Direct marketing

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Contents

Direct marketing can be one of the most effective and affordable ways to reach business decision makers. This article describes the most widely used direct marketing tactics and tips on effective execution. As part of the comprehensive set of marketing tools offered by IBM PartnerWorld® for Software, this document reflects IBM's strong commitment to helping you build and strengthen your skills, preparing you to take advantage of the opportunities in this next generation of e-business.

What is direct marketing?

Direct marketing is any direct communication to a consumer or business person that is designed to generate a measurable response in the form of an order, a request for further information (lead generation), and/or a visit to a store or other place of business for purchase of specific product(s) or service(s) (traffic generation).

Simply put, direct marketing is a way to reach out to prospects directly. Using direct marketing techniques, you can share information about the added value that you provide to IBM e-business software, and the ways in which your company is different. The goal is to inspire prospects to action.

Before you begin

Before you get started, make sure you have detailed, relevant information about your target audience and the best ways to reach them. The following articles, offered as part of the IBM PartnerWorld® Co-Marketing Developing Skills Series, are valuable tools to help you define and assemble this information:

- Target Audience Planner
- How to Choose the Right Tactics

To access these articles and other marketing skills resources, visit PartnerWorld University at **ibm.com**/partnerworld.

Direct mail

Direct mail is printed material, delivered through the postal system, designed to elicit a specific response. There are several advantages to targeting customers and prospects with direct mail. Compared to advertising, it reaches a more focused audience, usually costs less, and lets you track responses fairly easily. It also allows for more detailed copy than advertising or e-mailing — an important feature when you are selling technology solutions.

The key elements include:

- Objectives: Using the Addendum in the How to Choose the Right Tactics article, define your objectives for the campaign. The objective should be a response from your target audience that is measurable, such as motivating them to call a 1-800 number, send in a Business Reply Card, or register at a Web site. Don't expect direct mail to result in an immediate sale, especially when the purchase decision involves multiple decision makers. Direct mail can move prospects from awareness through preference, but you need telesales or face-to-face sales tactics to close the deal.

- List: The most important factor in the success of any direct mail campaign is your mailing list. The list should be as targeted and focused as possible to minimize cost and maximize return. Use the Target Audience Planner for more information on types of lists, how to obtain them, and a checklist of questions to consider.

- Offer: Next to your list, the offer is the most important success factor in your campaign. Some examples of offers to a business audience include a free white paper, free downloadable software or a desirable premium (i.e., gift item) that is tied to the creative theme of your marketing campaign.

To make sure the offer fits the audience, refer back to your Target Audience Planner worksheet. Are they C-level executives or solution implementers? Are they LOB or IT management? Your offer should be perceived as valuable by your target audience. Figure 1 below shows the type of offers that are best-suited to each type of audience. You should also make sure your offer is not something your competitor is already offering or is readily available elsewhere. For example, if you are offering a free white paper, use it for your direct mail campaign first before posting it on your Web site.

Tailor Your Offer to Your Audience

Role in Midmarket Organization	Offer
Strategists	Books, White Papers
	Seminars, Consulting
Chief Executive Officers, Chief Operating Officers, Chief Marketing Officers, Line of Business Executives	Books, White Papers
	Executive Assessment
Implementors	T-Shirts
	Software, Upgrades
Chief Information Officers	Technical Studies
	e-business Readiness Evaluation

Figure 1

For example, Executive Assessment is being used successfully by Business Partners during all phases of the sales cycle – everywhere from initial demand generation to closing the sale. Executive Assessment helps solution providers analyze a client's business opportunities and present a business case for implementing a specific IBM midmarket software solution. Business Partners have featured Executive Assessment in a wide variety of marketing tactics, including a trade show draw, a direct mail call to action, a telemarketing campaign offer, and as an offer in a personalized mailing to Chief Marketing Officers and other Line of Business executives in mid-size companies.

- Call to Action. A call to action clearly states your desired response. It may be an invitation to send in a reply form, a prompt to call your 1-800 number or visit your Web site for more information. Whatever your call to action is, it must be written clearly, simply, and made very visible. Use places like the P.S. in the letter to restate it. Consider adding a time limit to increase response rate. For example, "Space is limited. Call by (specified date) to reserve your space at the this free seminar," or "Call today to schedule an Executive Assessment."

