



Direct Marketing 101

An Introduction to Direct Marketing

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About This Tutorial

- Our Direct Marketing 101 Tutorial is designed as an introduction to direct marketing and is intended to provide a broad overview on topics we consider to be the most important when developing a direct marketing program for your business, either as a standalone program or as part of your overall go-to-market strategy.
- Please keep in mind that each business is unique and that although there are many similarities between direct marketing processes and practices between industries, there are also many differences. The same is also true between business-to-business and business-to-consumer direct marketing programs.

Direct Marketing 101

Part 1

Introduction to Direct Marketing

What is Direct Marketing?

- "...an interactive system of marketing which uses one or more advertising media to effect a measurable response and/or transaction at any location." -- Robert Stone
- ...one of the functions of **MARKETING** which is the total process of moving goods and services from the seller to buyer.
- ...requires a database to:
 - Record customer names and demographics
 - Store and measure advertising results
 - Store and measure purchases
 - Continue ongoing communications with the customer

Why Do People Buy Direct?

- Convenience
- Product availability
- Offer advantage
- Product advantage
- Service advantage

Advantages of DM

- It's measurable and accountable.
- It's highly targetable.
- It's personal.
- Your offer/product mix can be easily adapted to audience and business conditions.
- It's detail / whole story oriented.
- It doesn't require brick & mortar.
- You go to the customer.
- It can be tested.

The 5 Most Important Things in DM

- Targeting –
 - About 7 times as important as other factors. Locating and targeting the right prospects in the right way is absolutely critical.
- Offer –
 - About 2.5 times as important. The whole proposition and incentives that you offer for response.
- Format –
 - About 1.5 times as important. The physical shape, size etc of your pack.
- Creative –
 - About 1.35 times as important. Words and pictures. The bit people tend to get excited about.
- Timing –
 - Varies from market to market but can be very important.

DM Promotion Characteristics

- Definite offer
- Has all information required to make a decision to respond or buy
- Includes a response device:
 - 800 phone number
 - Order form
 - BRC (Business Reply Card)
 - Website landing page
 - E-mail address

The Difference

- Direct Marketing
 - Targets a specific prospect – selling the individual
 - Products have added value or service - distribution is an important product benefit
 - The medium is the market place
 - Advertising used to motivate an immediate order or inquiry
 - Repetition used within ad
 - Consumers feel high perceived risk-product bought unseen
- General Advertising
 - Mass selling, not targeted
 - Product benefits don't always include convenient distribution channels
 - Retail outlet is market place
 - Marketer may lose control of product once it enters distribution channels
 - Advertising used for cumulative effect over time to build image, awareness, loyalty, benefit recall
 - Repetition used over time
 - Consumers feel less at risk

Consumer vs. B-to-B DM

- Consumer

- Individuals frequently buy for themselves
- Buying decision involves relatively few others
- Single buyer groups
- Informal buying process
- Transaction-based
- Average order size is relatively small
- LTV (Life Time Value) is relatively low
- Easy to reach individuals
- Large target market universe
- Transaction process-focused

- Business-to-Business

- Individuals buy on behalf of an organization
- Decision frequently involve multiple individuals
- Multiple buying groups
- Formal buying process
- Relationship-based
- Average order size tends to be large
- LTV (Life Time Value) can be very large
- Difficult to reach individuals
- Small target market universes
- Relationship process-focused

2 Types of Direct Marketing

- Types of Direct Marketing
 - FAB Direct Marketing
 - Classic Direct Marketing
- Both are being used by Marketers today
 - What's the difference?
 - When to use them?

FAB Direct Marketing

- Copy - features, advantages, benefits driven (FAB)
- Copy platform focuses on company and its products.
- DM art ties in with overall company advertising and image standards.
- Assumes that the product is so good that it will sell itself and doesn't need to be pushed.

Classic Direct Marketing

- Copy is offer- deal driven.
- Copy focuses on the recipient.
- Benefits and features are the reason to take advantage of the offer.
- Key drivers are recipient's emotions - greed, fear, guilt, anger, exclusivity and salvation.
- Art direction is purposefully interruptive and intrusive.
- Underling assumption - product must be sold, and hard.

When to use FAB approach

- When you're established and have credibility with your target audience.
- New product.
- Product w/ feature superiority.
- Major product upgrade.
- Truly high-tech product.
- Considered purchase based on specifications and price.
- Product solves major problem.

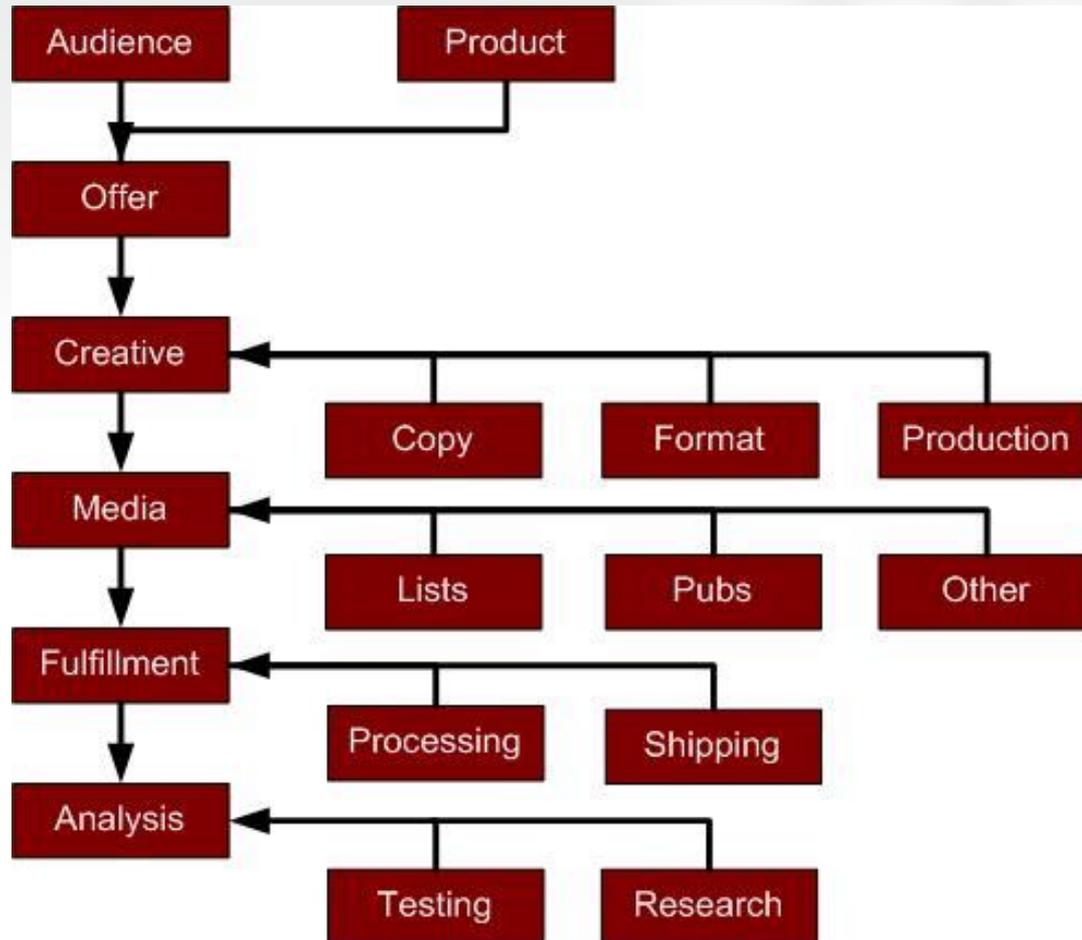
When to use Classic approach

- When you are trying to establish your place in the market.
- A mature product.
- Feature parity w/ the competition.
- Minor upgrade.
- Product has become a mass market product.
- Product is bought on impulse.
- Product is nice, but not necessary.

Direct Marketing Process

- Identify customer and the product to sell them.
- Develop offer.
- Develop creative strategy.
 - Write copy and design formats
 - Produce the packages or advertisements
- Select the media to use and place advertising.
- Fulfill responses.
- Process and track orders / inquiries.
 - Fulfill information, ship orders, provide customer service
- Analyze results of program.

Direct Marketing Flow Chart



Keys to successful DM

- The right customer
- The right product/service
- The right offer
- The right format/design (creative)
- The right media
- The right fulfillment
- Follow-up analysis
- Continual testing
- Research

Customers

- Who are they?
- What do they want?
- What are their needs?
- What will motivate them to purchase?

Product / Service

- Marketing objectives?
- Product/services conform to objectives?
- Value impression?
- Comparability to competitive products?
- Exclusivity?
- Packaging?
- Market potential?
- Profitability?
- Revenue potential?
- Repeat business?

Offer

- Pricing, time limits, optional features, credit options, guarantees, etc. -- have they all been considered?
- Financial / marketing objectives?
 - Immediate profit
 - Back-end long term business
 - Developing new market
- Is it the strongest offer you can make?
- Is the offer overstated?
- Would additional incentives help?

Creative – format/design

- Copy in keeping with audience/offer?
- Format consistent with offer?
- Design/graphics consistent with offer?
- Response device restate offer?
- Does it get prospect to act immediately?
- Does it tell them what to do?
- Does it tell them how to do it?

Media

- Overall budget?
- Media mix?
- Timing & promotional calendar?
- Status of customer file?
- Outside list rental?
- Primary media selection?
- Alternate media opportunities?

Fulfillment

- Are promotion & offer clear?
- Are response devices properly designed?
- Can promised services be delivered?
- Are you tracking & controlling incoming orders?
- Are billing and collection processes in order?
- Is your inventory managed to speed deliveries and reduce backorders?
- Are you responding to customer complaints?
- How are you processing returns?
- Is your customer always right?

Analysis

- Tracking results by source code?
- Analyzing results by geo, demo, etc.?
- Level of repeat business by source?
- Tracking product performance - transactions, revenues, profits?

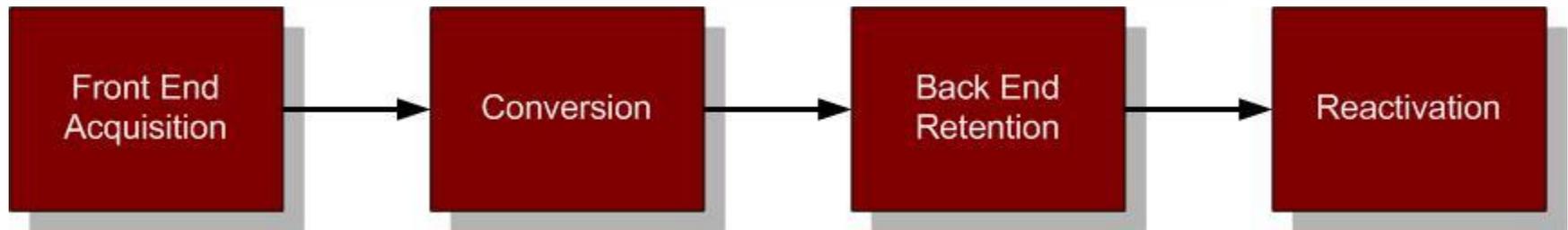
Testing

- Why test?
- What do you test?
- What level of confidence?
- What level of error?
- What level of response is required?
- Are the results of variables being tested statistically different?
- How much error can you live with when you go to full-scale?

