to look for “high-risk car insurance in Cleveland,” and the search engine sees that the query is being placed through a computer registered to someone who lives two miles from the insurance agency, Amstadt’s client’s Web site will be listed high—maybe first.

Behind that link, a prospect finds application forms that would only be of interest to serious insurance coverage shoppers, which can be swiftly completed and returned online. Amstadt and his client then track the number of contacts, capture e-mail addresses, gauge the impact of their message, and make an immediate connection with a pre-qualified customer...all hallmarks of a effec-

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—ANDREW R. THOMAS, TAYLOR INSTITUTE FOR DIRECT MARKETING, THE UNIVERSITY OF AKRON

tive direct marketing campaign.

As Amstadt says, “You’re not finding them. They’re finding you.”

## NEEDLE IN A HAYSTACK

“Direct marketing is a fantastic method for finding and nurturing niche customers,” says Kristy Amy, president of the Westlake-based marketing firm OnMark Solutions.

If you’re selling pencils, cheeseburgers or gasoline—and have a large enough budget—you can advertise to the masses in such conventional media as radio, television or outdoor. But what if your product is geared to an audience that’s so small and fragmented that no media vehicle is likely to reach them without wasting money on getting to those who will never buy from you? What if, for instance, your goal is to

connect with the minority of the population that is lactose-intolerant?

Amy was faced with just that. She was charged with converting prospects of a biotech firm that offered a product that provides relief for lactose intolerance. The prospects had already sampled the product, but had yet to be converted to loyal users.

Amy began by sending the prospects an e-mail-based survey to get their thoughts about the product. By using the combination of the right database (sample users) and e-mail, Amy was able to interact effectively and get her survey results back in just three days. She almost immediately knew who her most interested prospects

were and she had already developed a valuable two-way relationship with them.

“Then we followed up with (an electronic) newsletter for everyone who responded,” said Amy.

The approach turned product samplers into loyal customers, the worthy goal of any direct marketing campaign.

#### TRIED AND TRUE

Direct marketing isn't all about the Internet. Andrew Lesak of Commercial Property Consultants LLC finds that a one-page letter, a snapshot and a postage stamp work just as well as a broadband connection to the globe.

Lesak's firm provides engineering studies for taxation purposes. He's constantly on the lookout for ways of cost-effectively communicating with his small and fragmented audience: property owners with commercial property worth upward of a half-million dollars, their tax attorneys and CPAs.

“I've occasionally tried other approaches, but direct mail has always been my most effective form of advertising,” he says.

As most direct marketers would agree, Lesak says that the most critical and complex element of his ongoing campaign is the list development. There's no single reliable source for the contacts he needs, so compilation of a custom list is an ongoing and labor-intensive endeavor. But the message is simple.

“I send out about a two-paragraph letter with a photo of the prospect's property,” says Lesak. The graphic offers a hint of the service he performs, and his letter includes a quick summary of the need for such a service.

“I've been getting a three- to five-percent response rate, so I can only send out 25 to 50 letters a week.” Any more than that, says Lesak, and he wouldn't have sufficient time to follow up.

#### GET CLOSER

Gateway Title Company establishes a one-on-one relationship with homeowners who are selling without the assistance of a real estate agent. The title company sets out to provide the one service this type of customer needs more than anything else: education regarding the closing process.

“We do in-depth direct marketing,” which includes free information kits, classes and follow-up phone calls, says Rachel Torchia, president of the Brecksville company. “No one else in the market does this, and we wouldn't be in business without it. No one else gets as close to customers as we do.”

This intimacy is a main virtue of direct marketing. You're not pitching to thousands, you're communicating with one. It's relationship marketing. That's why the centerpiece of every direct marketing relationship is the database, or prospect list. It yields the address, phone number or e-mail address that will serve as your introduction

## Is Direct Marketing Right for You?

Is direct marketing the approach your company should take? To find out, ask yourself the following questions, adapted from a checklist provided by Jerry Pignolet, president of Power Marketing and Public Relations.

#### HAVE YOU DETERMINED AN ACTUAL NEED?

Direct marketing can be both costly and hit-and-miss. If you're already succeeding through your current sales strategy, maybe you don't need to reinvent the wheel.

#### DO YOUR BEST PROSPECTS SHARE CHARACTERISTICS AVAILABLE IN A PURCHASABLE LIST, SUBSCRIBER SET, ONLINE SEARCH TERMS OR GOOGLE ADWORDS?

