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LLI's from 2004

*A Guide to Smarter
Direct Marketing
In 2005*

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**That's what most books say –
personally I would love you to pass it along**

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CONTENTS

Chapter 1
Setting the Scene
1

Chapter 2
Analysis
9

Chapter 3
Ask the Right Person for the Order ...
More Than Once
15

Chapter 4
Competitions
21

Chapter 5
Data
27

Chapter 6
Delta Data
33

Chapter 7
Don't Throw the Baby Out
With the Bath Water
37

Chapter 8
Loyalty
45

Chapter 9
Never Think You Know It All
57

Chapter 10
Planning
63

Chapter 11
SMS
69

Chapter 12
Summing Up
77

Reprint of Various Articles
81

Glossary of Direct Marketing Terms
107

CHAPTER ONE

Setting the Scene – Literally & Figuratively

If Edward de Bono can knock out a book on a flight to Kuala Lumpur it should be a piece of cake to crack this puppy during the course of my annual holiday at the coast. So said my brain in its hyper relaxed state on Day Two of the holiday as I lay in my deck chair on the beach watching my two youngest sons frolic in the surf. *(Authors note : EdB reputedly wrote "6 Thinking Hats" during the 17 hour flight referred to above.)*

So here I am ... the sun shining ... replete after a couple of bacon and tomatoes butties ... Status Quo playing quietly in the background ready for take off.

The Concept Was Born

I am not quite sure how the idea emerged but I can tell you exactly when. It was at 14h35 on December 28th. (For more details refer to the brief description of the scene above.)

My suspicion is that the best ideas emerge when we are least looking for them – hence it was that the concept for this book was born when I wasn't even thinking about writing a book. It was rapidly followed by the thought that it would provide me with a platform for a sequel next year and the year after and the year after that. (Sly Stallone eat your heart out. This is any Hollywood Producer's dream)

So What Was the Big Idea ?

To get to the big idea you will have to work with me through its genesis, or at least the way I see it now.

We all know that what we can loosely term as the 'old marketing' no longer works. I didn't make that up. I have client after client who says so. We also know (thanks to Albert Einstein) that doing the

same thing over and over and expecting a different result is a definition of insanity.

We also know that we are faced with a plethora of new marketing challenges and opportunities, some of them so seductive that we rush like little marketing lemmings over the cliffs of consumer resistance, apathy, anger, indifference and a host of other responses that consumers employ in an attempt to fob off our cunning attempts at CRM, ERM, customer intimacy or whatever else we think, as marketers, we should be attempting to achieve this week.

And herein lies the problem. The text books haven't caught up with the speed of change. There is little history to guide us ... it's all so damn new. The guys who are getting it right aren't telling. (*Heck would you give away the recipe to this new marketing elixir if you possessed it ?*). Experience is our only teacher. (*Oscar Wilde said "Experience is the name a man gives to his mistakes" which is fine as long as you do actually learn from them.*)

To paraphrase David Ogilvy learning is a process, not an event. (*Authors Note : I promise I'll stop name dropping soon.*)

If it's a process it must require a number of steps or stages. Without a learning process most of us forget 90% of what we see, read or hear within less than 60 minutes. Learning requires information to be identified in a structured format. It requires a conscious effort to assimilate and retain it. Without a deliberate attempt to learn learning does not occur. This may explain why many of us go through life repeating the same mistakes over and over – because we don't make a conscious effort to learn from the past.

With few formal attempts to learn from the past and the 'Next New Thing' just over the horizon – added to the day to day pressure of ensuring that this quarter's budget is achieved - most marketers simply do not have the time to reflect on their successes and failures from the past.

This book is an attempt to reflect on the lessons that I have personally learned over the last 12 months and, perhaps just as importantly, to share them with any-one who would like to have the opportunity to benefit from them.

What's in a Name ?

The answer to that question is quite a lot. If you don't believe me try this simple test. What are the following people better known as :

Harry Web
Gerry Dorsey
Reg Dwight
Adolph Schickelgruber

The answers are Cliff Richard, Engelbert Humperdinck, Elton John and Adolph Hitler. *(Sorry, it has just occurred to me that I should have said Sir Cliff Richard and Sir Elton John. Thought – is there any correlation between revised nomenclature and naf English titles ?)*

Alan Coren knew the importance of a zippy title. Hence his book called "Golfing for Cats" based on his premise that most best selling books in the UK are about either Pets or Sport. Not for nothing did Stephen Covey write "7 Habits of Highly Effective People". "6 Habits of ..." or "8 Habits of" just doesn't cut it.