- Measurement. Tracking the cost and effectiveness of campaigns is critical to charting your longer-term marketing strategies. Use the Measuring Your Return on Investment (ROI) article and Closed Loop Campaign and Response Management article to understand what to measure and how to measure it. For direct mail, you may decide to measure the number of responses, the number of qualified responses, and/or the conversion rate (the number of responses that are converted to sales). See Figure 2 for benchmark response rates by tactic.

Benchmark Response Rates

Print Ads	0.005% response rate
Web Banners	0.30% click-through rate and 2.7% conversion (response) rate
Newsletters	0.20% click-through rate and 6% conversion (response) rate
E-mail	1.5% to 3% response rate
Direct Mail	1.66% response rate

Figure 2

For examples of direct mail campaign elements, see the Addenda, which includes a direct mail piece created using IBM's Campaign Designer. The Addenda also includes a fill-in-the-blanks chart to ensure that you have considered all the key elements needed to execute your campaign, and a pre-creative work plan template to help you and your creative team choose the most effective package and copy points for your direct mail package.

Effective direct mail for business-to-business audiences

Business audiences have different needs, preferences, and tolerances than consumer audiences. The direct mail you receive at home shouldn't be used as a model for the type of direct mail piece you will be developing. Business professionals are a sophisticated audience. They do not respond to slogans, long-winded writing or oversimplified messages.

IT people are willing to read more information than many other business audiences. If this is your intended audience, you can write longer copy and build your offer around information-heavy offers like white papers and assessments.

Clarity is critical. Avoid acronyms and focus on a few key benefits rather than a shopping list of technical features.

Small and midmarket companies are looking for solutions, not products. Make sure your headlines and lead paragraph get right to the point about a pressing business problem and how to solve it.

Words like "free" or "complimentary" will always be powerful motivators. But make sure your free offer fits your target; a CEO is motivated by a very different incentive than a developer.

Use first class postage (rather than metering or bulk rate postage) on the envelope and address the mailing to a specific individual, not just a title. Letters using indented paragraphs and wide margins pull better than block paragraphs and narrow margins.
Figure 3

Direct e-mail

Direct e-mail can be less costly, more focused, and quicker to develop than a direct mail campaign. It is also easier to revise, if you want to test your offer or list and tailor the campaign based on results. E-mail allows for a higher degree of tracking, allowing you to see if and when your message has been read. It is a relatively simple and effective first step to let prospects know about your business.

Direct e-mail shares many considerations with direct mail, such as the need to define objectives before you begin, the need for a compelling offer and an easy-to-follow call to action. However, it is different from direct mail in several ways, which you need to keep in mind as you design your campaigns

and write your e-mail copy. It needs to be briefer, it can't rely on graphics or unique packaging to stand out, and it runs a higher risk of being perceived as "junk mail" by your target audience.

Key considerations when designing a direct e-mail campaign include:

- List. Beware of repeatedly sending unwanted e-mail to a broad audience. If you are renting a list, consider finding out whether it is "opt out" (previous e-mails allowed the recipient to opt out of future communications, but they did not choose that option), "opt in" (e-mail that is explicitly requested by the recipient) or "double opt in" (the subscriber has confirmed his or her subscription, usually by responding to an automatically-generated tracking message sent to their e-mail address). See the Target Audience Planner article for more information on obtaining lists.

- Content. Choose your e-mail content carefully. Sales e-mails that read like advertisements are usually deleted immediately, if opened at all. An insightful update on industry issues, trends, research findings, or other topics of interest that tie in well with your solution or services will be better received. You are essentially giving the audience something of value —information—for taking the time to open and read your e-mail. If you decide to send an e-mail with graphics, make sure it is well-designed, compelling and a good fit with your message.

- Measurement. There are three standard ways to measure the success of your direct e-mail campaign: Open rate, click-through rate (CTR), and conversion rate.

  - The open rate is calculated by looking at your sent mail count compared to the number of e-mail messages opened. Take your opened e-mail count and divide that by the sent mail count to create a percentage. This will give you a more standardized comparison between e-mail campaigns.