Research

- How familiar is the customer with your company/product?
- What attributes of your company/product are important?
- How do people perceive your company/product vs. the competition?
- Does the prospect buy your product?

4 Phases of Direct Marketing Programs



Direct Marketing 101

Part 2

Strategy & Campaign Planning

The Direct Marketing Plan

- Background
- Objectives
- Obstacles
- Strategies
 - Acquisition, Conversion, Retention, Reactivation
- Tactics
- Financial analysis

Essential Strategy Elements

- Merchandising and product strategy
- Offer strategy
- List and media strategy
- Creative strategy

Background

- Customer profile / buying history
- Buying process
- Product / service description / benefits
- Market position / sales history / competitive situation
- Marketing / advertising history
- Marketing margins
- P & L history / potential

Objectives

- Should be specific and quantifiable.
- Examples:
 - Eliminate 10% of current field sales
 - Upgrade previous donor contributors by \$10 per donor.
 - Achieve 10% penetration in dealer network.
 - Obtain a minimum 5,000 sales for a new product introduction in western region stores..
 - Reduce our customer defection rate by 10%.

Obstacles

- Identify all major obstacles whether they are internal or external that could block your achieving each stated objective.

Strategies

- Developing the strategies are dependent upon making decisions on:
 - Program scope—test / rollout of full program
 - Basic offer—product, incentives and premiums
 - Concept and theme
 - Versioning and/or personalization
 - Media selection: cost effective for the product and situation

Tactics

- Packaging: concept, components, copy, graphics
- Media mix: single or multi-media combination
- Implementation specifications and procedures
- Timing/scheduling
- Cost estimates

Financial Analysis

- Breakeven calculations: programs and life cycle
- Yield potentials: acquisition and life cycle at various response levels
- Specifications for response tracking, analysis, yield reports

4 Basic Growth Strategies

1. Investment in new customer acquisition.
 - Most expensive, longest payback
2. Investment in the development of new media for presenting offers.
3. Addition of products or services to the line.
 - Least expensive, shortest payback
4. Expansion in the number of times that customers and prospects are contacted.

4 Basic Financial Goals

- Maximize...
 1. Sales \$'s
 2. Profit \$'s
 3. Profit %
 4. ROI %

Campaign Planning

Launching a New Campaign

- Can the product be marketed through direct channels (direct mail, TV, email, etc.) at a price that will return a profit, when all costs are considered?
- How costly will a thorough test program be?
- Are there existing lists that can be used and what restrictions apply?
- Which media should be tried?
- How much time and money will be necessary before break-even can be expected?
- What types of offers and packages are bringing in response from the target market?
- Is the proposed market too narrow...too broad?

Steps in Campaign Planning

1. Determine your objectives
2. Develop your communications strategy
3. Forecasting, costing and budgeting
4. Turning your strategy into action
 - - selecting your target audience
 - - selecting suppliers
 - - briefing suppliers
5. Campaign development
 - developing creative and copy
 - planning production
 - selection of names and addresses if mailing
6. Campaign implementation
 - production and dispatch
 - response handling and follow-up
7. Post Campaign analysis

Determine Your Objectives

- What do you want to achieve?
 - Generate inquiries from new prospects
 - Generate immediate sales?
 - Qualify sales leads?
 - Simply pass on information or raise awareness?
- Be very clear.
- Objectives need to be quantifiable, measurable and realistic.

Developing Your Communication Strategy

- What do you want to communicate to whom?
- Who are your target audience?
- How are you going to position your company, product, offer, etc.?
- What pattern of contact will you use, one-step, two-step, multi-step, single or multiple media, which media, etc.?

Forecasting, Costing & Budgeting

- How much can you afford to spend overall and per customer?
- What do you expect in returns, leads, orders? Do the numbers work?
- What response do you expect?
- What do you need to get in order to reach a breakeven point?
What is your breakeven?
- What's your contingency plan in case you miss your expect results?

Who Are Your Target Audience?

- What sort of people are likely to be interested in your proposition?
- Where will you find them?
- Are they already known to you or will you have to obtain a list?
- How much do you understand about the way they buy? What they like and dislike?
- Are they buying what you think you are selling?
- Is timing an issue?

Campaign Development – Typical Issues To Be Addressed

- Negotiating prices with suppliers
- Developing your creative work and copy
- Organizing print and production schedules
- Arranging list rental
- Arranging for the production of personalized letters
- Organizing delivery arrangements
- How will you handle responses?
 - It is possible to phase a mailing so that the responses come in manageable quantities.
- What are you going to send to responders?
- Are you planning any follow-up to this campaign?

Campaign Implementation

- Have all list and media been selected and orders been placed?
- Have arrangements been made for merge/purge and delivery of output to printers?
- Have all arrangements been made between the printer and lettershop?
- Have inbound order and call systems been tested?
- Have CSRs, TSRs been trained on program?
- Have all lead processing and management systems been put in place?

Post Campaign Evaluation

- Which aspects of the campaign is it most useful to you to measure?
 - Consider response rate.
 - Consider average order value
 - Consider selling costs
 - Consider cost per lead generated.
- What elements of your campaign have been coded? (Lists, package, etc.)

What to Analyze? For a Sales Campaign

- Total number of people mailed
- Total number of orders
- Total revenue from the mailing
- Average order value
- Unit mailing cost
- Unit response costs
- Individual profit / loss
- Gross profit / loss
- Order lag

What to Analyze?

- For an inquiry / lead generation campaign:
 - Total mailed
 - Total inquiries
 - Unit mailing costs
 - Unit inquiry costs (CPI or CPL)
 - Inquiry / lead lag pattern

Media

Media Selection

- Generally same process and criteria as general advertising
 - Define your target market
 - Select the media that reaches them in the greatest numbers at the lowest cost per thousand
- Things that differ
 - For publications, some have better coupon readership than others.
 - Space trades

How do you select your media?

- The objectives of your campaign - which media are most suitable to meet your objectives?
- The size and nature of your target audience - How many people are you trying to reach and what kind of people are they?
- The complexity of your message.
- How much money you have to spend.

Direct Response Media

- Direct Mail / Direct Mail Lists
- Telephone
- Television
- Radio
- Newspapers & Supplements
- Inserts
- Fax mailings
- Email
- The Internet

Direct Mail

Advantages

- Reaches all households
- Selectivity
- Personalization
- Most suitable for testing
- Second highest response rates
- Contains all action elements

Disadvantages

- Second most expensive media
- Long startup time
- Profile analysis
- Potential limited
- Tricky to produce / potential for errors
- “Junk” mail image
- Impacted by postal regulations

Telephone

Advantages

- Powerful 1on1 capability
- Fastest response time
- Selectivity
- Flexibility
- Excellent for research and profile analysis
- Up sell / cross sell
- Highest response rates

Disadvantages

- Dangerous with prospects
- No visual appeal
- Most expensive CPM
- 55% household reach and declining
- Cost of training and paying good operators

Television

Advantages

- Emotional capacity
- Intrusive
- Impactful w/ sight, sound, movement
- National / local spot flexibility
- Powerful demo capabilities
- Fast response
- Wide choice of time buys
- Call reach all US households
- Strong support medium

Disadvantages

- A mass medium – less efficiency reaching narrow targets
- Limited copy time
- No permanent response device
- Difficult to split-test
- Network time scarce
- High absolute costs for network
- Limited time available in 3rd and 4th quarters

Radio

Advantages

- National / local flexibility
- High-frequency
- Inexpensive
- Many profiles can be isolated by choice of show and time
- Short startup times
- Powerful support medium

Disadvantages

- Listener inattention
- Commercial clutter
- No response device
- Limited copy time
- No visual appeal
- Single audio dimension

Newspapers

Advantages

- Immediate, “Newsy” image
- Fast response
- Geographic targeting
- Special-interest targeting potential
- Wide variety of formats
- Can use long copy
- Broad local coverage
- Inexpensive to test

Disadvantages

- Short lifespan
- Poor ROP production
- Poor ROP color
- Poor selectivity
- No personalization
- Rates vary
- High costs of running multi-market campaigns
- Sometimes affected by local conditions
- Retail ad clutter

Supplements

Advantages

- Fast response
- High local market coverage
- Good color reproduction
- Wide variety of formats
- Opportunity for long copy usage
- Relaxed readership
- Broad local coverage

Disadvantages

- Little pass-along
- Limited audience selectivity / targeting
- High cost for national coverage
- Short lifespan
- No personalization
- High costs of running multi-market campaigns
- Sometimes affected by local conditions
- Retail ad clutter

Magazines

Advantages

- Reach mass or class
- Adds reputation of publication
- Good color reproduction
- Long ad life
- Low CPM
- Test inexpensively
- Short startup time
- Pass-alongs

Disadvantages

- Less space to tell story
- Less personal
- Slower response
- Less selectivity than mail or phone
- Ongoing question of print communication value compared to electronic media
- Moderate to low frequency builder

Inserts

Advantages

- Very responsive
- Much more responsive than full page ad
- Attract attention
- Easy to respond to
- Can provide detail, allow creativity
- Economical

Disadvantages

- Space and size limitations
- Lead times
- Low responses
- Long response curves
- Affected by “ride along”

Fax Mailings

Advantages

- Cheap to produce
- Cheap to execute
- Fast
- “Urgent”

Disadvantages

- Can get lost in busy office
- Uses prospect paper, ink and phone line without permission
- Perceived as “junk”
- Quality of output can vary widely

Email

Advantages

- Inexpensive to produce and mail
- Reaches target in seconds
- Simple to produce
- Increasingly targetable
- Sophisticated segmentation and targeting possible
- “Rich” media options
- It’s global

Disadvantages

- May be treated as “Spam” by Spam filters
- Businesses may not accept attachments
- Email box clutter – too much mail, may not be read
- Too easy to discard without message or offer being recognized

The Internet

Advantages

- Instant access
- 24/7 availability
- Interactivity
- Personalization
- Cost effective to build traffic to own site and
- Fast to implement
- Low cost other media
- Shorter production cycle than other media