Little wonder then that I thought long and hard about the title of this book. For long and hard read 'approximately 30 minutes'.

For those 30 gut wrenching minutes I wrestled with 3 possibilities ...

"Lessons from 2004"
"Learnings from 2004"
"Iterations from 2004"

'Lesson' is a good word. It's simple and communicates well. On the downside, the minute you say the word 'lesson' for most people it connotes of school. A lesson also tends to be passive rather than active.

'Learnings' is a little more grand. It implies an active role on the part of the learner which certainly fits more neatly into the scenario that we have just outlined above. It's also one of those words that entered our vocabulary around the same time as 'milestones' and 'deliverables'. Two words much loved by Project Planners. Yep. 'leanings' is a definite candidate. (By the way you won't find the word 'learnings' in the dictionary. As far as the dictionary is concerned 'leaning' is definitely a verb, not a noun.)

'Iteration' is another word that is not in the dictionary. It is a noun that has evolved from the adjective 'iterative'. 'Iterative' means gentle or gradual with undertones of experiential learning. That certainly feels good in the context of the book. The only problem is that quite a lot of the learnings and/or lessons during the past 12 months came from what one of my ex students calls Ah Ha Moments - with a clip round the ears from the Karma Marketing Brigade.

You see my problem. There are pluses and minuses for all three. And then it hit me. Why not settle for an appropriate TLA (i.e. Three Letter Acronym). Hence the name "LLI's from 2004" (i.e. Lessons Learnings & Iterations).

The rider to this was the inclusion of the strap line in the title ("A Guide to Saner Direct Marketing in 2005"). Because I would hate you to go on making the same mistakes over and over in the year to come.

As Sure as Night Follows Day

Having sorted out the title four other decisions followed quite quickly. The first was to let the reader experience the book before deciding if they wanted to pay for it. This is the total converse of the way in which 99% of business transactions occur today. You buy a product

or service at the given or negotiated price. At your leisure you are then able to decide if it was a good or a bad deal (i.e. worth or not worth the money you paid.) So here you are, reading this small tome without a cent having left your wallet or adding to your personal overdraft. You can decide if you want to pay for it during or after reading it or not at all.

The second decision was to not set a fixed price. What you, the reader, decide to pay for this book (if you decide to pay for it) is up to you. Why ... because value is relative. There is no doubt that some of the ideas in this book are worth a great deal. They can either make or save you a lot of money. But you be the judge. You decide how much you would like to pay and when. (*The details of our bank account are provided at the end of the book*).

The third decision was to self publish the book. If it was going to be of any value to its readers it would need to be published very quickly so there would not be enough time to hawk it around a bunch of traditional publishers, collecting rejection slips along the way.

The fourth decision was to apply a little guilt to the process. Whatever you decide to pay we will give away half. Pay R100 and we will give away R50. Pay R1000 and we will give away R500 ... to the South African Guide Dog Association. The reasons for choosing this organisation as the recipient of our donations were threefold. Firstly it's a damn fine organisation that can use all the financial assistance it can get. Secondly it's one of our clients so we are happy to help. And thirdly the symbolism seems to work. Guide dogs help the blind to see. Not literally but in the figurative sense. The guide dog points its owner in the right direction. Here's hoping this book might do the same for its reader.

OOHS ! & AAHS !

Many books have been written on strategy. There is a better than average chance that we do not need another one. I do, however, need to make a couple of comments of a strategic nature. Strategy is largely about what you want to achieve and how you are going to do

it. Strategies are dualistic in their nature. Strategies comprise things that you either must do or things that you should stop doing.

In this book we call the things that you need to do OOHS !. The things that you need to stop doing are called AAHS !!

There's Learning and There's Learning

There are different kinds of learning. Sometimes we learn something that we didn't know before. This we can call New Learning. We sometimes we come across something that we already knew but had forgotten. This we can call Re-Learning. And finally there is learning that shifts the way we look at the world and shapes the way towards doing things differently in the future. This form of learning is capable of altering our attitudes, values and beliefs – the things that ultimately influence our behaviour. This we can call Mega Learning and in the context of marketing today it may be the most important type of learning of all because it's just not a good idea to keep on doing the same old same old.

