
Title: The PIN® code

Objective: Maximise marketing ROI by building customer loyalty

- A recent Brandscience survey by media group OMG showed that targeted communications increase response rates by up to 62% over generic equivalents.
- The US Direct Marketing Association reports that the ROI on email marketing works out at \$43.63 for each dollar spent.

In this brief overview we are going to look at the effectiveness of direct marketing as a tool in the marketing communications mix; why integrated campaigns work harder; and how to maximise your ROI by building a loyal customer base for your products and services.

We call this the PIN Code:

P – Personalise your communications

I – Integrate your marketing activity

N – Nurture your leads

Personalisation

Personalised communications will always get a better response than the generic, scatter-gun approach that makes up the bulk of the junk mail that comes through your letterbox ...

Now *there's* a surprise!

What really is a surprise, however, is how many businesses still rely on sending out untargeted mailings; or waste their targeted mailing by using an out-of-date database; or that don't provide an adequate response mechanism; or just rely on a single communication to do all the work.

The database

At the heart of any successful marketing communications strategy sits a good, up-to-date customer database – one that will work for your business and which has enough information to run a truly integrated campaign; and which will enable you to nurture every single customer throughout their purchasing life-cycle.

You need more than just a name, an email address and a phone number. Depending on your business, you could have:

- Name, title, function
- Phone, mobile, email details
- Company name, address and post code
- Number of employees
- Industry type
- Interest in receiving relevant information via email or post
- Are they an influencer? Specifier? Purchaser?
- Previous responses/transactions
- Size and date of last purchase
- Credit history
- Data source

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Your database needs to be accurate, easy-to-use, flexible and analytical.

For example, if you are able to analyse the profile of your best customers and see what they have in common, you should be able to target prospects with similar characteristics.

Keep the database clean. Remove duplicates to save irritating customers and wasting money. Constantly check for errors – in fact encourage recipients to correct errors in their name and address details. Make sure that the data is updated regularly; a list that isn't maintained is generally unusable after a couple of years.

If you are using email to market to consumers, you must obtain their prior consent. If it's to businesses there is no legal obligation to do this – but you should provide an opt-out option. Keep your approach ethical and your customers will respect you for it – and they are more likely to do business with you.

Lead generation

To build your database and make it relevant enough to enable you to create a good long term relationship with your customers, you have to find out who your customers are in the first place!

So you need to generate a list. This can be anything from collecting business cards at an exhibition (always a good source, but slow) to running an expensive direct response advertising campaign in the national press – a scattergun approach, this: if you can afford to do it well, it can work. You can get some orders, collect some names, but it's a big investment.

Remember the quote at the beginning of this article: “A recent Brandsience survey by media group OMG showed that targeted communications increase response rates by up to 62% over generic equivalents”.

That seems a much more cost-efficient use of resources to us!

So you need to get those names in, so you can build a meaningful database.

Start with your own customers, of course. They'll be your strongest prospect in any direct mail campaign. Then look at buying – or renting – a list. But – proceed with caution: only when you have decided on who your target audience is, will you be in a position to source the best list – and then tailor the message to suit.

No matter how good your creative approach, it will be totally wasted if it doesn't hit the right audience.

If you are planning to build your database via email marketing, it can often be advantageous to use the credibility of a third party to get your message across. For example, an increasing number of trade publications have on-line magazines with a substantial readership.

Sending out an email offer – or regular newsletter – to their database, via their email provider – adds their credibility to yours. Make sure there's a good offer to generate response, so that you can collect and analyse the replies to add to your own database.

If you have an editorial – news piece or feature – published in an online magazine, make sure there's an offer (further information, product sample, discount) available by enabling the reader to go to a link from which you can collect

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the information you need for your database.

There are a number of ways of generating leads. The important thing is to make sure they are relevant, as comprehensive as they need to be, and constantly updated. The key is to then make the data work for you.

Data is changing the way businesses work – and the way they go to market.

According to the Economist magazine (February 25, 2010), “the world contains an unimaginably massive amount of digital data today – and it’s increasing tenfold every 10 years. But as data becomes more abundant, the challenge is not finding information but quickly pinpointing the relevant bits needed to make informed, timely decisions”.

Integration

There is a huge array of media available for every marketing communications campaign – and some will be more relevant to meeting your objectives than others. Each has its own strengths, weaknesses, attractions and pitfalls – and the purveyor of each will sell their own specialism as hard as they can.

However, the choice is not either / or. In the majority of instances a combination of media used within a campaign will produce a better result than using each medium on its own.

Remember, we are talking about Direct Marketing. Not direct mail. Not email marketing. Not telemarketing. Not advertising ... exhibitions ... events ... seminars ... point-of-sale ... etc ... etc ...

