

Altman Dedicated Direct
STRATEGY... TACTICS... RESULTS

TARGET MARKETING MAGAZINE – OCTOBER 2004
MARKETING STRATEGY

TIME FOR A MARKETING TUNE-UP

BY SHARI ALTMAN

Sometimes a marketing program sputters and wheezes like a car on its last legs. Often results are just not what they could be. Like a car that no longer starts smoothly, many marketing programs can benefit from a tune-up.

Just like telling your mechanic the car's status when you drop it off, marketing tune-ups benefit from a review of the current situation in comparison to historical averages or results of past campaigns. This will give you a sense of where the problems and opportunities lie, by seeing what key performance indicators are starting to decline or have resisted improvement.

Tune-up #1: Maximize Inbound and Web Upsells and Cross-sells

Sometimes a tune-up means paying attention to areas that were previously ignored. One area that tends to be left on autopilot is upsells and cross-sells for phone and web orders. Direct marketers sometimes neglect to give upselling and cross-selling opportunities ample attention. Customer service reps may be careless about consistently presenting upsells and cross-sells on the phone, and merchants and marketers can be lax in changing upsells and cross-sells frequently enough. They also underutilize targeting and segmentation techniques to help pinpoint upsell and cross-sell opportunities..

Mark Hardy, President of Inbound Telemarketing for Call Solutions recommends the best advice for tuning-up average order value for inbound orders is to attempt upsells and cross-sells 100% of the time. There can be a million reasons for a rep not making the upsell attempt, but the bottom line is that without the attempt, the response rate for upsells and cross-sells is zero. Whether a call center is outsourced or internally managed, upsell and cross sell conversions can often be **doubled** by ensuring "100% attempts 100% of the time" says Hardy

In addition, merchants and marketers need to actively manage upsells and cross-sells. There is no doubt that results will deteriorate if upsells and cross-sells on the phone and on web sites are not changed frequently enough. How often is often enough? Every business is different but a good rule of thumb for catalogers is every 30-60 days.

To truly make the most of upsells and cross-sells you need to use technology to your advantage and employ some basic segmentation techniques. This can be as simple as having a system that doesn't suggest that your phone rep upsell hand cream to the customer who just ordered hand cream. It may mean offering a different upsell to customers who are placing their first order with your brand than to a customer who has been with you for years. Every business will have its unique characteristics and system limitations, but the key is trying to make offers that are relevant to as many unique customer segments as feasible: the more relevant the upsell or cross-sell, the more likely the sale.



853 Academy Street, Rural Hall, NC 27045-9329
Tel: (336) 969-9538 E-Mail: Altman@AltmanDedicatedDirect.com
Fax: (336) 969-0187 Web: www.AltmanDedicatedDirect.com



Altman Dedicated Direct
STRATEGY... TACTICS... RESULTS

TARGET MARKETING MAGAZINE – OCTOBER 2004
MARKETING STRATEGY

TIME FOR A MARKETING TUNE-UP

BY SHARI ALTMAN

Tune-up #2: Maximize Retention with Added Value and Loyalty Marketing Tactics

Sometimes marketers feel they can't take any steps towards loyalty marketing unless they are able to implement a full blown loyalty program with points, discounts, etc. But nothing could be farther from the truth. While loyalty programs can be valuable efforts, they often require an investment in time, money and systems enhancements. However, many loyalty marketing tactics can be utilized to improve retention rates even without a formal program.

Loyalty marketing tactics were the tune-up employed by One World Live. Skin care brands like One World Live's Distinction rely on customer retention to fuel continuity membership rolls and thus, sales and profits. Rachel Edlich, EVP and co-founder watches retention rates carefully and was dismayed to see the Distinction brand retention rates below where she knew from past experience, they could and should be.

A savvy marketer, Ms. Edlich knows that the key to customer loyalty is meeting customer needs and delivering more value than customers expect. To tackle declining retention rates and tune-up their continuity program, One World Live decided to meet the problem head-on with loyalty marketing tactics.

In the shipment for their initial Distinction order, customers now discover they will be getting a free gift with their very next shipment and every shipment after that. Not mentioned in the initial infomercial or inbound order taking process, this free gift delivers real added value that the customer did not expect. Each free gift is itself a strong seller from the Distinction catalog.

In addition, One World Live also gives the customer added value by putting more control in the customer's hands and allowing customers to control how frequently their shipments are delivered.

The result of these two actions was significant: 1) Retention rates increased as customers stayed with the program for many more shipments 2) The number of products cross sold increased dramatically as customers were trying many products from the catalog (as their free gifts) that they would not have ordered otherwise. After receiving the item as a free gift, customers often decided to purchase it.

Retaining customers longer resulted in significant increases in lifetime value for One World Live both due to customers purchasing more continuity shipments as well as purchasing more products from the catalog. One World Live finds that loyalty marketing tactics deliver added value to customers and those customers deliver increased lifetime value in return. Might the addition of a few loyalty marketing tactics increase your retention rates and customer lifetime value?