Disadvantages

- Low penetration
- Frequent crashes
- Awkward scrolling
- Demands patience
- Needs the support of other media to drive traffic
- Low response rates

Mailing List

Mailing Lists

- What are they?
 - A mailing list is made up of individuals and / or companies who have something in common, such as a specific interest, characteristic or activity.
 - For example:
 - subscribers to TV Guide
 - contributors to the Heart Association
 - members of the DMA
 - or buyers of apparel from Lands End

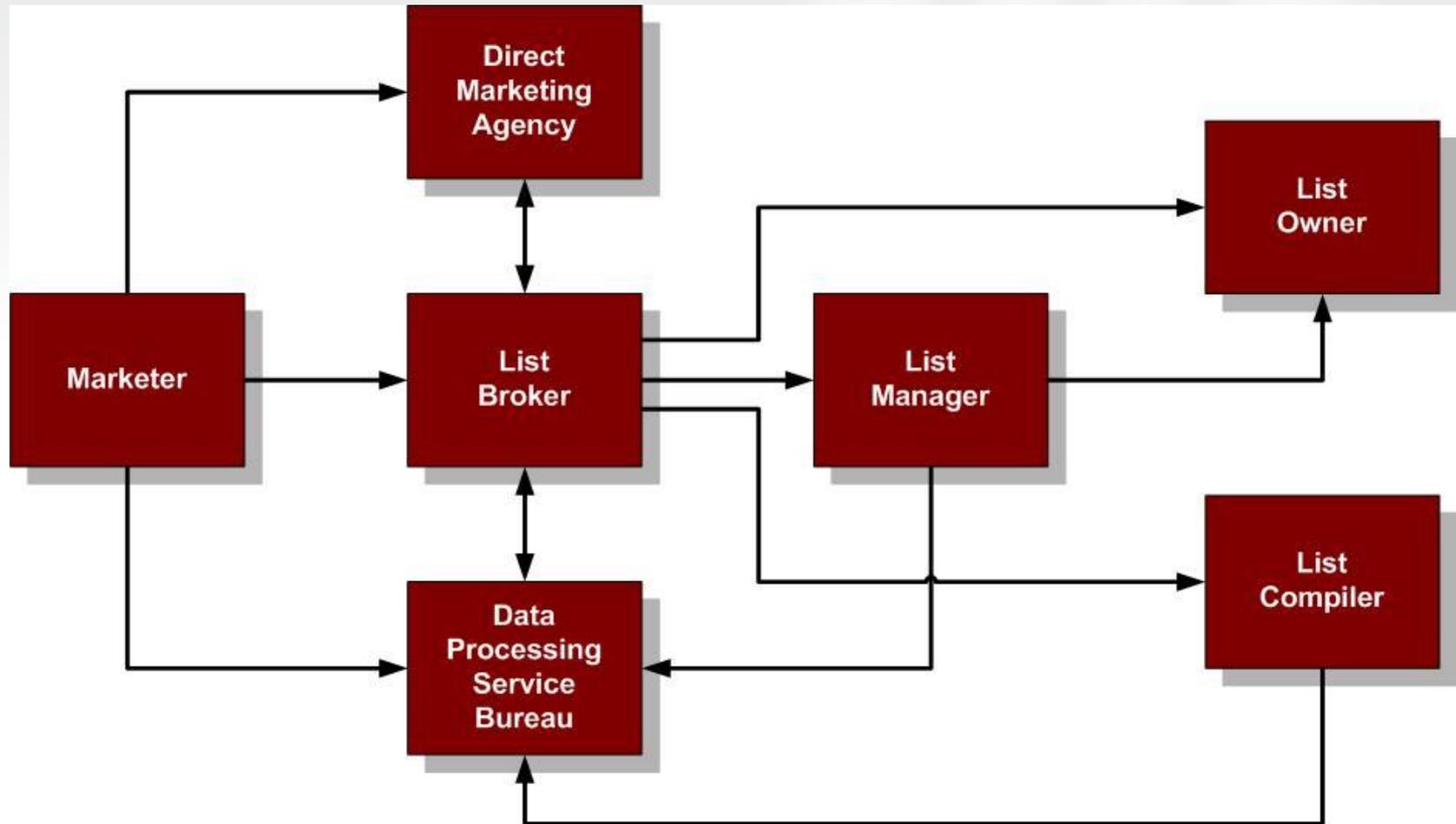
Sources of Lists

- Direct mail generated
- Space (print, electronic) generated
- TV (broadcast) generated
- E-mail generated
- Internet Opt-in generated (website, newsletter, etc.)
- Compiled

Types of Lists

- Consumer list
- Business list
- Compiled list
- In-house list
- Subscriber list
- Mail order buyers list
- Telephone list
- Respondents list

Mailing List Team



List Brokers

- A List Broker is a specialist who makes all the necessary arrangements for a mailer.
- Their services usually include: research, selection, recommendations, evaluations and purchasing.

List Managers

- A List Manager is a firm that acts as the outside agent for a list owner and is responsible for the use, by others of the specific list.
 - They generally provide:
 - list maintenance
 - list promoting and marketing
 - list clearance and record keeping
 - billing and accounting
- List Brokers can also be List Managers.

List Compilers

- A List Compiler is one who develops lists of names and addresses from directories, warranty cards, newspapers, public records, sales slips, etc.
- They have full control over maintenance, scheduling, promotion, etc., of that list.

Service Bureaus

- A Service Bureau provides a range of data, data maintenance and enhancement services.
- They tend to specialize.
- The priority # 1 service is file maintenance.

Service Bureau Services

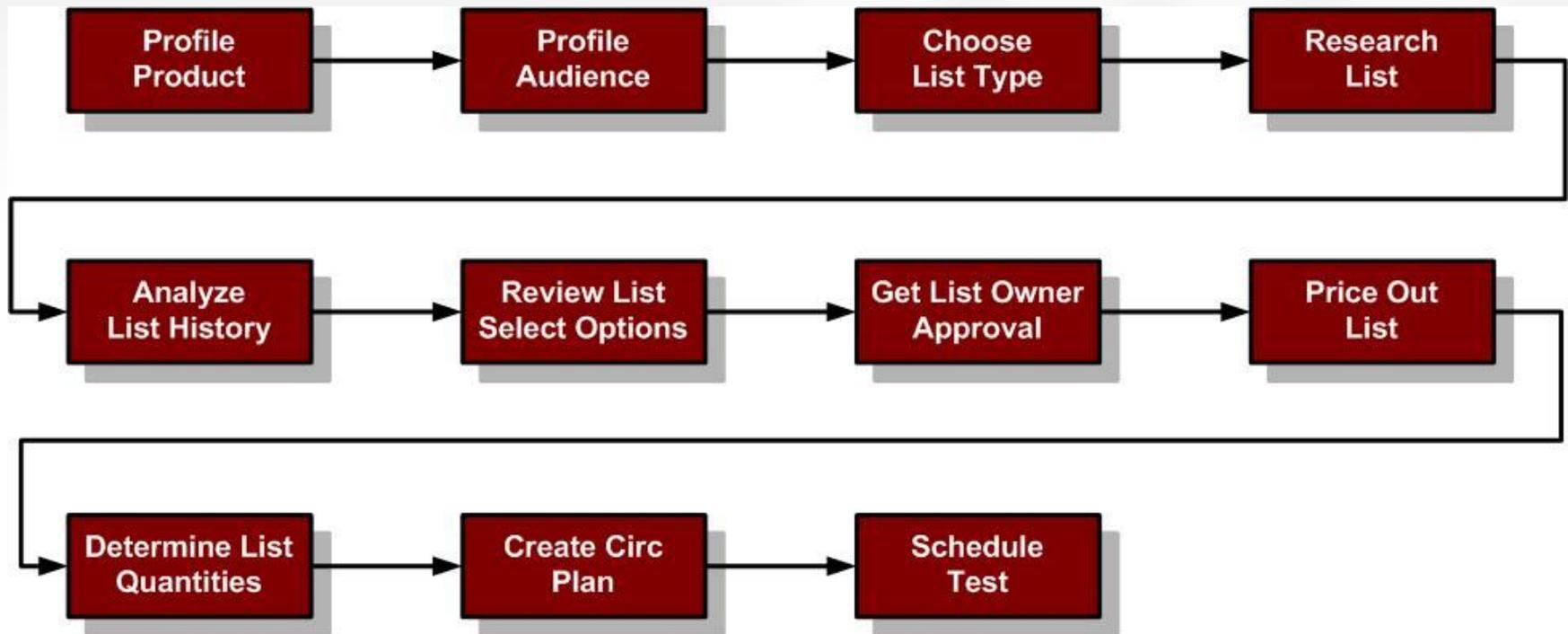
- Updating and maintaining names and addresses
- Merge/purge
- Carrier route coding
- Zip coding
- Statistical reporting
- Zip code correction
- Checking of files against nixie banks
- Renewal upgrading techniques for the fundraiser
- Computer letter production and word processing.

