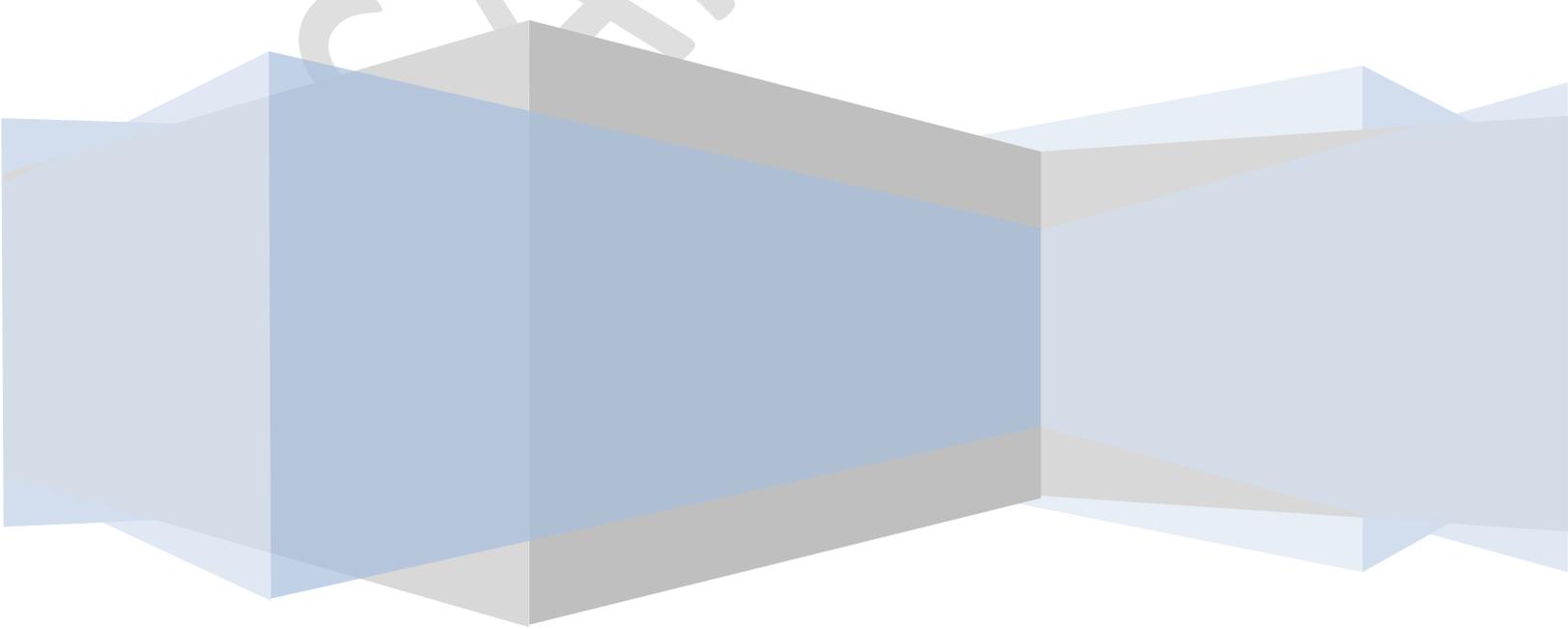


What Every Small Business Owner Ought to Know About Direct Marketing

Jeanne Grunert



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Introduction

As a direct marketing professional, I frequently present direct marketing campaign results to senior executives. One day, while in a meeting with the CEO of the company I was working for at the time, my work was getting picked apart. I'd marched into the meeting carrying the storyboards for the company's flagship catalog, a glossy 40 page print catalog that generated considerable business. I had my spreadsheets and presentation ready.

The CEO, however, didn't care at all about what he considered to be an old-fashioned print catalog. He was pushing hard to move every aspect of our direct mail business online, despite the fact that many of our customers couldn't order from the internet. Our target demographic did not sit at a computer all day, but did have time to read a print catalog.