853 Academy Street, Rural Hall, NC 27045-9329
Tel: (336) 969-9538 E-Mail: Altman@AltmanDedicatedDirect.com
Fax: (336) 969-0187 Web: www.AltmanDedicatedDirect.com



Altman Dedicated Direct
STRATEGY... TACTICS... RESULTS

TARGET MARKETING MAGAZINE – OCTOBER 2004
MARKETING STRATEGY

TIME FOR A MARKETING TUNE-UP

BY SHARI ALTMAN

Tune-up #3: Provide Customers an Incentive for “Good Behavior”

In this case, by “Good Behavior” we mean any behavior that you want to encourage such as prepayment instead of installment billing, buying two or more of an item, etc.

Customers can get in a rut. You offer customers a subscription product on a “bill me” basis and they continue to expect to be billed for each shipment or annual renewal no matter how long they continue to subscribe or buy. The same is true for installments. And while a few customers may voluntarily switch to prepay instead of bill me or one payment instead of multiple installments, to get a significant portion of your customers to do this requires active incentives and awareness.

A book club that had sold products on both “bill me” and installment bases had been making a credit card auto-billing offer without an incentive and converting 10%-12% of the members to credit card payment. But they sensed that if they tuned-up their efforts they could in fact improve this figure. They knew that by getting customers to exhibit “good behavior” and use their credit cards instead of receiving bills and sending checks in the mail, they could cut their billing costs, plus retain customers longer and increase lifetime value. The book club management in conjunction with their fulfillment partner, BMI Fulfillment determined that it was feasible to offer a \$2 discount for the next shipment if a customer converted to credit card billing. To communicate the new offer to customers, it was promoted on inbound calls to customer service, and in communication in outgoing packages.

From a base of 10%-12% conversion to credit card auto-payment, this new offer increased conversion to credit card auto-payment to 50%. Talk about tune-up improvements! In addition to increasing sales, there was also fulfillment cost savings from fewer statements and collections efforts, fewer customer service calls regarding invoices received, etc.

Even if you don’t offer a subscription product or installments, there are “good behaviors” you want to encourage such as higher average orders or getting buyers to place orders via your web site. Like the book club described above, tune-up your results by focusing attention and incentives on the behavior you want to occur.

Tune-up #4: Use your Database to Personalize Communication with Customers

This tune-up doesn’t necessarily involve fixing a problem, but using data to help get response to the next level. Every marketer uses their database to segment customers, but how about using it to make personalized offers? Even on the web, customers are greeted personally, but few marketers other than Amazon.com go beyond simple



853 Academy Street, Rural Hall, NC 27045-9329
Tel: (336) 969-9538 E-Mail: Altman@AltmanDedicatedDirect.com
Fax: (336) 969-0187 Web: www.AltmanDedicatedDirect.com



Altman Dedicated Direct
STRATEGY... TACTICS... RESULTS

TARGET MARKETING MAGAZINE – OCTOBER 2004
MARKETING STRATEGY

TIME FOR A MARKETING TUNE-UP

BY SHARI ALTMAN

recognition of the customer identity to using their database to personalize the offers made.

And while it's true that new printing processes allow for totally custom catalogs or other solo mailings to be produced, in most circumstances customized mailings for every recipient is not a reasonable approach in terms of time or money. However, personalized offers on front and back covers of a catalog, or within components of a solo mailing or email campaign is a viable consideration.

Sometimes an inability to get response rates to jump in other ways encourages creative thinking.

For example, an apparel cataloger with a large purchase history database reviewed their program looking to see what tune-ups could be made to “move the needle” on customer response rates. Management decided to see if personalized offers on the catalog cover would have an impact.

After discussions with their printer, catalogs were designed with a special text box on the front cover. Text messages were written which addressed customers uniquely, and offered the customer a discount on an item in a category or related category, to a previous purchase. The text message directed the customer to the appropriate page in the catalog and concluded by reminding the customer by name not to miss out on this special offer.

The results were a solid 5% – 19% increase in response. Not bad for “moving the needle”. This personalized approach to offers could also be used for solo mailings or email campaigns; those formats lend themselves even more readily to personalized messaging.

So, when your sales and profit engine is no longer “humming” along the way you expect, you don't necessarily have to take drastic measures. Review your historic results and key performance indicators; then think creatively. You'll likely discover several kinds of tune-ups that can get your response and sales revving again.

Shari Altman is President of Altman Dedicated Direct, a direct marketing consultancy specializing in retention, continuity, auto-replenishment and loyalty marketing. Prior to launching Altman Dedicated Direct in 1999, Shari spent 20 years as director of marketing for major direct response marketers and catalogers. Ms. Altman can be reached at 336-969-9538, Saltman@AltmanDedicatedDirect.com or visit www.AltmanDedicatedDirect.com.



853 Academy Street, Rural Hall, NC 27045-9329
Tel: (336) 969-9538 E-Mail: Saltman@AltmanDedicatedDirect.com
Fax: (336) 969-0187 Web: www.AltmanDedicatedDirect.com