In this book called "LLI's from 2004" - that you may or may not have decided to purchase -you will hopefully find examples of all three kinds of learning.

What This Book Is & Is Not

This book is not meant to be a great book – heck because of the speed at which it was written there may even be some grammatical errors. It has not been designed to be used as a text book. It is not a comprehensive work on marketing or even direct marketing. There are lots of those available already. It is nothing more or less than I have already stated valuable lessons that I have learned over the past year.

Ideally you will be able to read this book in a couple of hours. It has been written in a style that is hopefully easy to digest.

A Final Word

This book would not have been possible without our clients. Without the work that we do for them we would not have had the opportunity to learn. Had we gone to all of them individually, however, to request their permission for inclusion and disclosure in the book we would no doubt be still negotiating with their lawyers in 2006. We have therefore taken the decision to publish the (LLI's) without actually naming the names of the companies and individuals who have been involved in the process. We have also been fairly circumspect in terms of our method of disclosure. We certainly do not want to disclose any confidential or proprietary information. We hope that the take out from the finished product will in no way be diminished by this.

If you do by any chance recognise yourself in any of the subsequent content don't worry. It's unlikely that any-one else will.

CHAPTER 2 ANALYSIS *(Finding the Truth or Circumcising Mosquitoes)*

Analysis is one of the most fun parts of direct marketing. It's also one of the most rewarding. Judging by the number of clients who pay us to do this for them it's also one of the areas where they are most unskilled or under resourced.

There's pre campaign analysis in its various shapes and sizes. Pre campaign analysis is largely about new opportunity identification and attempting to optimise response. Post campaign analysis is working out if you were right with your pre campaign guesses.

The Heisenberg Principle suggests that nothing in the world can be accurately observed because the act of observation always changes it. The same may even be true, to a greater or lesser extent, of analysis. The outcome of analysis is frequently shaped by the way in which the questions are asked. This, however, does not matter. Absolute truth is not the goal. The target is *improved response*.

OOHS !

#1 Analyse Everything

We could illustrate the value of analysis in so many ways but we will provide just a couple of examples from the past year at this stage. There will be a number of other examples as we proceed through the book.

Analysis of one client's data revealed elapsed time between orders as the most critical factor in being able to predict churn. In simple terms customers who do not order before a critical point in time (that we were able to identify) are less likely to come back for a second order than those customers who place their second order before the

critical time. (This was obviously a highly valuable learning for preventing churn and reactivation.)

The previous example required the analysis of transactional data. Equally valuable lessons were learned from analysing something as simple as competition entries. This is discussed in more detail in the chapters on Competitions and Delta Data. Analysis of one client's competition entries enabled us to point them in the right direction to make much more targeted new business offers to its clients – not just globally but even by area and a host of other usable variables.

Analysis of a third client's data enabled us to identify 3 critical variables that should increase their future responses by around 128%.

With opportunities like this on offer why on earth would every-one not want to spend more time and energy on analysis ?

Acid Test – Using analysis do you learn at least one valuable lesson from every campaign that you run to improve future response ?

#2 Hypothesise & Test

There are some analytical techniques that require no hypothesis. An example of this would be regression analysis which isolates the critical variables that can be exploited to lift response. But techniques like this need skilled analysts.

Often valuable knowledge can be gleaned from simply developing a hypothesis and then interrogating the data to see if it supports it. In the example above relating to churn and elapsed time we developed a number of working hypotheses. Just a few of them are listed below :

- Churn may be influenced by the *size of the order*
- Churn may be influenced by the *content of the order*

- Churn may be influenced by the *time of the month at which the order is placed*
- Churn may be influenced by the *day of the week on which the order is placed*
- Churn may be influenced by the *demographics of the person placing the order (e.g. age, gender, occupation etc)*

All of the above proved to be pretty much irrelevant. But we had to develop the hypotheses, to ask the questions to find that out.

There's a wonderful saying that goes like this - "You don't know what you don't know." The only way to change that is to analyse the data to find out what you don't know. We shall also return to this theme a little later in the book.