Yet all he could talk about during the meeting was that it was costing the company \$100,000 per year to create, print and mail that catalog.

As the questions rained down on me from all sides of the conference table, I saw my boss, the Senior Vice President of Sales, fumbling with his wallet. He halted the questions with a raised hand.

"Excuse me," he smiled and asked the CEO. "Do you have a dollar?"

"A what?" The CEO stopped abruptly and turned his ire on the SVP.

"One dollar."

The CEO yanked his wallet from his suit pocket and pulled a crisp single out, handing it to the SVP.

The SVP smiled, thanked him, and with the entire meeting paused and staring at him, he pushed a \$5 bill back across the table to the CEO.

"That, sir," he said. "Is what our direct mail catalog does for this company. For every \$100,000 we invest in the design, printing and mailing of the catalog, the company makes back \$500,000."

The print catalog remained in place long after I'd left the organization.

That's the power, the beauty and the brilliance of direct response marketing. Out of all possible marketing activities, direct response is the only one that can be clearly and easily measured, monitored, tracked, and acted upon. Whether you produced a catalog, a letter, an email or print ad, all can produce data that is used to acquire, retain and create loyal customers.

No other marketing discipline can claim to tell us so much about customer actions, activities, and purchases.

But more importantly for the entrepreneur, the small business owner, and anyone seeking highly accountable marketing – direct marketing makes money.

An article in DM News, the trade magazine and website for the direct marketing industry, reported the a study conducted by the Direct Marketing Association demonstrated that direct mail continues to achieve an average of 4% successful responses, compared to email's average response rate of 0.12%. ([DM News](#))

If you're an entrepreneur or a small business owner, this is great news. Successful responses and sales are the lifeblood of all businesses, but especially important for small businesses. You need to know that for every dollar spent on direct marketing, you're earning a return.

As a small business owner myself and someone who founded both an, mail order company and a marketing firm, I know the power of measuring marketing results. I'll step you through direct response marketing, first providing you with some background and definitions so we share a common understanding of the basics, then walking you through the major aspects of any direct mail campaign: the offer, timing, list or audience, and creative. Lastly, I've planning templates to save you time and help you be successful with your direct marketing programs.

I welcome your comments on this book and invite you to contact me at jeanne@marketing-writer.com, or visit the Seven Oaks Consulting website at www.sevenoaksconsulting.com for more information.

What Is Direct Marketing?

Most people think they know what direct response marketing is all about. When you say the words 'direct marketing', most people don't even hear the word marketing. Instead, they hear the word mail, as in direct mail, junk mail, or just plain old mail marketing.

Direct mail has been the workhorse of the marketing world. It gets the job done. It began when Montgomery Ward launched its first catalog in 1872. Back then, the idea of offering a world of



"Direct mail is the workhorse of the marketing world...it gets the job done."



goods through the U.S. Postal Service was revolutionary. To our farm dwelling ancestors, for whom shopping was a three-day trip with wooden cart and horse over rough terrain, ordering coal burning stoves, ice boxes, dresses and harnesses through the Montgomery Ward, Sears, and other catalogs was a blessing.

What helped the start of the direct mail industry? The U.S. Postal system, with its ability to reach nearly anyone, anywhere, was the catalyst for the direct mail surge. The growth of mass-produced items, America's rapid expansion and reconstruction period after the Civil War also helped fuel the rising middle class and their

appetite for newer, better and more fashionable things.

Direct mail continues to rise in prominence, supported by the famous catalogs. Direct response print ads soon joined the world of direct response. Direct mail letters, with their classic Johnson boxes, postscripts, and multiple inserts also made their debut in the 20th century, followed by the ubiquitous donation requests and credit card offers of the 1980's and 1990's. Direct response television, in the form of infomercials and commercials for products, added demonstrations of products to the direct marketing world. With the advent of cable and satellite television, channels solely devoted to direct marketing products, such as HSN (Home Shopping Network), QVC and others bring beautiful, useful products into our homes and follow all the basics of direct response marketing.