Circulation Planning

List Selection Process

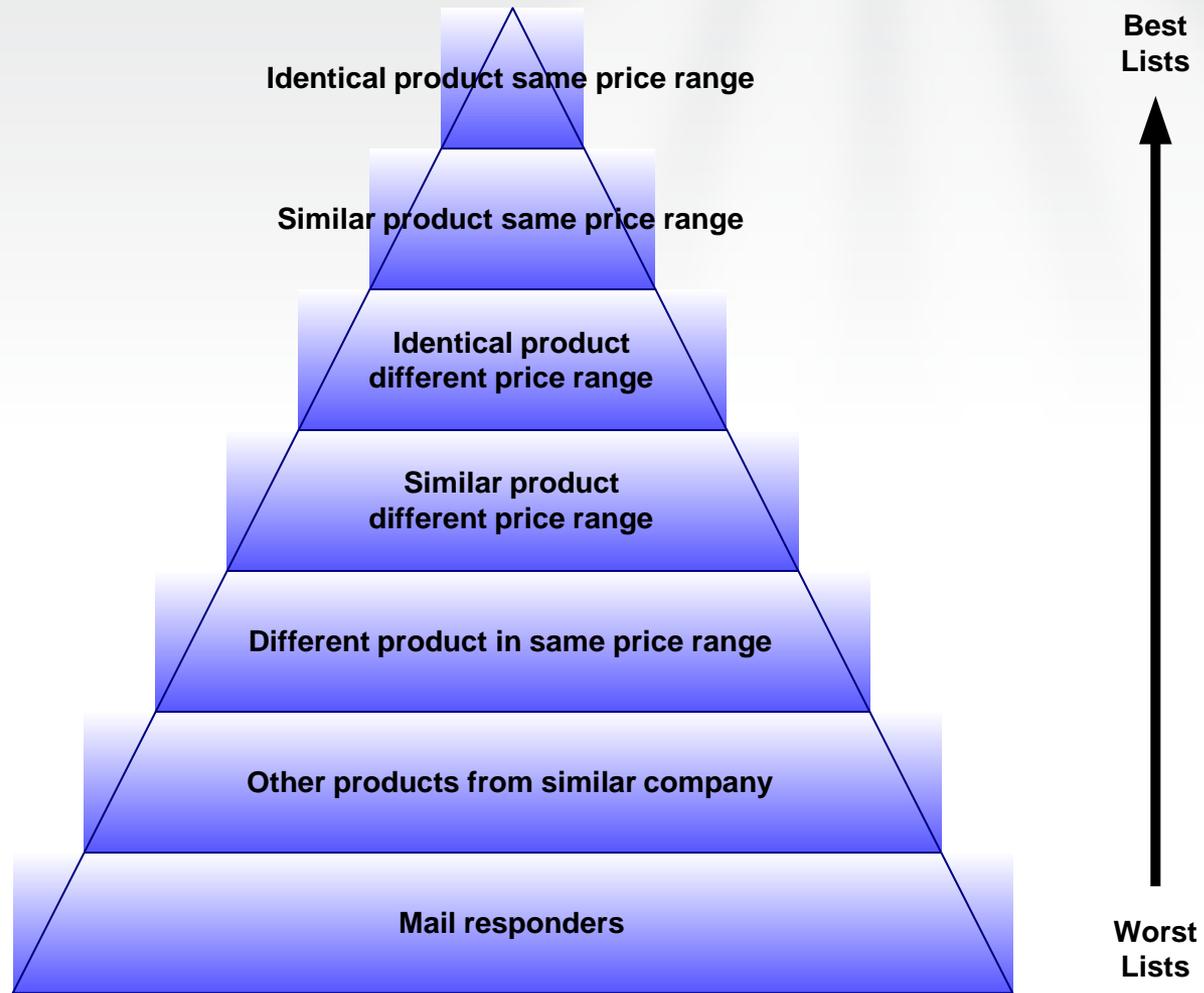
- Define the mailer's product profile.
- Define target market.
- Determine which kind of lists are appropriate: response, buyer, mass or compiled.
- Research and collect data on lists available.
- Analyze list histories in order to match mailer's offer.
- Investigate selectivity within list.
- Screen lists which will allow client to mail.
- Price out lists to fit client's budget.
- Determine quantities available.
- Develop circulation plan.
- Schedule a test.

List Process Flow Chart



List Selection Criteria

List
Categorized
Based on
Buying
Behavior



Seasonal Variations For DM

- January 111.2
- February 106.8
- March 79.0
- April 79.5
- May 79.5
- June 74.5
- July 81.5
- August 96.8
- September 87.9
- October 100.0
- November 90.1
- December 87.9

The above percentages represent the seasonal variations in mail order list responses. (source: Successful Direct Marketing Methods)

List Quality

- The quality of a list is evident in a number of ways.
 - A good list has a variety of “selection” criteria available from which to select.
- These selections help measure the value of a list.
- Selections that add quality to a list include:

Recency

Frequency

Monetary

Geography

Sex

Marital status

Income

Age

Telephone #,
etc.

List Testing

- How large?
 - Large enough to read
 - Small enough to be financially feasible
- No “rule of thumb” depends on circumstances.
- Testing program should be large enough to bring enough projectable stats on which to base your conclusions.

Circulation Plan

- After the list and source code, the plan includes:
 - selection:
 - a description of the particular list selection or segment being mailed
 - quantity available:
 - the total number of names available for this mailing
 - final quantity:
 - the final number of names for mailing after the merge/ purge process
 - forecasted percentage response
 - forecasted orders/responses:
 - final quantity times forecasted percentage response
 - forecasted AOV
 - forecasted sales: forecasted orders times forecasted AOV

List Order Placement Requirements

- Your offer (a sample of the mailing piece)
- Mail dates
- Geographic coverage need
- Segments of list you want to full-scale and test
- Merge / purge requirements / plans
- Detailed count information required
- Any follow up mailings planned to same market
- Media on which names will be delivered
- Where are names to be delivered

Targeting & Segmentation

Finding the Right People

- How do you find the right people for your promotional offer? There are several ways
 - Database analysis
 - Testing
 - Research
 - Intuition

How to Target Your Best Prospects

- Start by understanding your customers.
- Look at the types of relationships they have with you.
- Then apply various forms of segmentation.

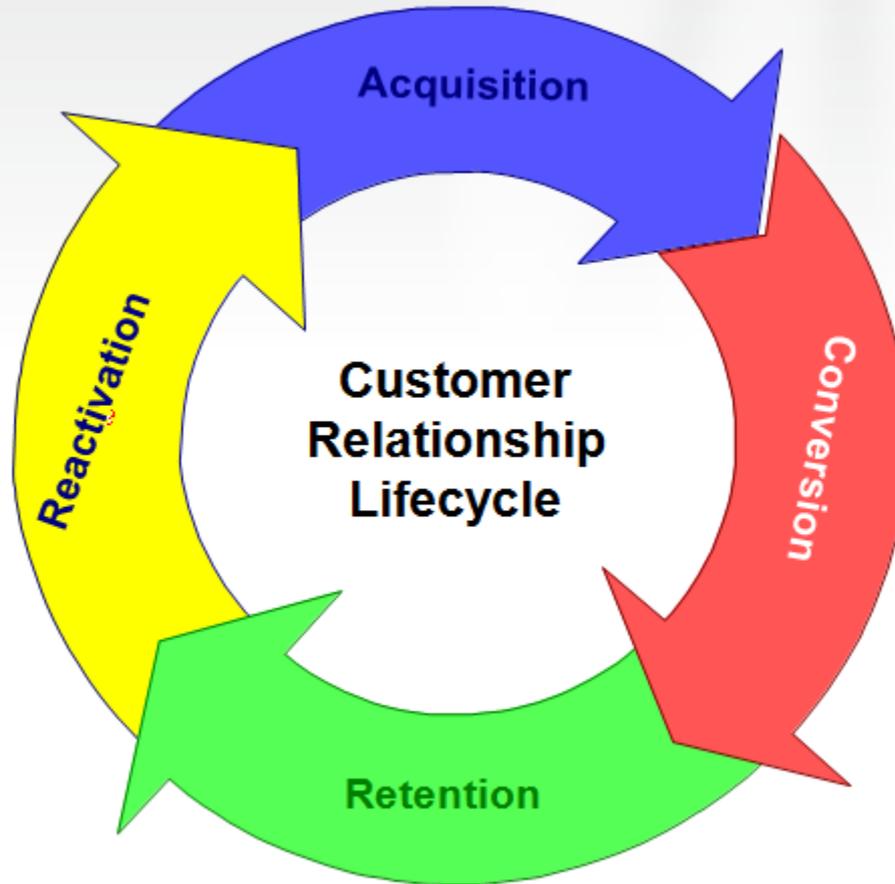
Understanding Your Customers

- Are they buying the same thing as you think you are selling them?
- How do they make their buying decisions?
- Who is involved in those decisions (title, job title, job functions)

Types of Relationships



Managing Customer Relationship



Segmentation

- Segmentation means breaking down into smaller groups or segments.
- Breaking down customers and prospects by their existing relationship with you is the simplest form of segmentation.
- Why do segmentation?
 - So you can target it the segments most likely to be interested in a particular offer.
 - So you can tailor your products, services, offers and messages better to recipients.

Types of Segmentation Analysis

- Media Segmentation
- Internal Segmentation
- External Segmentation
- Deciles Analysis & Segmentation
- Dimensional Segmentation
- Regression Analysis

House file segmentation

- Who are my best customers?
- What do they buy from me?
- Why do they respond to my mailings?
- How do I retain them and increase their purchases?
- Where do I find others like them?
- When do I sell them more effectively?

List Segmentation Methods

- Sex and other demographics
- Geography
- Source
- Behavioral characteristics
- Psychographic overlays

Segmentation Behavioral Characteristics

- “RFM” or “FRAT” or “FRAC”
- Mode of payment
- Geographics
- Behavioral / psychographics
- Types of products purchased
- Length of time on file
- Source
- Date of last transaction

List Segmentation Priorities

- Highest priority
 - transactional data describing a buyer or prospect.
- Medium priority
 - non transaction data describing a buyer or prospect.
- Lowest priority
 - data describing the general characteristics of the group to which the individual belongs.

Profiling

- Profiling is the identification of a characteristic, or set of characteristics which appear to be more common than the average amongst customers and prospects.
 - Once identified, these characteristics can be used to select a sub-group of customers or prospects who are most likely to be interested in your proposition.
- Intelligent profiling is at the heart of all decisions you will make about list rental for direct mail other media that you choose and will drive the tone and content of your copy and creative design.

Profiling Data Categories

- Consumer profiling
 - Geo-demographics
 - Lifestyle
 - Life stage
 - Psychographic / attitudinal
- Business to business profiling
 - SIC codes
 - financial type data
 - job functions
 - employee numbers
 - geographic information, etc.

Direct Marketing 101

Part 3

Appeal & Offer Development

What is the Offer?

It's simply your proposition to the prospect or customer.

Why is the Offer Important?

- Because the right offer can sell almost anything.
- The offer is one of the simplest and most dramatic ways to improve direct marketing results.

The Offer is Crucial

- All other things being equal, it's the most crucial of the three parts of response creativity.
- It's important to think of your market as you are structuring your offer.
 - What's their sex, age, educational level, special interests, and social-economic status?
- How you state the offer counts.
- It both selects and involves the prospects.
- It determines the quality of the customers who respond.
- It's an important aspect of creativity to find new ways of stating an existing offer.
- It's important to find new offers.

What's Makes Up the Offer?

- The products/services
- The price of the product/services
- The payment terms
- The way the offer is worded or pictured
- Any incentives, bonuses, extras, premiums
- Any time limitations or restrictions
- Any free literature or booklets
- Any special fulfillment options – free shipping

Planning Your Offer

- The 1st step in planning your offer is to think about your objective.
 - Are you trying to get orders by mail?
 - Produce more sales leads?
 - Sell subscriptions?
 - Raise funds?
- The more attractive your offer, the better the response to it will be.
- Goal – come up with the most attractive offer you can afford to generate immediate action.

Are all good offers expensive?

- Economics of your offer:
 - You have fixed costs
 - You have variable costs
- Sweeten your offer and make it more attractive without increasing your fixed costs.
- Your objective:
 - To increase response more than enough to offset the added costs involved in improving your offer.