  - CTR is the total number of clicks divided by the sent mail number. If your target audience is opening the e-mail but not clicking through, look again at your offer and even at your list. It tells you they've opened the e-mail but have not been motivated enough to take action.

  - The conversion rate can measure either a completed action or a completed sale. For example, if your e-mail sends recipients to a Web page where they can register for a seminar, you may decide to count each completed registration as a conversion. Or you may decide to measure only e-mail responses that lead to sales.

Guidelines for effective e-mail

Use the Subject line to command attention. After the list, this is the biggest predictor of whether your e-mail gets opened. If you have a big enough list to provide representative results, test a few different Subject lines.

Avoid the word "free" in the Subject line; many companies have e-mail filters that automatically reject this.

Get to the point quickly. Use the first paragraph to sum up the problem, solution and offer.

Include the click-through link in the first or second paragraph.

If you're using HTML, skip adding a click-through step. Design a response form and include it in the e-mail.

Although HTML lets you send graphics, readers without enough bandwidth prefer text. Let them choose their preferred format for future mailings.

Practice permission marketing – give recipients a way to opt out of future e-mailings.

Figure 4

Direct response advertising

When most people think of advertising, they think of image advertising — which promotes a company's brand and reputation — or product advertising, which tries to convince someone to buy a specific product, like laundry detergent. However, the purchase decision making process for information technology products and services makes direct response advertising more appropriate. Like other forms of direct marketing, its success depends on a strong offer.

Advertising delivers a much broader reach and can raise your company's overall visibility more effectively than direct mail or e-mail campaigns, but it also costs more to execute and can be harder to track. However, by carefully targeting your media buy and creating a compelling offer, you can cast a wider net for prospects while getting the best mileage from your advertising dollar.

Build on what you know about your current customers when developing a direct response ad. What is their most urgent need? What would inspire them to take action? Consider their media preferences so that you can choose the best vehicle for your media buy. What industry journals and business publications do they read? How do they research their purchases? What response mechanisms would they prefer? Telephone, Web, or mail-in card?

For more information on when to use advertising, see the How to Choose the Right Tactic article.

The key steps to execute a direct response advertising campaign are:

- Set objectives: Like direct mail and other direct response tactics, the objective should be a response from your target audience that is measurable, such as calling a 1-800 number, registering at a Web site, or sending in a Business Reply Card.

- Consider the competition: Examine your competitors' ads. Be sure that your message and offer will differentiate your company, by communicating your unique value proposition and/or countering their claims. Also, take a look at where competitors are placing ads—you may find that their choice of vehicle will be effective for your business, too.

- Understand your audience: What are your target's key "pains" that your solution or service can help solve? Examples include cost savings, increased efficiency, recognition by a manager, more free time, increased security, increased sales, and improved customer service.

- Develop a pre-creative work plan: A pre-creative work plan outlines your strategy for reaching and motivating prospects, and serves as a roadmap for designers and copywriters to develop ad concepts. Whether or not your ad is produced by an outside agency, you should complete a pre-creative work plan and use it to ensure you have buy-in from all the decision makers in your company involved in the campaign. See the Addenda for a template work plan.

- Develop creative and integrate a response mechanism: The creative design of your ad should present your message in a compelling, attention-getting way that speaks directly to the pain your target audience is feeling. It can be tempting to say too much in an advertisement. Don't do it. It is better to focus on one or two key messages. There should be a prominent call to action for prospects to request more information by calling a 1-800 number, registering at a Web site, or tearing out an attached Business Reply Card.

- **Choose media vehicles and evaluate cost:** Research the publications your target audience reads to determine the options with the highest concentration of prospects. It can be very helpful to check a publication's readership audit — particularly if you are trying to reach a specific industry, function, or title. Before making your final selection, perform a cost analysis. In advertising, efficiency is measured in cost per thousand (CPM). For example, an advertisement in an industry journal with a readership of 20,000 may cost $2,000.00, so the cost per thousand is $100.00. An alternative publication may charge $3,000.00 for the same ad and have a readership of 40,000, so the cost per thousand is only $75.00. Also, evaluate less traditional advertising vehicles, including banner ads and ads within the online versions of industry journals. Online publications often charge by impression or click-through rates, so you may pay for an ad to run until it has achieved 30,000 impressions rather than for three months, for example.

