

Seven Things You Need To Know  
To Slash Marketing Costs While  
Increasing Sales Results Right Now

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It's no secret that marketers are under more pressure to generate better results with smaller budgets and fewer resources. Think it's an impossible task? Here are seven tips that can help you do just that.

### 1. The 40-40-20 Rule – A Balanced Approach

Never break the 40-40-20 Rule. It's the most powerful secret for any successful marketing campaign regardless of whether you use TV, radio, print, newspaper, direct mail or email media. The 40-40-20 rule says that marketing success depends:

- 40% on media
- 40% on a hot offer
- 20% on creative

What this all adds up to is:

- If you have a smart media buy, hot offer and outstanding creative, you win!
- Outstanding creative alone won't make you rich, when 80% of your success depends on media and offer.
- A hot offer won't make you rich, when 60% of your success depends on media and creative.
- A great media buy alone won't make you rich, when the other 60% of your marketing success depends on offer and creative.

The secret to the 40-40-20 Rule is that you need all three aspects: media, offer, and creative working in concert.

### 2. "Psych-out" Your Audience Demographics

The greatest cause of failure in any marketing campaign is a weak media plan. A good plan starts with knowing your customers, what they listen to, watch, read, where they go on the internet and their deep psychographic preferences for buying what you're selling.

If you don't know these answers, don't fake it. Do your qualitative research homework with focus groups or individual interviews. Good research may cost you a

few thousand dollars up front, but it could save you the agony of blowing millions of dollars later or, even worse, not realizing the full revenue potential of your campaign.

Above all else, never assume the obvious. For example, many marketers today pander slavishly to 18-24 year old Gen-Y customers when Baby Boomers actually represent the largest, most loyal, most profitable, easiest-to-sell market with the most discretionary income of all demographic segments.

If you're selling cell phone ring tones or music download services, pitching Gen-Y makes perfect sense. But not all products and services are as clearly defined, such as PCs, notebooks, travel, telecommunications, financial services, and others.

B2B is an even trickier audience to psych out since you may have Gen-Y 20-somethings reporting to Gen-X 30-something managers but the real buying decision rests with the Baby Boomer 40-50-60-somethings who are their V and C-level bosses. Many B2B campaigns need to address all three demographic segments and they all have very different psychographic hot buttons.

Marketing today is certainly not one-size fits all. Ignore segmentation at your peril since you may just be skimming the top of the market in awareness but ignoring the rank-and-file who can make or break your sales process in B2B. Or, even worse, in B2C you may wind up just picking a few "low-hanging fruit" while leaving the more bountiful - and more profitable - harvest completely untouched. Either way, it's tantamount to giving your competition a free gift.

### 3. Never Pay Retail for Media or Lists

Buy media the smart way. But remember that this really is rocket science. Look for an agency that doesn't take a sales commission or add mark-up to media buys. You need not pay those fees. Frankly, media commissions set up an instant conflict of interest between client, agency and media. Is broadcast TV your best media, or would you see even better ROI by planning for cable TV that reaches the same fans of the broadcast show,

but at much lower CPM? Before you plan broadcast TV, look at the cable syndication. For example, if you want to reach Star Trek fans, you'll find the same viewers watching the original series, The Next Generation, Deep Space 9 and Voyager re-runs in cable syndication as you will watching the much more expensive Enterprise in broadcast. You can reach the same audience at a much lower cost.

You can get even more bang for your advertising buck through network direct response TV and radio. There are plans that use the very same networks, shows, and hosts that full rate card buyers pay through the nose for, but at deeply discounted direct response rates that are 3-4 times less for radio, half the cost of cable TV and approximately 80% less for newspapers.

So, how does your ROI look now with a 2-3 time media buy efficiency? That's why it never pays to buy retail when it comes to mass-market media.

Email and postal direct mail lists are an even greater challenge. Most email lists are only about 70% deliverable on their best day, despite what any list vendor tells you. Blame this mess on spammers, not the list owners. Most postal lists are only about 80% deliverable on their best day. What's more, while more targetable, email and direct mail can actually be far more costly than other mass-market media in terms of cost per acquisition. That's another reason to never pay rate card, or anywhere near it for lists.

#### 4. Respect Your Audience

The best way to build trust with your audience is to respect the rights of individuals to choose who may do what with their personal information. Before you send a single email or direct mail ad to prospects captured by your website or call center, get their permission to do so. This is not as ridiculous as it sounds. And, in the case of email and telephone marketing - it's the law.