Types of Offers

- Basic offers
- Free gift offers
- Other free offers
- Discount offers
- Sales offers
- Sample offers
- Time limit offers
- Guarantee offers
- Guarantee offers
- Build-up-the-sale offer
- Sweepstakes offers
- club & continuity offers
- Specialized offers
- A final offer

Basic Offers

- Right price
- Free trial
- Money-back guarantee
- Cash with order
- C.O.D.
- Charge card privileges
- Bill me later
- Installment terms

Free Gift Offers

- Free gift for an inquiry
- Free gift for a trial order
- Free gift for buying
- Multiple free gifts with a single order
- Your choice of free gifts
- Free gifts based on size of order
- Two-step gift order
- Continuing incentive gifts
- Mystery gift offer

Other Free Offers

- Free information
- Free catalog
- Free booklet
- Free fact kit
- Send me a salesman
- Free demonstration
- Free talent test
- Send me a salesman
- Free demonstration
- Free “survey of your needs”
- Free cost estimate
- Free dinner
- Free film offer
- Free house subscription
- Gift shipment service

Discount Offers

- Cash discount
- Short-term introductory offer
- Refund certificate
- Introductory order discount
- Trade discount
- Early bird discount
- Quantity discount
- Sliding scale discount
- Selected discounts

Sales Offer

- Seasonal sales
- Reason-why sales
- Price increase notice
- Auction-by-mail

Sample Offers

- Free sample
- Nominal charge samples
- Sample offer with tentative commitment
- Quantity sample offer
- Free sample lesson

Time Limit Offers

- Limited time offers
- Enrollment periods
- Pre-publication offer
- Charter membership (or subscription) offer
- Limited edition offer

Guarantee Offers

- Extended guarantee
- Double-your-money-back
- Guaranteed buy-back agreement
- Guaranteed acceptance offer

Build-Up-The-Sale Offers

- Multi-product offers
- Piggyback offers
- The deluxe offer
- Good-better-best offer
- Add-on offer
- Write-your-own-ticket offer
- Bounce-back offer
- Increase and extension offers

Sweepstake Offers

- Drawing type sweepstakes
- Lucky number sweepstakes
- “Everybody Wins” sweepstakes
- Involvement sweepstakes
- Talent contests

Club & Continuity Offers

- Positive option
- Negative option
- Automatic shipments
- Continuity load-up offer
- Front-end load-ups
- Open-ended commitment
- “No strings attached” commitment
- Lifetime membership fee
- Annual membership fee

Specialized Offers

- The philanthropic privilege
- Blank check offer
- Executive preview charge
- Yes/no offers
- Self-qualification offer
- Exclusive rights for your trading area
- The super dramatic offers
- Trade-in offer
- Third party referral offer
- Member-get-a-member offer
- Name-getter offers
- Purchase-with-purchase
- Delayed billing offer
- Reduced down payment
- Stripped-down products
- Secret bonus gift
- Rush shipping service
- The competitive offer
- The nominal reimbursement offer
- Established-the-value offer

Direct Marketing 101

Part 4

Database

Analytics & Testing

Database Marketing

The key to direct marketing success is relevance. The key to achieving relevance is having information about your customers and prospects.

What is It?

- It's the most sophisticated selling process in the world today.
- It's the foundation of the highest level of direct marketing – “1 to 1” made truly possible. There's a catch though
- You start with individuals and then find ways to organize them in groups.

Types of Database Marketing

- Conquest marketing – targeting exactly the right market
- Up-sell and cross-sell marketing
- Frequency and loyalty marketing
- Advocacy marketing – get a friend, member get a member

A Database Marketing Effort

- Clearly defined prospects
- Product story that requires space for demo
- Product advantages that if purchased lead to other product purchases
- A substantial “life-time” value to a product user
- a creative approach that is interesting and uses the format effectively

What is a Marketing Database?

A marketing database is a collection of information which helps you to spend your marketing budgets more efficiently.

It allows you to focus your resource upon the superior opportunities and helps you to develop longer more profitable relationships with your customers.

What it Enables

- More relevant customer communications
- Better targeting of prospects
- More cost effective marketing
- Better forecasting and measurement
- More accurate business reports
- Better customer service
- Development of better products and services

Building Customer Relationships

- You can communicate in private to your customers without your competitors seeing what you are doing.
- You can time your communications to fit your customer's needs
- And, you can vary your offers according to the value of the customer.

Information Typically Found in a Marketing Database

- Customer names and addresses
- Details on their household or business
- Source code; date acquired
- Order and inquiry details
- Returns / credits history
- Marketing history
- Demographic, psychographic, firmographic information
- Contact history (customer service, complaints, etc.)

Examples of Consumer Data

Data Type	Uses	Where From?
Name and address	Addressing mailings, deduplication	Responses from advertising, rented lists, directories
Promotional responses – what sent, how responded	Targeting and list selection	Own response data, rented lists
Enquiries – what about?	Targeting and list selection, product development	Own records, rented lists
Purchasing behavior	Segmentation, timing and targeting	Own records, rented lists
Complaints	Selection of research groups, no mail – selection, product development	Own records
Demographic – household composition, etc.	Targeting of campaigns, profiling existing customers	Electoral roll, lifestyle databases, from Experian and others
Lifestyle characteristics: hobbies, buying habits, etc.	Targeting and profiling, development of offers and messages	Experian and others
Neighborhood characteristics: property types, rural/urban, etc. Geodemographics	Targeting and profiling, development of offers and messages	e.g., MOSAIC from Experian

Examples of Business Data

Data Type	Uses	Where From?
Company name and address, parent company information as well	Addressing mailings, deduplication, pricing and service decisions	Advertising responses, directories, rented lists, Experian and others
Name, title and function of individual	Personalization of mailings, targeting of messages and offers	Rented lists, Experian and others
Buying characteristics: products, quantities, frequency, etc.; buying process, decision making groups	Targeting of mailings and offers; segmentation of customers	Own records, Experian and others
Promotional responses; what sent, how responded?	Targeting	Own data, rented lists
Enquiries – what about?	Targeting, product development	Own records, rented lists
Area characteristics; business sectors (SIC Codes), geographical, urban/rural, density of potential business	Targeting of campaigns, siting of distribution points, sales force management, sales forecasting	Own data, sales force feedback; Experian and others
Competitor information	Research, campaign planning	Own research and sales force feedback
Complaints	Forming groups for customer research, product development	Own records
Turnover and financial data; year end data	Risk prediction, sales predictions, targeting of messages, timing of offers, segmentation	Companies, house, Experian and others
Number of employees, sites, computers, vehicles, etc.	Targeting and segmentation	Lists, Experian and others

Data Quality

- Capture it properly in the first place.
- Give your customers frequent opportunities to tell you if something needs changing.
- Do occasional comparisons against outside databases.

Analytics

Campaign Evaluation

- Which aspects of the campaign are most useful to you to measure?
 - Consider response rate.
 - Consider average order value
 - Consider selling costs
 - Consider cost per lead generated.
- What elements of your campaign have been coded? (Lists, package, etc.)

Sales Campaign What to Analyze?

- Total number of people mailed
- Total number of orders
- Total revenue from the mailing
- Average order value
- Unit mailing cost
- Unit response costs
- Individual profit / loss
- Gross profit / loss
- Order lag pattern

Lead Generation Campaign What to Analyze?

- Total circulation
- Total inquiries
- Unit mailing or promotional costs
- Unit inquiry costs (CPI or CPL)
- Inquiry / lead lag pattern
- Conversion rates

Economics That Affect the Bottom Line

Costs

Fixed Costs

“Goods Sold”

Incremental Costs

Fulfillment Costs

Shipping Costs

Credit + Returns

Advertising

Media Buys

Mailing Lists

Computer Services

Creative / Production

Printing / Mailing

Postage / Nixies

Income

Sale Price

Shipping Fees

Units per Sale

Trade-ups

Conversion

List Rentals

More Economic Considerations

- Conversion Rates
- Renewal Rates
- Attrition (or Retention) Rates
- Units per Response
- Average Take or Order
- Name Value
- Time Value
- Return on Investment (ROI) or ROAI (Return on Advertising Investment)
- CLV (Customer Lifetime Value)

DM Mathematics

- CPR, CPI, CPO, CPC calculations
- Response analysis
- Basic breakevens
- Profit and loss analysis
- DM forecasting/planning tools
 - Inquiry conversion
 - Lag patterns, Name flow
- Life time value calculations
- ROI / ROAI calculations

The Basics

Cost per Response (CPR)

$$\text{Promotional Cost} \div \text{Responses} \\ = \text{Cost Per Response}$$

The Basic Promotional P&L

$$\text{Income} - (\text{Cost} + \text{Advertising}) = \text{Profit}$$

Or Allowable Margin (AM)

$$\text{Income} - \text{Cost} = \text{Advertising} + \text{Profit}$$

The Basic Breakeven

Response Necessary to Achieve

Income – Cost = Advertising Expense

Or

$$\text{Orders to BE} = \frac{\text{Net Sales/M}}{\text{Net Order Contribution}}$$

Direct Response Formulas

Marketing Income % = ((Margin \$'s per Order x Response Rate % - Adv \$'s per 1,000) / Response Rate %) / Average Order Value

Or

$$\text{M.I.\%} = \frac{\text{M} \times \text{P} - \text{A}}{\text{P}} / \text{P.O.}$$

Marketing Income per 1,000 (m/M) = M x P - A

Marketing Income per Order (m/O) = M.I.% x P.O. = $\frac{\text{m/M}}{\text{P}}$

$$\text{P} = \text{A} \div (\text{M} - (\text{M.I.\%} \times \text{P.O.}))$$

Geometric Leverage: Effect of CPO on Profit

Example: \$5 margin and \$50,000 advertising budget

CPO (\$)	Orders	Margin	Profit
6	8,333	41,665	(8,335)
5	10,000	50,000	0
4	12,500	62,500	12,500
3	16,666	83,330	33,330
2	25,000	125,000	75,000
1	50,000	250,000	200,000

Effect of Response on Profits

	Plan	+ 20% sales	+ 20% sales +20% ad cost	-20% sales
Sales	\$80MM	\$96MM	\$96MM	\$64MM
Less Promo Cost	20	20	24	20
Less Direct Expense	41	49	49	33
Less Fixed Costs	12	12	12	12
Total Costs	\$73MM	\$81MM	\$85MM	\$65MM
Profit	\$7MM	\$15MM	\$11MM	(\$1MM)
Profit Plan vs. Plan		+\$18MM	+\$4MM	-\$8MM
Percent Over Plan		+114%	+57%	-114%