- **Measure response and ROI:** Direct response advertising is generally measured in terms of cost per response. To test the effectiveness of a creative approach, you can provide a dedicated response channel for each approach, such as a unique 1-800 number, a "department code" on a Business Reply Card, or a special Web URL. This enables you to track the number of responses for each creative approach and to calculate the corresponding cost per response. Similarly, to test the effectiveness of a media vehicle, you can provide a dedicated response channel for each publication. The goal is to continue to fine-tune your creative approach and publication mix to produce optimal results for available budget.

Maximizing your investment: executing multi-touch campaigns

It is increasingly difficult to execute cost-effective marketing tactics which generate business opportunities in today's highly competitive technology marketplace. The best way to maximize your lead generation investment is through integrated multi-touch campaigns. A multi-touch campaign is a campaign that is designed to be executed in more than one phase, and involves multiple communications with a single contact at the target company. The communications can take many forms, such as a mailer, an e-mail, a telemarketing call or a direct response advertisement.

Analyze where you are in the sales cycle with your target audience, then choose the format and frequency of your communications based on what you need to achieve at the current step and how you are going to move them to the next step. To choose the most effective communication tactic, think about your target audience. Do they prefer to be reached by telephone or e-mail? Do they have an assistant who screens their mail? Do they read the white papers that you've sent or do they prefer brief executive summaries?

For more information on executing successful multi-touch campaigns, please refer to the Having the Right Game Plan…Executing Multi-touch Campaigns presentation on the IBM PartnerWorld University Web site.

Benefits of the multi-touch approach

A multi-touch approach makes it hard to isolate the success of any individual tactic, but it also offers several compelling benefits:

- Increased response rate: Like TV ads that run repeatedly for weeks or months, repetition is key to direct marketing. A campaign that touches your prospects repeatedly through a variety of communication vehicles is going to yield a higher response rate – and increase your return on investment – than a single campaign.

- Consistent messaging. When it comes to communicating a message, repetition is more important than variety or creativity. Choose one or two key messages and use them everywhere. A campaign to sell customers a software upgrade, for example, should communicate the same key benefits across all your campaign vehicles – e.g., an article in your customer newsletter, a letter, and a follow-up telesales call.

- Leveraging earlier investments. It costs far more to generate awareness of a new message or product offering than to leverage awareness-building tactics you have already invested in. If you've already created awareness for your company's affordable, scalable Supply Chain Management solutions, for example, the same contacts will be more receptive to a campaign promoting your new affordable and scalable Customer Relationship Management solution.

- **Ongoing troubleshooting.** By evaluating results at each step of a multi-phase campaign, you can detect and correct any elements that aren't working as you proceed. After executing the first phase, for example, you may find that your offer is pulling well with only one sub-set of your target audience. This may lead you to design unique offers for each segment or revise the offer to appeal to a broader audience before executing the next phase. Telemarketing and telesales calls often yield invaluable feedback from your target audience, so make sure your telesales campaigns include a process for rapidly distributing feedback within your company.

How IBM can help you

When you are ready to begin detailed planning and design of your direct marketing campaigns, IBM's PartnerWorld program and PartnerWorld for Software provide valuable resources to help you with program execution. Some of the resources you can draw from include:

- **Campaign Designer** is a unique demand-generation resource that makes it fast, simple and affordable for you to create customized, end-to-end marketing campaigns. Web-based templates allow you to create customized campaigns while drawing on a range of media resources, including self-mailers, e-mail copy content, postcards, Web banners, Web content.

"We use IBM direct mail materials to promote our Start Now solutions to midmarket accounts. By using these materials instead of starting from scratch, we can implement a campaign in a couple of weeks rather than a couple of months."

- Cara McFarlane, Silicon Plains Technologies marketing manager

- Emblems, Logos and Brand Marks:
  - Business Partner Emblems, available for download from the PartnerWorld Web site, authenticate your relationship with IBM. Use them in your direct marketing deliverables — experience has proven that displaying these emblems can reinforce customers' decisions to do business with you.
  - Software Brand Marks. IBM software brand marks for DB2®, Lotus®, Tivoli®, and WebSphere® will help you leverage IBM's brand equity while differentiating your products, services and offerings in the marketplace.
  - e-business logo, which positions IBM, IBM companies and you, our Business Partners, as the leaders in providing advanced Internet solutions.
- Sales and marketing materials. Go to PartnerWorld for Software's Sales and Marketing Information, one convenient Web location for what you need to sell IBM software. Find sales and marketing kits packed with materials — product descriptions, pricing, box shots, complimentary products, announcement letters, competition, presentations, brochures, and more.