Respecting your audience means building every campaign on the four pillars of opt-in:

**Disclosure.** Disclose exactly what you are going to do with your list members' information. It pays to respect the privacy promise made in that full disclosure. Don't go sneaking around on your website visitors'

computers or stalk people across the Internet with invasive cookies. One of the worst violations of trust and abuse of honest disclosure is appending email addresses to postal mail files of customers or prospects without the prospects' prior permission to use their email addresses. Online consumers hate that. A recent study by Forrester showed that 76% of respondents were adamantly opposed to email appending. When customers are that annoyed, they will let you know it by taking their business elsewhere.

**Choice.** Give people choices to opt in or out of your list. Don't automatically assume people want to get your email. The mortal sin of many online and offline marketers is to assume that just because someone has bought something from you, that gives you the right to spam them mercilessly.

Frankly, it seriously annoys most buyers when you do that without asking their permission first. If I use a wireless provider, does it give them the right to bombard me with telemarketing for long distance and local landline or broadband Internet service? Does it give them the right to sell my name to a third party so they can bombard me with unsolicited offers? Absolutely not! And the same goes for opening a credit card or any other customer relationship I have with any vendor, regardless of whether it is online or off.

Give customers the choice of whether or not they want to receive offers from you by mail, email, or phone. You may collect fewer names, but the list members who give you permission will be your very best, most profitable customers. What's more, you will drastically reduce the risk of being blacklisted or finding yourself in court defending against lawsuits.

**Access.** Give list members access to managing the flow of marketing communiqués from you. And be responsive to your list members' choices. Opt-in fails if you cannot quickly update your list members' personal choices. Allowing list members access to online forms or toll-free phone numbers so they can manage subscriptions is easy to set up and maintain. This form of customer relationship management is one of the most profitable features of any well-run opt-in program. What's more, under the CAN-SPAM and Safe Harbor regulations in the USA and European Union,

you have no choice in the matter. You must provide timely opt-out and suppression from future unsolicited email.

**Respect.** Respect individual privacy and a person's preferences about what information they receive, through which media channels and how often they want to receive it. For some list members, weekly contact may be wonderful. For others, weekly contact will quickly annoy them. Let the list member decide and pay attention to accelerating unsubscription rates. Unsubscribes are one early warning that something is wrong with your opt-in program.

## 5. Write Great Copy

Gene Fowler said, "Writing is easy. All you do is stare at a blank sheet of paper until drops of blood form on your forehead."

Great copy beats great design or sexy photos every time. And great copy is worth every penny you pay for it. Never skimp on what you say to your prospects or customers unless you are also willing to see a skimpy return on your marketing investment.

Highly effective marketers continually test their copy and refine their approach until they find a control that works best for their particular audience. This maxim applies in different ways to every type of media whether it's newspapers, magazines, catalogs, direct mail, print ads, TV or radio spots, email, website banners or outdoor and transit billboards. The smart way is to test copy with an A-B split on a statistically meaningful audience segment and measure the results. Don't test too many variables to market segments that are too small.

Customers never lie when they vote with their clicks and credit cards. Always follow the results data and apply it to the specific audience demographics. At the end of the day, well-crafted, right-sized copy always wins. Sometimes you need it short and sweet, other times a long story works best. But you must test to find out which works best for your offer and audience. Once again, one size does not fit all.

**Right-size your copy.** If you want to get sensational results from your marketing campaigns - regardless

of the media - the secret is to craft your copy so that you write something your recipient wants to know about. It's not a matter of how long or short you make the pitch, just create concise copy that is crafted to compel the recipient to click over to your site or take the next step.

**Long copy works.** We know that this flies in the face of today's common wisdom regarding email marketing. But, we simply cannot argue with results. Whenever we have tested long copy against short copy, the long version has almost always won. It all starts with getting the recipient's attention. Fail to grab attention and it doesn't matter whether the copy is long or short, nothing will work.

**The eyes have it.** After studying a recent update of the famous Eyetrack study, and comparing it to real-world results from various campaigns; we conclude that the reason readers of ads, direct mail, catalogs and email often say, "Keep it short!" is because most copy is so atrocious that readers quickly reach a threshold of pain and maximum disinterest. Good copy always gets read by qualified prospects.

The Eyetrack study of Internet news browsers revealed that people read the copy before looking at the graphics and pictures on news websites. That is the exact opposite of what the original Eyetrack study revealed about print news readers. You need to understand this fundamental difference when crafting copy and visuals in online or offline media. People respond to well-written, right-sized copy regardless of length.