Cost of Acquisition

One Step Direct Sale Space Ad

	Variable Costs	Example 1	Example 2	Example 3
Total Circulation		1,000,000	1,000,000	1,000,000
Response Rate		0.1%	0.05%	0.05%
Total Responses		1,000	500	500
Average Order Value		\$19.95	\$19.95	\$19.95
Gross Sales		\$19,950	\$9,975	\$9,975
Margin Before Advertising	35%	\$6,983	\$3,491	\$6,991
Space Ad Cost / 1,000	\$10	\$10,000	\$10,000	\$10,000
Profit Contribution		(\$3,017)	(\$6,509)	(\$3,009)
Profit Cost per Name		(\$3.02)	(\$13.02)	(\$6.02)

2-Step Conversion

	Variable Costs	Example 1	Example 2	Example 3
Step 1: Inquiry Ad				
Total Circ		1,000,000	1,000,000	1,000,000
Response Rate		0.05%	0.5%	1%
Total Responses		500	5,000	10,000
Adv Cost per 1,000	\$10	\$10,000	\$10,000	\$10,000
Loss		(\$10,000)	(\$10,000)	(\$10,000)
Cost per Name		(\$20)	(\$2)	(\$1)
Step 2: Mailing to Inquiries				
Mailing to requestors		500	5,000	10,000
Response Rate		1.6%	5%	7.5%
Total Responses		8	250	750
Average Order Value		\$75	\$75	\$75
Gross Sales		\$600	\$18,750	\$56,250
Margin \$'s Before Adv Costs	35%	\$210	\$6,563	\$19,688
Advertising Cost per Mailing	\$0.50	\$250	\$2,500	\$5,000
Advertising Cost (Inquiry Generation)		\$10,000	\$10,000	\$10,000
Profit Contribution		(\$10,040)	(\$5,937)	\$4,688
Profit per Name		(\$1,255)	(\$23.75)	\$6.25

Test vs. Rollout Costs

Package	Quantity	CPM	Response	CPO
Test Cost	10,000	\$600	4.2%	\$14.29
Rollout Cost	100,000	\$270	4.2%	\$6.43

The only difference is the advertising costs per thousand circulation drops because the creative costs are amortized over the larger circulation; and depending on media the production and media cost may also decrease.

Developing your financial plan

- Response curves / lag patterns
- Order / Lead flow planning
- Elements of financial plan

Order/Lead Flow Planning

- Average Rates of Response By Media
 - Chart
- Response Curves
- Building the Order/Lead Flow with Response Curves

Typical Response Curve

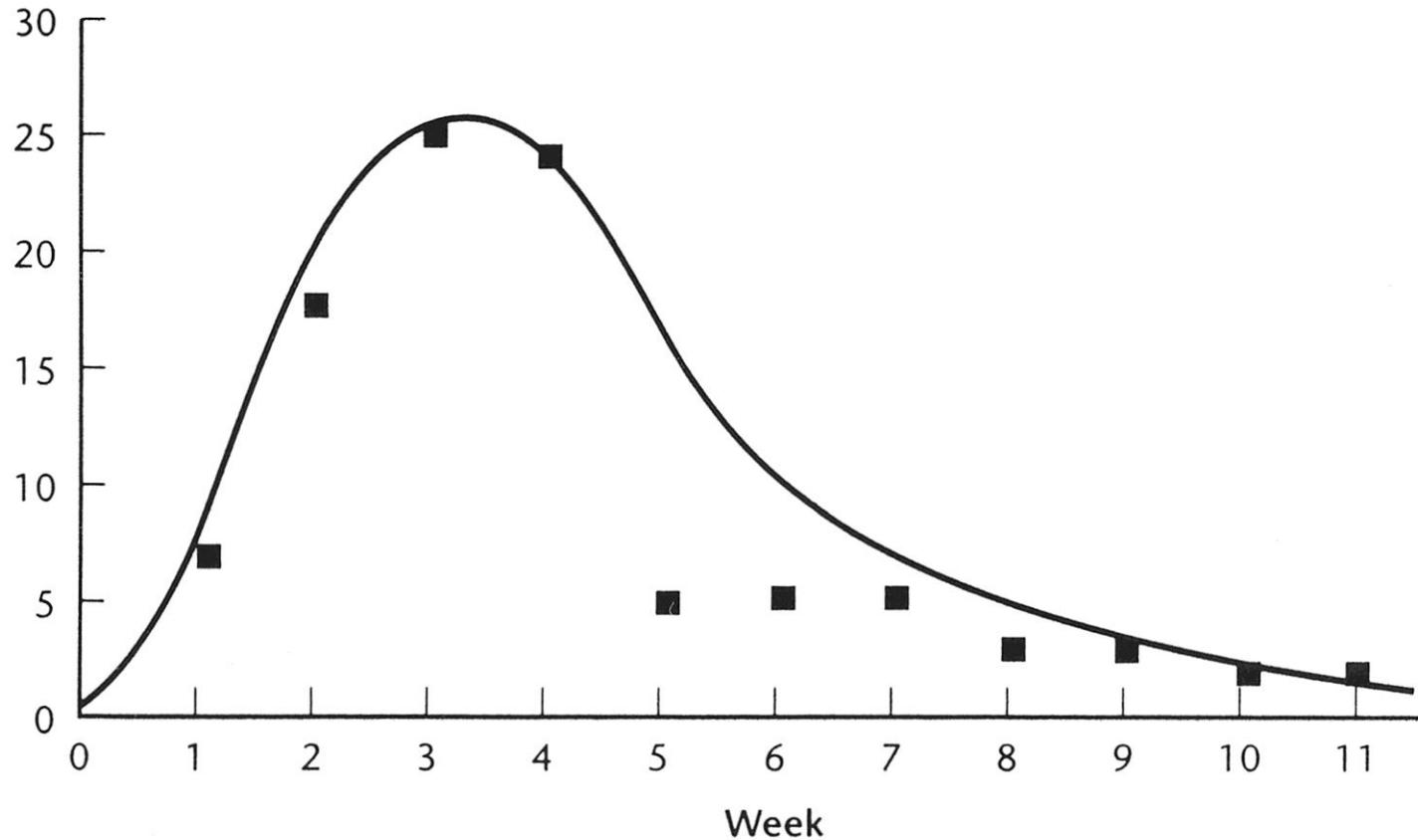
CATALOG/INTERNET RESPONSE CURVE

Fall 2003 Catalog - 3.65% response for drop 1; 2.15% response for drop 2.

MAIL DROP	QUANTITY	ORDERS	9/6	9/12	9/19	9/26	10/3	10/10	10/17	10/24	10/31	11/7
8/25	100,000	3,360	120	511	555	456	303	270	204	175	172	146
9/28	100,000	2,150					71	301	327	269	178	159
Total	200,000	5,800	120	511	555	456	374	571	531	444	350	305
			11/14	11/21	11/28	12/5	12/12	12/19	12/26	1/4	1/11	Total
			139	128	117	106	91	91	66	0	0	3,650
			120	103	101	86	82	75	69	62	146	2,150
			259	231	218	192	173	167	135	62	146	5,800
Response Pattern			1	2	3	4	5	6	7	8	9	10
WEEK												
Weekly response			3.3%	14.0%	15.2%	12.5%	8.3%	7.4%	5.6%	4.8%	4.7%	4.0%
Cumulative response			3.3%	17.3%	32.5%	45.0%	53.3%	60.7%	66.3%	71.1%	75.8%	79.8%
WEEK			11	12	13	14	15	16	Balance			
Weekly response			3.8%	3.5%	3.2%	2.9%	2.5%	2.5%	1.8%	100%		
Cumulative response			83.6%	87.1%	90.3%	93.2%	95.7%	98.2%	100.0%			

Source: J. Schmid & Associates, Inc., 2003.

Typical Response Curve



Elements of a Financial Plan

- Media description
- Mail quantity/circ
- Percent response
- Conversion rates
- Package / ad cost / M
- List / media cost / M
- Total cost / M
- Projected Orders
- Average Orders
- Projected cancellations
- Projected bad pays
- Percent credit
- Net customers
- Net percent response
- Net cost per order
- Total revenue
- Net revenue
- Net revenue per customer

What's a Customer Worth (LTV)?

- The first step in developing a pro forma for a new program is answering, “How much can you afford to invest in acquiring a new customer?”
- To do that, you need to know the customer lifecycle, the profit generated after advertising costs from an order and the average number of orders purchased by a customer over that lifecycle.
- $\text{Multiplying profit times average \# of orders} = \text{Life Time Value}$
- You should spend no more to acquire a new customer than their LTV.

Campaign Economics

- New Customer Acquisition
- Customer Retention
- Customer Reactivation

Testing

“Testing is the heart of direct response and it’s the element of the medium that makes it potentially the most effective, most productive, in the world.” - Joel Blattstein, Schein/Blattstein Advertising, Inc., 1979

What to Test

- Product or Services
- Media (list, print, broadcast, electronic)
- Offer (the proposition)
- Package/Format/Creative
- Copy Platform
- Timing of Promotion
- Testing in the different media

Basic Testing Rules

- Test the big things first:
 - media, offer, format/package, copy.
- Test large enough sample size to read results.
- Test 1 variable at a time or everything.
- When possible always test against a control.
- Test against your control at the same time.
- Make your calculations using roll-out costs.
- Measure your results by net dollars.

Statistically Valid Sample Sizes

- Have some idea of the level of response you expect or need.
- Decide what confidence level you will live with in testing.
- Decide what level of variance you can live with in the test generated responses.
 - Using the direct mail projection and sample size tables for determining test sample size.

Sample Test Matrix

List	Control Group	Creative Format 1		Creative Format 2
	No Action	Offer A	Offer B	Offer A
Segment Group 1	5K	--	--	--
Segment Group 2	--	5K	5K	5K
Segment Group 3	--	5K	--	--
Segment Group 4	--	--	5K	--

Top 10 Test Ideas in Direct Mail

1. Add the word “FREE” to your outer envelope teaser copy.
2. Put ad headlines in quotation marks.
3. Test a phone follow-up to non-respondents.
4. Offer a free sample to overcome the “I don’t believe it” objection.
5. Say “thank you” to gift-buyers with no-strings-attached gift certificate for them to use.
6. Use the unexpected:
 - Transform the flap side of an envelope into the addressing side
 - Print your message on the back of an 8” x 10” photograph
7. Put your deadline on the outside the envelope.
8. Change the color of the outer envelope.
9. Include a deadline in your offer.
10. Add human or human elements to product photos.

Direct Marketing 101

Part 5

Creative, Media & Formats Design & Copy

Creative Overview

3 Parts of Response Creativity

- The offer
 - To which the prospect or customer is being invited to respond.
- The market
 - Being communicated with.
- The creative treatment
 - Of the offer and product or service.

Presentation Matters a Lot

- What's the objective of the advertisement?
 - Lead generation or direct selling?
- Presentation of the offer and details are depend on the objective.
- The two objectives require different presentation approaches.