Acid Test – When did you last analyse your data or a campaign performance report to discover something totally new ?

#3 Shooting Caged Lions (aka Picking Low Hanging Fruit)

A number of years ago I worked for a company where we developed an analytical approach that we called 'shooting caged lions'. The next analogy we developed to describe this approach was 'picking the low hanging fruit'. This finally evolved into the analogy of 'shooting the low hanging fruit'. What all of these analogies translate into is the idea of looking for the initial, easy, quick wins. It's these learnings that can often produce the best results.

Simple segmentation, based on transactional data, is one of these. Once you have worked out who is who in the zoo it's often not too hard to work out what you would like to do with them.

The analysis referred to above that will result in a lift of over 100% required less than 10 hours of analysis. The responses were simply compared against the overall customer base and indexed. The indexed results were then ranked and scored for importance and impact.

Acid Test – Do you have a simple segmentation model that is used to consistently benchmark your customers' behaviour ?

AAHS !

#1 Don't Analyse Anything

During the course of 2004 we were privileged to carry out a direct marketing audit for one of South Africa's leading companies. The initial part of the audit produced lots of valuable learnings. We then requested response data for all the various campaigns that we had analysed up to that point in the audit. Eventually the client admitted that they were unable to provide us with any response data as there was none. This was in spite of the fact that they had gone to the trouble and expense of bar coding every single piece that was mailed.

We have another client who, over the past 3 years, has spent over R10 million on a very sophisticated campaign analysis tool ... AND NEVER USED IT ONCE.

One of the absolute beauties of direct marketing is its measurability – with the objective of increasing response over time. Not measuring response data should call for the equivalent of bringing back capital punishment for all those found guilty of this heinous offence.

Acid Test – Do you pre-plan every campaign to ensure that you are able to carry out the required\desired analysis ?

#2 Don't Circumcise Mosquitoes

A colleague of mine a number of years ago coined the phrase "circumcising mosquitoes" to describe the propensity of one of our analysts to analyse data to death. Sure over time you need to bring increasingly sophisticated analytical tools and processes to bare on your data. But our experience over the last 12 months is that this is a practice initially best avoided.

Circumcising mosquitoes frequently leads to analysis paralysis i.e. inactivity. It was Peter Drucker who said "The greatest wisdom in the world not applied is meaningless". For any-one in doubt please go back to lesson #3 above and shoot the low hanging fruit.

Acid Test – How many analytical reports have you commissioned or received that delivered no measurable value ?

CURRENT SCORE :

There is where you are in life and where you want to be. The bit in the middle is generally the problem. Every journey needs have a clear end point in mind but it has to begin with an equally clear understanding of where you are right now.

At the end of each chapter you will find a score board.

My sense is that if you score more than 50% on any of these score boards you are doing better than average. If you do score more than 50% give yourself a pat on the back.

	Yes	No	Partially
<i>Points to allocate for your answer</i>	(5)	(0)	(3)
Do you analyse every direct marketing campaign that you implement ?			
Do you have internal analytical resources ?			
Do you employ external analytical resources ?			
Can you list at least 5 major learnings from the past 12 months that have been derived through analysis ?			
Have you developed an analytical plan for the next 12 months ?			
TOTAL SCORE			

PERSONAL KEY THOUGHT FOR 2005 :

Every project we do in 2005 must provide a platform for analysis that will deliver incremental learning !

CHAPTER 3

ASK THE RIGHT PERSON FOR THE ORDER... MORE THAN ONCE

(Don't Take "No" for An Answer)

Many years ago I encountered a lady called Ophelia Jatta. She was a self styled guru from the States. We booked her to speak at a conference that we organised for one of our clients at the time. She had a highly charismatic style of presentation. She said something along the lines of "Honey, if somebody says no it don't mean no. It just means you haven't given them enough reasons to say yes."

This next LLI came about in a very special way, sort of like a living parable and reminded me of those words from Ophelia Jatta.

Towards the end of 2004 my wife and I decided to get the exterior of our home painted. This required the painting contractors to strip away quite a lot of shrubs, foliage and sundry other green stuff that was growing on the side of the house before they could actually start painting. The result was a large pile of garden refuse that had to be removed. And when I say large I mean LARGE.