The more cohesive your market, the more successful your direct marketing efforts are likely to be. One of Power Marketing's clients sells software to an industry with 1,000 companies in North America, two trade magazines and two annual trade shows. Another has a product that could be used by nearly every small to medium-sized business in the world. Direct marketing for the first client has proven to be far more straightforward and fruitful than for the second. Select definable and cohesive markets for your direct marketing efforts, even if your audience is broad and diverse.

**DO YOU HAVE A HOUSE LIST?** Use it. The contact information for your own customers and prospects typically is more accurate and yields better results than a database of total strangers. They're simply more receptive to your pitch.

**DO YOU HAVE THE FINANCIAL RESOURCES?** Direct marketing incurs costs ahead of revenues. You need to market in numbers to get statistically significant results. And doing anything once is not effective marketing. Having the resources to build trust through repetition is key.

**DO YOU HAVE PATIENCE?** Direct marketing companies regularly test and tinker with their products, offers, messages and communication vehicles. That's crucial because intuition and research don't always reflect actual customer purchase behavior. Even if you're successful on your first contact, the numbers will eventually falter. Successful direct marketing campaigns require adjustment and persistence.

**IS YOUR WEB SITE READY TO CONVERT VISITORS?** Regardless of how you pitch your message, most prospects today will go to your Web site to learn more about your company and offerings. The site should lead them through a process that results in the sale, or at least a phone call or meeting. <<

and—hopefully—the starting point to a beautiful relationship. Your odds of this happening are maximized by taking the necessary upfront time to find out who your true prospects are. Your database, after all, is only as good as you make it.

A key advantage of direct marketing over traditional mass advertising campaigns is the ability to constantly monitor how your relationship is doing. A coupon either gets used or ignored...a phone call results in a sale or a hang-up...a Google search lands a customer to your Web site or to someone else's.

The swift and accurate feedback from a savvy direct marketing campaign lets you quickly scrap or refine a campaign or keep on keeping on—whatever works.

#### 12-STEP PROGRAM

The University of Akron's Taylor Institute Model outlines the steps to conducting an effective direct marketing campaign. Regardless of what it is you're selling, take your campaign through each of the following points:

**1 CUSTOMER ANALYSIS**—Profile your customer's needs, motivation and buying profile. Ask yourself, "What do they buy, and why do they buy it?"

**2 ENVIRONMENTAL ANALYSIS**—Companies need to not only proactively anticipate the internal needs of their business, but also the next move of their competition and competition that could potentially emerge.

**3 COMPETITOR ANALYSIS**—Find out what your competitors are doing right and what they're doing wrong. This will be valuable help in developing your own message.

**4 DATA MINING AND PROFILING**—Develop a database of prospects, then extract and analyze as much pertinent information as possible to get the best possible read on your audience.

**5 TARGETING**—Further refine your database to figure out your best prospects.

**6 POSITIONING**—Develop the offer, or central selling point, in a three-step process: identify the attributes of the offer and the characteristics that

make it unique from your competitors'; delineate the benefits your customers will receive upon acceptance of the offer; and finally, make claims, which are the promised benefits for taking advantage of the offer.

#### 7 UNIQUE VALUE PROPOSITION

Shape a statement that conveys an implicit promise of a perceived value: it will make you more desirable, healthier, wealthier, wiser, etc.

#### 8 CREATIVE MARKETING COMMUNICATIONS

Determine how you'll shape the message you've crafted. The message package involves each component of the direct mail campaign, from the tone to the typestyle to the call to action.

#### 9 UTILIZATION OF DIRECT MAIL CHANNELS

Figure out how you'll get your message out. By mail? Newsletter? Phone call? Choose a direct marketing channel that will best get your pitch into the hearts and minds of your customers.

**10 FULFILLMENT AND SERVICE**—Let's say your prospect bites. How are you going to fill her order or his request for a free sample or more information? Make sure your fulfillment and service operation runs smoothly and conveniently for your buyers.

**11 MEASUREMENT AND ASSESSMENT**—Track results so you know what you did right and wrong. Your campaign only worked if it cost-effectively bridged the barrier between you and your prospects.



**12 ADAPTATION AND INNOVATION**—Revise, refine, re-launch. If you're not totally happy with results, don't be afraid to tinker with the message, communications channels or any other campaign element. <<

*The article was written by David Searls with contributions from Andrew R. Thomas of the Taylor Institute for Direct Marketing at The University of Akron. E-mail: art@uakron.edu*


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