Lead Generation

- In lead “gen” the objective is to avoid telling the whole story.
- You want to arouse attention, get interest, tell them why they should act, and ask for immediate action.
- Tactically, this involves saying “see how...find out how...”
- The salesman does the closing.

Direct Selling

- In direct selling, the objective is to get the actual order.
- The strategy is to tell as much as possible, answer all questions and objections so the prospect can make the buying decision immediately.
- No salesman is involved...just order takers.

The Creative Brief

- The client needs to understand DR advertising so they can give the agency all of the right information needed to produce the ad.
- Or, the agency has to know all of the right questions to ask to get the information they need to produce the ad.
- Thus the all important creative brief or advertising fact sheet.

Key Elements of a Creative Brief

- Description of product
- Purpose of product
- Product features
- Main product benefits
- Comparisons to other products
- Price
- Payment methods
- The offer
- The package or promotion
- Objective of the promotion
- The audience
- The lists/media to be used
- Tests to be conducted
- Budget
- Schedule
- Testimonials
- Any customer complaints
- Must includes
- Any taboos
- The guarantee
- How will the order come
- The company
- Anything else

Keys to Successful DR Creative

- The COPY is in keeping with audience / offer.
- The FORMAT is consistent with the offer.
- The DESIGN / GRAPHICS are consistent with the offer.
- The RESPONSE DEVICE restates the offer.
- It gets the prospect to ACT IMMEDIATELY.
- It tells them WHAT TO DO.
- It tells them HOW TO DO IT.

Concept Evaluation

- Does the concept meet the definition of the purpose?
- Does it mesh with your other advertising?
- If it breaks from your traditional advertising, is the break justifiable?
- Does the concept offer a benefit, a promise, stress the value, have a reason for the customer to act now?
- Does it stay within the mail-order tradition, at least in the broadest sense?

Direct Response Copywriting

Direct Response Copy

- The copy development process starts with these considerations:
 - Who is the target audience?
 - What are you trying to accomplish?
 - What are the economic realities?
- All direct response copy has one common objective:
 - To incite immediate action

4 Key Copy Components

- Evokes a dream
- Describes all benefits
- Allays the prospects suspicions
- Generates a need for instant action.

Copy Development Process

- Conduct research
 - Become an expert on the product
 - Learn what's already being done
 - Develop ideas from other's work
- Define the package
 - The preliminary concept
- Write the copy

Copy Guidelines

- Know the product, all the selling features and benefits.
- Know the market.
- Talk to the prospect in their language.
- Make a promise, then prove that you can deliver on it.
- Get to the point right away.
- Make the copy germane to the selling proposition.
- Make the copy concise.
- Make the copy logical and clear.
- Make the copy enthusiastic about what you're selling.
- Make the copy complete, answer all the questions.
- Make sure the copy sells.

21 Copy Rules (1 – 11)

1. Use short sentences.
2. Avoid semi-colons.
3. Use active tense.
4. State price and offer on all components.
5. Use testimonials.
6. Use specifics.
7. Use rule of “threes.”
8. Use odd numbers.
9. Always seek a rhythm in copy.
10. Be clear to avoid reread.
11. Suit imagery and vocabulary to market and product.

21 Copy Rules (12 – 21)

12. Scanning elements should be a full sales presentation.
13. Use underlines, indents, colors to make key points stand out.
14. Never ask a question in a key headline or on the outer envelop.
15. Keep the 1st paragraph to 1 or 2 lines, 3 at most.
16. Letter copy should be personal.
17. Break sentences over pages.
18. Mention product and offer on 1st page of letter.
19. Use postscripts, they are read.
20. Close with the beginning theme.
21. Maintain continuity through the entire package.

Direct Mail Creative

How Direct Mail is Different

- It's personal.
- It's the original 1-to-1 marketing tool.
- You need to capitalize on the personal aspect.
- Think of it as a letter to mom.

Function of DM Package

- The direct mail package is a salesman.
- It must be noticed.
- It must be interesting and inviting.
- It must make the reader feel a certain degree of positive involvement with the product.
- It must be designed in such a way that it will be easy and convenient for the reader to follow through on their decision to buy or respond.

How to Achieve That Personal Quality

- Write to an individual not a market.
- Write in a conversational form.
- Put yourself in the mind of the reader.
- Talk about your reader's interests, needs, desires, problems, not yours.
- Use idea “connectors.”
- Avoid too many propositions.
- Answer the question, “why am I getting this letter?”

Types of Direct Mail Packages

- Solo Mailings – Classic letter package
- Self Mailers
- Catalogs
- Card Decks
- Post Cards
- Package inserts / statement stuffers
- Newsletters

Classic Letter Package

- What does it include?
 - A letter
 - A brochure
 - A reply device
- Other inserts may include
 - Second letter (lift letter or publisher's letter)
 - Buck slip
 - Versioned inserts
 - Selection aids
 - Testimonial flyers

What Goes Into The Letter

- It covers all of the primary reasons for buying.
 - Packages with letters out pull those without.
- The letter is the primary sales presentation.
 - It should be long enough to say what must be said to provoke a reaction.
 - Every single word and phrase must be meaningful.

Letter Copy Fundamentals

- Create a copy checklist to establish your ground rules.
- Get in step with readers/listeners right away – don't beat around the bush.
- Your opening paragraph/statement should promise the reader/listener a benefit.
- Thoughts should be arranged in logical order.
- What you are saying should be clear and easy to read.
- What you are saying should be easily understood.
- Phrasing should be fresh and friendly.
- Copy should be correct and well-formed.
- Ask for action in your close.
- Include a postscript.

Your Copy Checklist – What your notes should it include?

- Appeals
- Benefits
- Selling points
- Market facts
- Offers
- Free gifts
- Possible lead ideas
- Testimonials
- Guarantees
- Problems to overcome

Answer The Prospect's Questions

- What will you do for me if I listen to your story?
- How are you going to do this?
- Who is responsible for the promises you make?
- Who else have you done this for?
- What will it cost?

7 Step Formula to Writing Letters

1. Promise a benefit in your lead or first paragraph.
2. Immediately enlarge on your most important benefit.
3. Tell the reader what they are going to get.
4. Back your statements with proofs and endorsements.
5. Tell the reader what they might lose if they don't act.
6. Rephrase prominent benefits in the closing offer.
7. Incite action. Now.

Problem Solving Approach

- Problems ÷ Strategies = Solutions
- Review the problems to be faced, then come up with a strategic solution to solve each problem.

The “rules of rhetoric”

- Don't use too many participles.
- Don't use too many prepositional phrases.
- Don't use too many “That's.”
- Don't end too many sentences with a preposition.
- Don't use your company name too many times.
- Use Verbs instead of nouns. Verbs are action words.

Letter Writing Fundamentals - 1

- Try to personalize the letter with the prospect's name.
- Promise a benefit in the headline and make it the most important one.
- Immediately enlarge upon the key benefit and build up interest fast.
- Tell the reader specifically what they are going to get.
- Do NOT assume that they know your product.
- Supply credible endorsements to back up your claims.

Letter Writing Fundamentals - 2

- Tell the reader what they might lose if they fail to act. Overcome inertia!
- Point them very clearly at the reply devices.
- Write rather as you speak - as one human being to another. Avoid jargon.
- Shorter sentences and paragraphs are easier to read than longer ones.
- Build your argument by anticipating objections and winning confidence.

The Brochure

- Not all products / services being offered require a brochure.
- A brochure is used when you need...
 - To visually demonstrate the dream.
 - To reinforce the essential reasons for response by restating them in a different way.
 - To offer additional information – technical details, etc.

What Goes Into a Brochure

- List every selling point listed in your general copy platform.
- Use opening page to make the basic appeal and dramatize the offer.
- Use spread (broad-side) area for the most impressive illustration.
- If the mailing is benefit-oriented, show the benefit.
- Consider making the brochure an element of apparent value – a keeper.

Brochure Checklist

- Is the brochure designed for the market you're trying to reach?
- Is the presentation appropriate for the product and offer?
- Is the design consistent with the other mailer components?
- Is there a big idea behind the brochure?
- Do the headlines stick to the key offer?
- Is the product dramatized to its best advantage?

Brochure Checklist (cont'd)

- Does it show the product in use?
- Does it follow a logical sequence?
- Does it tell the complete story?
 - Price, offer, guarantee, etc.
- Can it be cut from regular size paper?
- Is the paper quality in keeping with the presentation?
- Is color used to show the product in its best light?

The Reply Device

- Offer a combination of response options. (Mail, fax, telephone, E-mail)
- Do not use glossy card that is hard to write on.
- Do not use a dark background color.
- Ask for extra information to enhance your database.
- Make sure that you offer an "opt out box", for those who do not wish to receive further direct mail.

Postscript Fundamental Forms

- A restatement of your offer
- Emphasis on money back guarantee
- Direction to another element of your mailing
- Testimonial to lend credibility to what you have said.

Editing That Masterpiece

- Edit for “warm-ups” or “so-what’s.”
- Edit for “stoppers.”
- Edit for “author’s pride.”
- Edit for order.
- Edit for “reason why.”
- Edit to stretch benefits.
- Edit for market.
- Edit for negative ideas / expressions.
- Edit for too many I’s, we’s, us’s, our’s, its.

Package Design

Letter Design

- Indent paragraphs and vary paragraph widths.
- Underline benefits.
- Use sub-headings to break up the page.
- Use a PS to restate offer or benefits.
- Use a Johnson Box.
- Use different color ink to call out points.
- Use Serif fonts, they're easier to read.

Brochure Design – Appearance

- Design the brochure for the market you are trying to reach.
- Suit the presentation to the product or service you are offering.
- The brochure must be consistent with the rest of the mailing package.
- It should be large enough to sell the product.

Brochure Design - Appearance

- The use of color must work in all instances.
- The folds need to work both functionally and decoratively.
- The quality of the artwork should be appropriate for the piece.
- The type selections should be appropriate.

Brochure Design - Content

- One big IDEA behind your brochure.
- Headlines stick to the key offer.
- Product dramatized to its best advantage by the format.
- Show examples of product in use.
- Entire presentation tells the complete story and follows a logical sequence.

Brochure Design - Preparation

- Can the brochure be cut from standard-size paper stock?
- Is the quality of the paper in keeping with the presentation?
- Is color employed judiciously to show the product in its best light?

Order / Reply Form Design

- Does the form induce readership?
- Does it push the reader to take action?
- Does it have plenty of room for the respondent to fill in the requested information?
- Does the form look too valuable to throw away?
- Do you call it something other than an order form?
- Does it have personal involvement devices?
- Do you restate the offer and benefits?