On the Saturday afternoon in question I was watching South Africa versus Wales on the box. (Watching the Boks on the box !) Our front door bell rang. For the first several rings I ignored it. When it became apparent that the rest of my family was also going to ignore it I reluctantly tore myself away from the TV to answer the door. It was a pleasant looking man asking if he could remove the aforementioned garden refuse. I wasn't really in the mood to discuss this, told him no thank you and closed the door.

Come ten o'clock on Sunday morning the front door bell rang and low and behold there he was again. It was the same man asking if he could remove the garden rubbish. I am not quite sure why but once

again I said no thank you. I think my wife was planning to do something about it.

At half past six on the following Thursday morning there he was yet again. Impressed by his dogged persistence I told him to go ahead with the job. It was only shortly afterwards that I realised that there were several valuable lessons here for direct marketers that I subsequently shared with some of my students.

OOHS

#1 Ask the Right Person for the Order

The right message to the right person will always create a better response than the right message to the wrong person. That's pretty much the basis for segmentation as a platform for communication.

Our man above did not ring the door bells of any of my neighbours. Why ? Because they didn't have any visible garden rubbish. I, on the other hand, with the pile of rubbish plainly on view in the front garden, was telegraphing the message that I still had a need for the service that he was offering to provide.

It was in fact blatantly obvious that I was his target audience – albeit a target audience of one. (A Peppers & Rogers dream !). He therefore knew that he was asking the right person for the order.

Acid Test – Are you certain that your direct marketing campaigns are always targeting the right person with the right message ?

#2 Keep Asking for the Order

To paraphrase David Ogilvy once more direct marketing should be a process, not an event. Mainstream advertisers never run an advert only once. It therefore staggers me the number of direct marketers who implement campaigns as one offs i.e. with no inherent plan for a follow up.

Bob Stone in his "30 Timeless Principles of Direct Marketing" makes the point that a follow up within 30 days of an initial mailing will generally produce up to 50% of the initial response. That doesn't sound too shabby to me. I shared this little piece of wisdom with one of my students earlier in the year. She came back to class about six weeks later. "You know that thing about re-mailing. Well I tried it and you know what, you were dead right." (*Authors Note : Don't thank me, thank Bob.*)

Our garden rubbish removal man did exactly the same thing although I am pretty sure he has never been to one of my direct marketing classes and has never heard of Bob Stone. He saw that I had the need so he kept asking for the order ... until he got it.

Acid Test – Do you as a matter of course plan the required follow ups from the outset for all your campaigns ?

#3 Be Honest With Yourself

Who's kidding who ? How often do we hear people say that marketing is a needs satisfying process ? I must be honest. In most cases marketers who say that are talking crap. They are generally far more interested in pushing their existing products.

Here is a piece of logic that seems to me to be inescapable. If your offer to the customer is based on a belief that you are providing a product or service that s\he genuinely needs then you have no right to stop at the first attempt. You may even have a moral responsibility to keep making the offer more than once.

Our refuse removal man clearly did not feel any guilt about ringing my door bell three times. (I have the feeling that he would have kept ringing it until he either got the order or saw that some-one else had removed the rubbish).

This, to my way of thinking, seems like a litmus test. Our willingness to persist should in some way be linked to our commitment to making genuine customer-centric offers.

Acid Test – Can you put your hand on your heart and say that all your marketing activities are based on satisfying either customers' or prospects' needs ?

#4 It's Easier to Increase the Size of an Order than to Increase the Number of Orders

There's one last LLI from our man in question. Once he got into the property he spotted a couple of other things that he thought he could fix. Guess what ? He got that business too.

I suppose the buzz word for this is cross sell but direct marketers have known for years that it is much easier to increase the size of an order than to increase the number of orders that you generate.

My only real question about this whole experience is how he became so damn smart !

Acid Test – Do you build an up sell or cross sell offer into your initial offers as a matter of course ?

AAHS

#1 If You Don't Like What You Are Doing ... Stop Doing It

One of the underlying concepts above seems to be about honesty. Integrity might be a better word. We expect business people today to be good corporate citizens, to follow the rules of good corporate governance, to not directly flout relevant legislation and codes of practice. But all of these are pretty much externally driven. Hence my choice of the word 'integrity' which has a more internal locus.