**Say the right things to the right people.** A major mailer sent a very popular email newsletter to their favorite list that was producing 16-20% click-through every week they mailed. An arbitrary creative change from long, friendly copy, to short hard-sell copy, shot down click-through to just 3%! What's worse, their unsubscribe requests skyrocketed and they lost over 25% of their formerly loyal list members after just two mailings. Wow! Talk about saying the wrong thing to the right people.

**Consider both halves of the brain.** Right-brained people tend to be sensation seekers who respond better to short copy and sexy images. Left-brained

people tend to be analytical skeptics who respond better to long copy with images that analyze rather than tantalize. Problem is, without testing each person in your audience, you have no way of knowing how those individual's brains are wired. Yet the difference can have dramatic results.

In one online test, with just three simple questions, computer adaptive testing was used to determine whether people were sensation-seekers or skeptics and feed them ads according to those preferences. The psychographically profiled individuals had 9 times greater sell-through than those who were not profiled. So it most definitely pays to consider both halves of the brain when designing your message.

## 6. Track Your Results

### Respect the four magic TLAs (Three Letter Acronyms).

If I ask you to, "go from here to there," you won't be able to do it unless you know where "here" and "there" are. Knowing whether your campaign worked is a lot like that. You need to know where you're starting from, track what happens when you execute the program, and gauge where you end up to know whether you were successful, or not. For every campaign, always track the Four Magic TLAs:

**1. CTR: Click-Through or Call Rate.** Calculated as the percentage of people who respond to your campaign by clicking through to your website or calling your 800 number. This is the first gauge of whether your campaign lives or dies. You must measure both the overall response, plus response by media channel and specific sub-categories within each channel (lists, shows, networks, states, whatever is relevant to your campaign).

**2. CTB: Click-to-Buy, aka Sales Conversion.** Calculated as the percentage of people who convert to customers from among those who clicked through to your site, called you or sent a mail or fax response. This is the all-important revenue gauge. It requires accurate tracking of response to actual sales.

**3. AOV: Average Order Value.** Calculated as the amount customers buy on their average order with each visit to your site, call center or store. This gauges whether the customers you're acquiring are spending appropriately, or just grabbing your free offer and run-

ning. Current customers usually produce the highest AOV. First time buyers typically purchase less. What we want to see is whether newly acquired customers ramp up to solid AOV quickly and maintain that level every time we pitch them. This is an important measure of campaign atrophy.

**4. LCV: Lifetime Customer Value.** Calculated as the product of AOV over time. This tells you whether customers are loyal and how often they return for repeat purchases.

## 7. Test and Test Again

Your success mantra must be, "Test, test and test again!" Highly effective marketers never bet their entire budget on a single media channel, mailing list or just one email blast.

Creative costs usually only run about 10-12% of your entire campaign budget. Media is the lion's share. So, it does not cost much to test several different treatments such as one each for left and right-brainers. Test different offers and price points. But make the test meaningful and statistically valid. Also, craft the test variables so that they influence ROI. Some test variables are definite tipping points, such as offer price points. We seldom recommend testing by excluding common sense features such as the 800-number or URL in ads and commercials, or a Johnson Box in a direct mail sales letter, or the fundamentals of a good direct mail envelope package that consists of 6 parts.

**Set reasonable goals.** Don't expect your campaign to work miracles overnight. In a postal or email direct marketing campaign, a 2 percent response rate is considered good and a 1 percent response rate is considered acceptable. Opt-in email lists, by contrast, can generate much higher response rates, much faster than any other direct response media, because the list members have pre-qualified themselves by signing up to receive email messages about targeted topics. On the other hand, even opt-in lists can be profitable while generating only 1-2% response rates. Success is a multi-factored numbers game.

**The Good News Is...** If you get good response the first time, you'll very likely get it again when you run the campaign a second time. So, it's important to

budget and plan to stay in the game a long time. Whether the media is online or offline, we usually find the first month is the weakest and that campaigns build over time.

However, if the first month is a disaster, pull it. Our experience has shown that we can achieve close to or in excess of break-even with the campaign launch when all factors are working as they should.

### **About LeadGenaires**

At LeadGenaires, we see ourselves as long-term partners with our clients. We are here to provide powerful integrated sales and marketing tools, ranging from advertising and lead generation to marketing communications, collateral, and tools that eliminate barriers from the sales process. But most importantly, we view your marketing challenges as we would our own. That means we will always work to incorporate the goals of all of your campaign stakeholders, and come up with solutions that measurably achieve your objectives as cost-effectively as possible.

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