For more information, visit the following Web sites:

Business Partner Emblems

ibm.com/partnerworld > Marketing resources > collateral and logos > IBM Business Partner emblems

Campaign Designer

ibm.com/partnerworld/campaigndesigner

Co-marketing

ibm.com/partnerworld/software/zone > Marketing resources > Co-marketing funding

Direct Marketing Materials

ibm.com/partnerworld/software/zone > Marketing resources > Marketing materials

e-business logo

ibm.com/partnerworld > Marketing resources > Collateral and logos > e-business logo

Executive Assessment

ibm.com/partnerworld/software/zone > Selling resources > Leads and opportunity analysis > Executive assessment consulting tool

PartnerWorld University

http://www.ibmweblectureservices.ihost.com/pwu > Sign-in > Sales and marketing college > Marketing skills development series

Software Brand Marks

ibm.com/partnerworld/software/zone > Marketing resources > Collateral and logos

Software Marketing and Sales Information

ibm.com/partnerworld/software/zone > Marketing resources > Collateral and logos > Software sales and marketing kits

Conclusion

Direct marketing offers you a wide array of communication vehicles to move your target audience from awareness through preference to sale and then long-term loyalty. In choosing the best tactics and deciding on how to design and deliver them, be disciplined. Limit yourself to a few specific goals and make sure you're clearly communicating a unique selling proposition that differentiates your company and leverages the brand equity of IBM Software.

Key takeaways

- Make sure your campaign goals are measurable and that you have a process for tracking them
- Engage your prospects in a dialog; design multi-touch campaigns so they hear from your company regularly
- Marketing is largely common sense. Use what you know about your best customers to succeed with other companies
- Don't reinvent the wheel – seek out IBM marketing resources that you can build on to execute your campaign

Sample direct mail

This sample e-business infrastructure direct mail piece for North America, generated using IBM Campaign Designer, illustrates several of the key elements used in direct mail.

▸ **[Enterprise Integration is an e-business Web seminar brought to you by the IBM Advanced Business Institute. Max char.=140]**

[An integrated enterprise requires an integrated IT infrastructure. It requires an infrastructure that can unify various systems and connect diverse applications. It must also aggregate and deliver information to users, regardless of their location or how they are connecting to systems. However, evolving IT standards and competing vendor strategies mean that companies face the additional challenge of supporting today's e-business objectives while planning for future innovations. This Webcast shows how to design and deploy a modern e-business infrastructure while accommodating the integration standards of the future. Max char.=640]

IBM Business Partner

ABC Company Data Systems, Inc.

The days when simply having an online presence was enough are long gone. Now, if you can't provide the service they require, your customers will leave. In fact, research has shown that almost half of all customers don't return when encountering incomplete content or poor service.

Meanwhile, the leading-edge for e-business keeps moving ahead. [Your competitors' IT positions them to deliver greater services and more information than ever before. So you need to keep up or even leapfrog ahead. The right e-business technology reduces risks, speeds implementation and streamlines operations. It creates a flexible, secure, responsive, reliable infrastructure. In short, it enables your IT to support your business objectives. Maximum Characters = 490]

IBM is the right e-business technology. No other single source can provide complete, end-to-end solutions that include hardware, software and the services to implement and support them. No one else has the extensive experience in designing and integrating new systems that work seamlessly with your existing systems while facilitating future additions or subtractions. And no other single source can provide such open solutions.

We are ABC Company Data Systems, Inc., an IBM Business Partner. So we can help you realize the benefits of IBM's proven expertise. We can create an e-business infrastructure designed to address your particular circumstance. [Comprehensive IBM solutions allow us to ensure secure environments that ensure your IT assets remain private. Maximum Characters = 400]

Of course, this is just a rough outline of what we can provide, a starting point. If you're interested in hearing what we recommend for you, please call one of our e-business experts at 1 800 469-7195 and reference our priority code XXX01. Or, if you prefer, you can reach us online at http://na.webprogram.com/ebusinessinfrastructure for more information. Or simply tear off and return the enclosed business reply card.