A couple of years ago I worked with one of South Africa's leading financial institutions. Over the previous 12 months it had done an exceptionally good job of growing its credit card base from virtually zero to over 100,000 card holders. This was mainly achieved via outbound tele marketing. Their Marketing Manager one day, in a moment of unprovoked honesty, admitted to me "I hate direct marketing". That seemed to me to be extremely dishonest and/or lacking in integrity.

If you want to be a direct marketer you must love it with a passion – based on the belief that what you are doing is not just good for the business but also good for the customer.

Acid Test – Do you go home every day and say to yourself "that was another good one".

CURRENT SCORE :

This particular chapter seems to me to contain several very important LLI's. Check to see how you are currently performing below.

LLI's from 2004
A Guide to Saner Direct Marketing in 2005

	Yes	No	Partially
<i>Points to allocate for your answer</i>	(5)	(0)	(3)
Are all your direct marketing campaigns based on the premise of delivering the right message to the right person ?			
Do all your direct marketing campaigns focus on making an offer that genuinely satisfies a customer need ?			
Do you have a working segmentation model that helps you to focus on the above two issues ?			
If you do have such a segmentation model do you use it to benchmark your progress on a regular basis ?			
Do you use a variety of business tools - other than your marketing savvy or gut feel - to determine customer needs ?			
Do you plan follow ups for each and every campaign as a matter of course at the outset of each campaign ?			
Do you include up sell and cross sell offers with your initial offers as a matter of course ?			
TOTAL SCORE			

PERSONAL KEY THOUGHT FOR 2005 :

To encourage all our clients to be as honest and persistent as the garden refuse removal man.

CHAPTER 4

COMPETITIONS

*(There's a lot more to a competition
than the Lucky Draw)*

Competitions are a marketing fashion item. They come and go. Right now they seem to be back in vogue – frequently with SMS as the method of entry. In the murky past of the 80's, when I first started my marketing career, the primary function of a competition was to justify a request for more space in retail outlets. (We knew that increased shelf space normally led to increased sales.) One of the competitions I ran for Vaseline Petroleum Jelly generated in excess of 140,000 entries. After the winners were selected the entries were immediately dumped ! No self respecting direct marketer would think of doing that today.

OOHS !

#1 Use Competitions to Clean or Enhance Existing Data

The whole question of cleaning and enhancing data is covered in more detail in the next chapter on Data.

A competition should never have only promotional objectives. It should also be designed to play an information gathering role. 50,000 entries to a competition with 2 additional questions may well provide you with 100,000 bytes of information you didn't have before.

Even clients who think they have good contact data in their databases have been surprised at the amount of updating we have been able to achieve through this route. This is particularly true for fields like cell phone numbers and email addresses which generally tend to be quite sparse in most databases. (Both these fields are also subject to frequent change.)

Consent for future contact can also be garnered through this channel. *(Authors Note : Most people will tell you what they think you want to hear when entering a competition. They, quite wrongly, assume that answers you don't want to hear will inhibit their chances of winning.)*

Acid Test – Have you run a competition in the past 12 months and not used it to clean or enhance your existing data ?

#2 Use Competitions to Gather New Data

A project early in 2004 involved our call centre phoning over 2000 furniture retail outlets to confirm the delivery of in store support packs for a consumer competition. A spin off from this outbound campaign was a neat database of retail stores, addresses, store managers and the number of sales people in each store. This was extremely valuable information that the client did not previously possess.

The logistics of the competition would also have supported the integration of other data into this database (e.g. levels of store activity in the promotion, sales resulting from the competition, ID numbers of the sales people). Unfortunately the client in question never saw the benefit of doing this. Hence a lot of potentially valuable information is sitting archived in one of our systems.

Acid Test – Have you managed to gather any new data by means of a competition in the last 12 months

#3 Create Links to Other Data

Most people's handwriting is not great these days. This makes entries often hard to read with the result that potentially valuable information is often lost. We have found that the solution to this often lies in capturing the new information against existing, known information. This has a couple of other benefits :

- Data capture is quicker

- Data capture costs are therefore reduced

The ideal link is a unique customer reference number, an ID number or even a cell number (or a combination thereof). Remember that you are not necessarily looking for a perfect computer generated match here. The data capturer can eye ball the new data against the old data. In most cases it is possible to establish very quickly if there is in fact a matched record.