They can all play their part – and should, to a greater or lesser extent – in reaching your objective: that is, to talk directly to your end customer. They can all be on the route map that leads your sales person to that final, successful sales call.

However, there are certain tools that you need in your armoury before you even start your campaign.

We would say the first of these is a strong brand! Well, of course we would ... if you start with a name or logo that is memorable it helps. If it’s a bit me-too, and you have the opportunity to update it to reflect your current business (or marketplace) more accurately, then don’t be afraid to do so. As long as you don’t throw the baby out with the bathwater.

Then there’s the web site. Whether it’s an e-commerce site through which you do much of your business, or whether it’s a reference site – for customers to check out your credentials before approaching you – it is increasingly becoming an essential hub of everything that a modern organisation does. If it isn’t, it should ...

Your site should be accessible and easy to use. It should reflect your business – after all, it’s your global shop window, whether you like it or not. It should be dynamic – your customers are becoming increasingly used to using social media, so shouldn’t you? If Facebook and Twitter are in your customers’ vocabulary, then maybe they should also be in yours.

Don’t forget – it is also going to become the source of your data gathering activities:

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“Oh look, another visitor. They’ve downloaded a catalogue. Best just check them out – oh that’s who it is – and yes, they downloaded a brochure last week and a fact sheet the week before that. Time to contact them ...”

Personalised print

Make the most of your database. Yes, of course, use it for email marketing – but why not combine it with personalised print?

We’ve come a long way from the days when personalisation meant just sticking a named, addressed label on the front of an envelope – or writing a letter using mailmerge for the greeting: Dear Mr Insert Name Here! There’s nothing inherently wrong with this approach – but your customers are more sophisticated now ...as are the digital printing options available.

We all like to feel that we are important. So creating a design with your customer’s name in it isn’t just a gimmick – it shows that you are prepared to put time and effort into the relationship. If you receive a postcard with a picture of your name emblazoned in lights above a New York theatre, for example you’re more likely to read it and keep it than if the postcard simply said: To whom it may concern.

Or if you apply for a college prospectus to study, say, law – how much better will you feel if you receive a brochure with your name on it containing all the information you need that is pertinent to you rather than a large catalogue full of superfluous information?

A combination of good data management and digital print not only makes this possible – it also saves the college money. Think about whether this approach might help your business – by building good, positive relationships with your customers and keeping your finance director happy.

Lead nurturing

Why is it so important to know so much about your customers? Won’t they find this intrusive? Why should you want to nurture them?

Well, naturally, it will make it easier for you to sell to them.

But ... more importantly, if your personalised nurturing campaign works you will end up only ever contacting your customer with information they want about products or services they want (or they don’t know about yet but which might benefit their businesses) when they want them.

So you’re not wasting their time – or yours.

Lead nurturing isn’t rocket science. It’s quite simply a matter of keeping close to your customers – individually – by whichever combination of communications you think best: email, telephone, downloads, mailings, printed material, seminars etc., and then allocating scores for each request, which enable you to then judge when the most appropriate time for a personal approach might be.

Just as a sales person can read their customer’s body language in a face-to-face meeting, so in this way a marketer can read a prospect’s digital body language – and work out the optimum moment to make the sale.

Lead nurturing is a two-way process in which both the supplier and the customer benefit.

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Terry Leahy, CEO of Tesco, says “the mission of the company is to earn and grow the lifetime loyalty of its customers. Their core aim, he says, is to understand their customers better than anyone.

“Having more information about customers is one side of the Tesco story, but Leahy notes that information benefits customers as well. Access to information helps retailers know much more about what their customers want and think. But it also gives customers a very powerful tool.

“They can compare prices and buy online at the click of a mouse. They can look at a retailer’s ethical or environmental policies and find out what is being said about them anywhere in the world.

“Tesco’s visionary target is world-class customer knowledge.”

(Extract from “Analytics at Work: Smarter Decisions, Better Results” by Thomas Davenport, Jeanne Harris and Robert Morrison, Harvard Business Press 2010).

We have produced a separate overview on lead nurturing which is downloadable from our web site.

Summary

We believe that the acronym PIN is a simple way of structuring your approach to direct marketing: Personalise your communications; Integrate your marketing collateral; and Nurture your customers.

There’s a lot of clever software out there which helps us manage and use our databases as well as enable integration with online and offline marketing collateral.

But clever data management software is not the be-all and end-all of good marketing communications. It is only part of the engine that drives it: strategic planning, good campaign management and great creative ideas are, as ever, the driving force.

The purpose of all direct marketing is to make a sale and create customer loyalty for your brand. Your best customer is the one you keep.