Today, the growth is online. Although initially getting a bad rap thanks to spammers worldwide who send us such gems as advertisements for medications, drugs, and sexual enhancements, email marketing is now a respected player in the world of direct response. Display advertising, surging ahead of the older banner advertising, remains a prominent means of capturing attention and click through, especially when it's placed next to relevant articles and content.

The latest tool added to our direct marketing toolkit is the use of keyword searches, both natural and paid, to enhance responses and online marketing. Measurable, accountable and

trackable, keyword marketing is the latest interactive marketing technique to help businesses worldwide acquire, retain and create loyal customers.

The Definition of Direct Marketing

The major trade association for the industry, The Direct Marketing Association, defines direct marketing using very specific terms.

Direct marketing is an interactive system of marketing that uses one or more advertising media to effect (cause) a measurable response and/or transaction at any location, with this activity stored on a database.

- [Direct Marketing Association](#)

In this classic definition of direct marketing, note the following words: **interactive, measurable response, database**. These are the hallmarks of direct response marketing.

Any direct marketing calls for an interaction between customer and company. The company creates a marketing piece, but the intention is for interaction – through purchase, lead or action on the part of a customer. Therefore, a print ad may or may not be direct response; it all depends on whether or not there is a clear call to action, a way to measure the response, and a way to store the response on a database.

If there is no interaction, or only a one way interaction, the activity may be marketing – but it isn't direct response.

Similarly, most ads today include a URL. Is that a direct response ad? After all, a URL implies a call to action and can be measured.

Yes, but what action is called for – is the customer merely invited to click there for more information, or is the URL included the way in days past we would include a physical address or telephone number, a 'just in case' way to contact the company should more information be required?

Take a good look now at the marketing materials for your company. Which are true direct response pieces? There's nothing 'wrong' or 'bad' with pieces that aren't direct marketing focused – unless of course you want them to be and they're not doing their job!

Direct Marketing in Action

So what can direct marketing do for your business? As an entrepreneur, it's likely you're looking to acquire new business. Whether that means sales leads or new customers who purchase your product, program or service, direct can help you:

- **Acquire new customers:** Direct marketing is ideally suited to acquire new customers. Print advertisements, catalog or mail prospecting, infomercials... all can be used to attract and acquire new customers. Add them to your database and then...
- **Retain customers:** Retention marketing is an art unto itself. While you'll spend the most money to acquire new customers (and hence the cost per acquisition is one of the most important marketing metrics you'll ever track), getting customers to return again and again to your company is a fine mixture of successful direct marketing, excellent products and sterling customer service. If any of the three legs of the retention stool break, you'll end up with a broken retention cycle and lose customers you've worked so hard to gain.
- **Create loyalty:** Loyal customers return again and again to a company. They recommend your company to friends and become brand advocates. Direct marketing can also be used to create highly loyal customers. Witness the many clubs and frequent shopper programs available today. Many use direct marketing to communicate with their brand-loyal customers, provide incentives for customers to shop again, and reward repeat shopping behavior.

Tools in Your Direct Marketing Toolbox

There are many direct marketing tools in your marketing toolbox. But just as you wouldn't use a screwdriver to tighten a faucet, there are certain direct marketing methods that work best for certain situations. These rules aren't written in stone, however; the usual rule of direct marketing applies. Test, measure, analyze and repeat until you find the right media mix to reach your target customers at the allowable cost per order you can afford.

Your Direct Marketing Toolbox

Let's peek inside an entrepreneur's direct marketing toolbox. It's a given that you have a website – in this day and age, nearly every small business or startup has a website. Now you need to acquire, retain or create loyal customers.

Here are some ideas for direct marketing methods for small business owners:

Postcards: Postcard marketing continues to be a popular, affordable choice for entrepreneurs and small business owners. If the postcard is designed to meet the U.S. Post Office's guidelines