Acid Test – Do you always attempt to link new data to existing data when you run a competition ?

#4 Give Serious Consideration to Scanning Responses

Scanning is absolutely ideal when there are lots of tick box responses. It isn't perfect. It still requires a lot of manual intervention. But it has enabled us to reduce some clients capture costs by more than 50%. On large scale jobs this can offer a significant saving.

There are certain basic requirements if you want to go down this route so make sure that you discuss this with the data capture company at the design stage.

Acid Test – Have you investigated the possibility of using scanning technology to increase the speed and reduce the cost of capturing competition responses ?

#5 Include a Data Clean Up

No matter how good the data capturer there will always be errors of omission and commission. It is always possible, after the fact, to append other missing information (e.g. post codes).

It's therefore important to ask the data capture company to quote on providing a data clean up after the capturing has been completed. In fact this should be mandatory if you intend to load the data back into an exiting database.

Acid Test – Do you always request a data clean up when you ask for data capture quotes ?

AAHS !

#1 Don't Produce Layouts that are Impossible to Complete

You would be amazed at the number of people, who should know better, that create extremely difficult to complete layouts.

Spacing between lines is normally the problem. Serious consideration should always be given to the question of whether to provide blocks or not to provide blocks. On balance blocks generally inhibit the completion process which makes the information provided difficult to read and therefore hard to capture.

Always try to expose the proposed layout to the people who are actually going to be doing the data capture before your print. They can normally make some helpful suggestions. It also helps them to align the capture screen to the printed document which once again results in quicker, lower cost capture.

Just one short after-thought here ... we did have one client who showed us an A4 proof and then proceeded to print it in an A5 format. Not too clever that one Nige !

Acid Test – Do you reject more than 10% of entries for data capture because they are illegible ?

#2 Don't Use Idiots to Do the Job

Most clients opt for the lowest possible quote which forces the data capture company to use low cost resources to do the work. This is so not smart.

The next chapter makes the importance of good quality data quite clear. Efficient data capturers, which means they are effectively able to capture data, are generally over 30, with a good general knowledge and concern for detail. They therefore don't always want to work cheap. But if you appreciate the value of good data it's worthwhile to pay a little extra for the capture.

Acid Test – Do you always take the lowest quote for data capture ?

CURRENT SCORE :

Score yourself below to see if you are deriving the maximum value from the competitions that you are running.

	Yes	No	Partially
<i>Points to allocate for your answer</i>	(5)	(0)	(3)
Have you run a competition in the past 12 months without using the opportunity to update your existing data ?			
Have you run a competition in the past 12 months without using the opportunity to gather new data ?			
Are you considering running a competition in the coming 12 months as a way of cleaning current information ?			
Are you considering running a competition in the coming 12 months as a way of gathering new information ?			
Do you as a matter of course analyse your competition entries to see what other lessons you can learn ?			
Do you include data capture as a matter of course as part of the process of capturing competition responses ?			
Do you always accept the lowest quote for data capture ?			
TOTAL SCORE			

PERSONAL KEY THOUGHT FOR 2005 :
Ensure that we get involved with every competition\data capture project at the outset to maximise efficiency

CHAPTER 5 DATA (aka Business Oxygen)

Data is dynamic. What that means is that data is constantly changing. Without active interventions data will, on average, decay at between 15% and 20% a year. Why? Well think about it. People change their jobs, the places where they live, they even change their names. They die. They open, close and re-open accounts – that's how you frequently get duplicate records. Sit on your data backside for 2 or 3 years and half the data in your database will be obsolete.

One of our clients actively mines its data to identify new business opportunities. It then throws away +/- 70% of these potential business leads because the contact information is so poor. Let me state that again in a slightly different way. It trashes 7 out of 10 opportunities to grow its business. (*Author's Note : I couldn't resist asking the client in question "Would you do that if it was your own money?". I won't tell you the answer.*)

OOHS !

#1 – Never Stop Working on Your Data

Use every single opportunity that presents itself to clean, refresh or enhance your data. What's the difference between the three. It's quite simple if you think about it.