Outside Envelope Design

- It's the opening statement for any direct mail package.
- There are several points to consider in it's development
 - Size, Stock, Die Cuts
 - Type, Colors
 - Artwork: Photos, Illustrations, Show Throughs
 - Scratch & Sniff, tokens, peel-offs

The Total Graphics Picture

- Will it segregate itself from other mail in the mailbox?
- Does it have the necessary initial impact to make the recipient want to open it?
- Does it give away too much up front?
- Does the letter invite the recipient to read on once the package is opened?
- Are the pieces deigned as a whole—relate both physically and graphically to one another?

The Total Picture (cont'd)

- Is the reader involved enough in the response vehicle? Is he invited to act?
- Has the product been “glorified” enough to warrant the reader’s buying it?
- Has the designer found the most cost-effective and economical means of producing the package without taking away from the product merits or graphic philosophy?
- Is it easy for the reader to respond and/or order without confusion or inconvenience?
- Does the package deal honestly with the recipient with regard to both the product and his wants and needs?

Mailing Package Guidelines & Checklist

Mailing Format

- The letter ranks first in importance.
- The most effective mailing package consists of an outer envelope, letter, brochure, response form, and business reply envelope.

Letter

- Form letters using indented paragraphs usually out pull those in which paragraphs are not indented.
- Underlining important phrases and sentences increases results slightly.
- A letter with a separate brochure generally does better than a combination letter brochure.
- A form letter with an effective headline ordinarily does as well.
- Authentic testimonials in a sales letter ordinarily increase the pull.
- A two page letter will out pull a one page letter.

Brochure

- A brochure that deals specifically with the proposition presented in the letter is more effective than a brochure of an institutional character.
- A combination of art and photography usually produces a better brochure than one employing either art or photography alone.
- A brochure usually proves to be ineffective in selling magazines and news stories.
- In selling big ticket products, deluxe large size, color brochures virtually always warrant the extra cost over 11 x 17 or smaller brochures.

Outside Envelope

- Illustrated envelopes increase response if their message is tied into the offer.
- Variety in types and sizes of envelopes pays, especially in a series of mailings.
- Try to imply some reward from simply opening the envelope.
- Don't reveal the total sum and substance of your offer.
- Don't hesitate to employ the good headline words like "new," "now," "how," "special," "guaranteed" . . . and if there's anything free in connection with your offer, don't keep it a secret.

Reply Form

- Reply cards with receipt stubs increase response over cards with no stubs.
- Busy order or request forms that look important usually produce a larger response than neat, clean looking forms.
- Postage free business reply cards generally bring more responses than those to which the respondent must affix postage.

Reply Envelope

- A reply envelope increase cash with response.
- A reply envelope increase responses to collection letters.

Color Use

- Two color letters usually out pull one color letters.
- An order or reply form printed in colored ink or colored stock usually out pulls one printed in black or white stock.
- A 2-color brochure generally out pulls a 1-color.
- Full color is warranted in the promotion of such food products, apparel, furniture, and other merchandise if the quality of color reproduction is good.

Postage

- Third-class mail ordinarily pulls as well as first-class.
- Postage-metered envelopes usually pull better than affixing postage stamps
- A “designed” printed permit on the envelop usually does as well as postage metered mail.

Evaluating the Package

- Copy
- Design
- Topography
- Scan-ability
- Offer / call to action
- Clarity
- Logic
- Involvement
- Honesty / integrity / believability

How to Improve a Good Mailing Package

- Try a new approach – a negative appeal if you're using a positive one.
- Change the type of lead on your letter.
- Add things to your mailing package.
- Take out things from your mailing package.

Self Mailers

- Easier and quicker to produce.
- Lower production and labor costs.
- Lower mailing cost.
- Lower response rates.
- Good for education and seminars.

B-to-B Direct Mail Response Devices

- Involvement techniques:
tokens and address labels
- Qualified leads techniques
- Temporary membership
card technique
- Telemarketing response
technique
- Postage-paid BRC and
envelopes
- Letters with built-in BRC's
- Self-mailers with built-in
BRC's
- Return the letter technique
- The mailing label technique
- The stamp technique

Catalog Creative

Catalog Copy Characteristics

- Above all else, catalog copy must SELL.
- It must be brief and concise.
- It must be complete, with every question answered.
- It must be absolutely clear.
- Catalog copy is the most disciplined copy.
 - Headline and catalog copy all have rules to follow.

Catalog – The Headline

- With catalog copy, you generally start by writing the headline first.
- There are three types of headlines:
 - The label headline
 - The benefit headline
 - The sale headline

Catalog Copy

- Catalog copy is written in the “inverted pyramid style.”
 - State briefly and concisely the most important benefit to be obtained by buying the item.
 - Then the secondary benefits
 - Then list the selling points which support your benefits.
 - Then include the necessary customer information.

Other Catalog Copy To Do's

- General copy
 - When items share the same basic features, don't repeat the copy
- Cross-selling – don't overlook it
- Copy editing
 - Every word should be a working word
 - Every word should help the selling story
 - Drop articles when possible.
 - Avoid using the perfect tenses.
 - Use abbreviations only when they are clear.

Broadcast Creative

Direct Response Broadcast

- The basics of effective broadcast copy are exactly the same as those of all good direct response copy.
- Stringent time limitations impose the rule of “clarity.” 200 hundred words in 60 seconds.
- The listener/viewer must get the details of your offer and required buying action in literally seconds.

The Rule of Clarity

- "Clarity" means a full, honest description of your product or service, a clearly stated offer . . . Clearly stated obligations, limitation or disclaimers . . . And clearly and repeatedly stated action and/or ordering instructions.

Radio

- Methods of production
 - Personality Ad-Lib, Announcer-Read copy, and Studio-Produced tapes
- Copy
 - Your opener must be attention grabbing
 - Followed by the benefits
 - Followed by information about the product
 - The end should be devoted entirely to calls to respond and to specific details of the offer and response mechanism.
 - Depending on the product offer, a bonus can be offered for prompt response or cash with order.

DR Television

- Far less flexible and more expensive than radio
- Basics are the same as radio
 - The prospect must be “hooked” in the first few seconds.
 - The offer and response method must still be spelled out repeatedly and clearly.
- The obvious advantage of TV is visualization.
 - The visual image must be conceived as an integral part of the total message.
 - They must carry a message of their own and enrich and enlarge on the spoken word.

What Makes a Brand Commercial?

- A brand spot is emotionally driven.
- The best ones take you by surprise, charm you, and leave you with an emotion about the brand.
- Essentially, they treat you as a viewer, and reward you for their interruption by a moment's entertainment.

What Makes a DR Commercial?

- A direct response spot is emotionally driven in a more rational way.
- Nothing is vague or ambiguous.
- Its number one purpose is to convert you from viewer to “actor,” if you will, in 30, 60, or 120 seconds, usually by giving you lots of reasons to consider.
- The product is shown frequently and in use if possible.
- A direct response spot does not have the luxury of months to create preference. It must get into your head and make you act immediately.
- If it doesn't perform, it will be yanked immediately.

Tips for Creating DRTV

- Make it obvious who your spot is talking to.
- A storytelling structure usually works best.
- Have a big idea at the heart of your spot.
- Use urgency, but don't short-change persuasion.
- Remember, you can't tell everything, copy time is very limited.
- Make sure the visuals are interesting and support and reinforce the offer.
- Bring in the ordering method when they have been prepared for.
- Give the sense that there is more to find out about by acting now.
- Always come from the truth, the pitch has to be believable.
- It helps to have an offer.

Direct Response Print Advertising Creative

Direct Response Print Ads

- Why do so many direct response print ads fail?
- Why do so many publishers and merchandise people take a stab, and a loss, and swear off the medium for good?
 - The benefit headline
 - The sale (or value) headline
- Try to avoid being trapped into the item name headline.

DR Ads – Step by Step

- Media Selection
- The headline
- The copy
- The graphics
- The coupon

Media Selection

- Generally same process and criteria as general advertising
 - Define your target market
 - Select the publications that reach them in the greatest numbers at the lowest cost per thousand
- Things that differ
 - Some publications have better coupon / response readership than others.
 - Space trades

The Headline

- Shorter is better
 - Headlines of less than nine words seem to work better.
- Direct response headlines must spur action
 - Offer a promise, a pledge, or a benefit
 - Use “hot” words that have been getting people to respond for ages.

The Copy

- Views differ on length – short or long copy
 - Say as much as you have to
 - Say it in an interesting and compelling way
 - Ask for the order
- If you're using long copy, try using bold faced captions every few paragraphs
- The ad must try to make real contact with the reader – you want action

The Graphics

- Considering the medium, graphics are more critical in print ad than they are in mail.
 - They should match the medium (publication) being used.
- *Classy vs. klutzy*
 - Consider the prospects perception of your proposition.
 - Klutzy – when your trying to impart a special deal or value
 - Classy – when you trying to impart an aura of prestige, status, class

Klutzy – Not Sloppy

- Informal layout
- Heavy use of spot illustrations
- Aggressive use of headlines and captions
- Use of exclamation points and arrows
- Use of bursts

Classy -

- Clean and somewhat sophisticated layout
- Typeface should match character of ad
- Photographic representations of the product should be sharp, clear and professional.
- Avoid reverse copy ads – readership nose dives – they are hard to read.

The Coupon

- Include one, they increase response.
- Make them easy to fill out.
- Make it a four line fill out for name, address, city, state and zip code
- Include the message, “Please Print.”
- Restate your offer.
- Include the mailing address on the coupon.
- The cardinal rule of coupons – they belong on the lower right-hand corner of a right-hand page.
- Avoid “cutesy” coupons.
- Use rectangle shape in the lower right corner of the ad with two easy straight lines tears for removal.

The Bind-In Card

- All of the rules for creating good coupons apply to bind in cards.
- Bind-in cards increase response.
- The card must conform to postal regulations.
- Typography and layout should be similar to ad's
- Prepaid postage will certainly increase response.

Internet Advertising & Email Creative

Banner Ads

- Keep it simple.
- Show people.
- Use clear qualifying language.
- Use a strong call to action.
- Create a sense of urgency.
- Use words, like “click-here.”
- Use color carefully.
- Use movement.
- Use high production values.

Some email rules

- Write a compelling subject line
- Re-establish contact with your customer
- Personalize your email message
- Keep brief and to the point
- Establish good email etiquette
- Focus on a single subject
- Demonstrate benefit and value
- Include a call to action

Rich Media – Yes or No?

- It depends on your audience and offer.
- If it helps dramatize the offer without taking away from it, then “Yes” may be the answer.

End of Direct Marketing 101 Workshop

Our complete Direct Marketing 101 Workshop series can be conducted via webcast or in person depending on your preference. For more information about this workshop, others and our consulting services, contact DWS Associates today at (651) 315- 7588 or info@dwsassociates.com!