We look forward to hearing from you.

[PS. When you contact us we will send you e-business Infrastructure, a complimentary 30 minute Web seminar on Enterprise Integration. Max char.=200]

Business problem is stated in opening paragraph

Choice of offers can increase response rate

Include several options in your call to action

Sample direct e-mail

This sample e-mail for North American target audiences was downloaded from the e-business infrastructure campaign in Campaign Designer. Some of the key elements of direct e-mail are highlighted below.

Subject line must compel reader to open message

Subject: Your e-business infrastructure IS your e-business
Date: Month, day, year
From: [XYZ Company] or Yourname@XYZCompany
To: Prospect name

In e-mails, the opening paragraph must immediately engage the reader

In e-business, infrastructure is everything. And the requirements are clear:
- Provides flexibility
- Is designed for growth
- Incorporates open standards
- Integrates systems and processes
- Provides network security
- Includes vendors and suppliers
- Offers cross-platform functionality

[XYZ Company], an IBM Business Partner, can do all that for you. And more. We can provide an extensive portfolio of hardware, software and services to help you build a secure, flexible e-business infrastructure. An IBM e-business infrastructure that can grow as your needs grow.

[XYZ Company] understands that your ability to integrate e-business solutions could be your key to success. We can help you integrate new applications seamlessly with legacy systems—in an open, multi-platform environment.

We know industry standards, and can design Web-based business applications for heterogeneous environments. Outsource or develop your integration services.

Starting now, no company's infrastructure will operate alone. Interdependency, collaboration, integration and real-time information will be critical.

State the offer clearly and make the call to action easy to do

To show you how we can help you with your e-business infrastructure concerns, we have a special offer for you. [*Customized copy that describes the details and benefits of the offer goes here.*] To take advantage of this special offer, please call [XYZ Company #] 1-800-xxx-xxxx or visit the Web at [XYZ Company Web address] www.xxx.com.

A fill-in-the-blanks chart to help you plan your direct marketing campaign

Complete the chart below to make sure you have fully defined your target audience, its needs, your offer, call to action, and how you plan to measure and follow up on campaign results. If you are targeting more than one type of function within a company (i.e., C-level, LOB and/or IT/MIS contacts), you may wish to vary the key messages, offer and call to action.

Solution or Service Being Promoted			
Target Industry			
Company Size			
Location			
List Source(s)			
Function	C-Level	LOB	IT/MIS
Title			
Role in Decision Making Process			
Business Need			
Key Messages			
Offer			
Call to Action			
Definition of Lead			
Estimated Cost Per Lead			
Follow-up Activity			
Preceding Phase of Campaign			
Next Phase of Campaign			
IBM Resources Used			

Pre-creative work plan template

This template helps you define the information that your copywriter and designer need to write the copy and design any graphics and packaging. It is also a useful document to share with the sales, marketing and solutions executives in your company involved in the campaign, to ensure that there is a common understanding of these fundamental premises.

Target Audience: (include sample titles, company functions, geographic scope and any other demographic — age, gender, income level, marital status, and education level information or psychographic — attitudes, beliefs, opinions, personalities and lifestyles — information)

Current Impression: (the current belief that the audience holds about your solution or service)

Desired Belief: (the belief you would like the audience to have about your solution or service)

Key Fact/Problem: (the most relevant business problem or fact that your solution or service can help address. For example, "small and midmarket businesses have under-invested in disaster recovery and business continuity planning. According to Analyst ABC, two out of five enterprises that experience a disaster will go out of business within five years of the event.")

Single Promise: (the single promise that your service or solution can make)

Support for this Promise: (proof points supporting the promise, such as customer ROI results, product features, analyst findings)

Strategy: (the overall strategy for the campaign)

Competition: (the other companies or choices that your target audience may consider. This can range from other solution providers to actions such as "develop a solution in-house")

Mandatories: (elements that must be included in the campaign, such as company logo, URL, etc.)