➤ Data Cleaning

Data cleaning should be an active process that you put in place to clean the data that you already have. It's relatively simple to write algorithms to clean data in spreadsheets like Excel or databases like Access.

You can of course do it the hard way through simple eyeballing. I can think of two of our clients in particular who are obsessive about keeping their data clean. When we first started working with one of them we undertook a direct marketing audit. In the direct marketing audit one of the questions we always ask is about the current nixie level (i.e. what percentage of out bound promotional mail is returned). We were told that it was less than 0,5%. Initially we were somewhat incredulous. Most people will settle for 5,0% as an acceptable nixie level. 0,5% is absolutely outstanding. And it is being achieved because the person responsible for the database is passionate about keeping it as pristine as possible.

Acid Test – Do you have an ongoing process in place to clean your data as a matter of course ?

➤ Data Refreshing

The other client I just mentioned, who is equally passionate about data quality, amongst other things runs a competition once a year – the objective being to clean the customer data. Because other people have access to the main database she keeps this cleaned data in a separate database for promotional purposes. It's starting to develop into a very effective stand alone database. *(Just to confirm the point about needing to continually clean data we found about 30% of records were updated in this particular database after just a 12 months interval.)*

Acid Test – Do you have a plan to refresh your data in any way over the next 6 months ?

➤ Data Enhancement

Data enhancement is achieved through the process of incorporating previously unknown data into the database from third party sources. One of our clients is currently embarking on an aggressive process to acquire data from other

companies in its group, companies in which it has even a minority shareholding and in fact any other companies where they think they can find a basis to share data. It will be really interesting to see how this evolves and the opportunities it creates.

Another client is starting to incorporate data into its customer database – based on information from other databases of events that it sponsors. Lifestyle data like this can be extremely revealing.

Acid Test – Do you have a plan to enhance your data in any way over the next 6 months ?

#2 You Must Have a Data Strategy

It never ceases to amaze me that companies regularly fire employees who steal money but take no action against employees who are profligate with their data. Failure to acquire data, to keep it fresh and to exploit it should also be firing offences in my book.

You must have a data strategy. If you cannot answer the following questions I would suggest that you are not serious about direct marketing :

- What data have I got ?
- What data would I like to have ?
- Of that data which is it essential to have and which would be nice to have ?
- How am I going to acquire the desired\required data ?
- Over what time frame am I going to acquire it ?
- Who's job is it to get it and look after it ?

- What budget will be required to do the job ?
- What will the payback be (i.e. what is the business case) ?

We have several clients right now who are heading in the right direction. One in particular is making an awesome effort to build a comprehensive customer database covering attitudes, beliefs and purchasing behaviour. The only danger is that that they are currently spending all their money on data acquisition with little attempt right now to exploit it. They do need to be aware of data decay and the inherent problems referred to above.

The Acid Test – Can you within 10 seconds answer the question “Who’s job is it to acquire and look after data in this organisation ?”

AAHS !

#1 Failing to Maintain Data Completeness, Hygiene & Integrity

The data you hold can be inadequate for a variety of reasons. Data may simply be missing (e.g. the customer didn't supply it or you forgot to ask for it). It can be wrong (e.g. captured wrongly or out of date). Some data may be almost right (e.g. 12 digit ID numbers or 9 digit cell phone numbers) which is as good as useless.

A good example of failing to maintain viable contact data was cited at the beginning of this chapter.

Without an effective database you cannot be an effective direct marketer and you cannot have an effective database if your data quality is poor.

Acid Test – Do you benchmark the quality of your data on a regular basis (e.g. quarterly) to see if it is improving or deteriorating ?

CURRENT SCORE :

Check yourself on the following questions to see how you score on data quality issues in your organisation.

	Yes	No	Partially
<i>Points to allocate for your answer</i>	(5)	(0)	(3)
Do you audit your data quality on a regular basis ?			
Do you benchmark your performance to see if the quality of your data is improving or deteriorating ?			
Is the custodian of your data clearly identified ?			
If YES to the previous question does this person (or department) receive adequate support from the rest of the organisation ?			
Does your organisation have a documented data strategy that spans the next 3 years ?			
Do you have a clear understanding of the data that you need to acquire over the next three years ?			
Is there adequate budget allocated to meet your data content needs ?			
Do all the relevant people in your organisation who have a role to play with data fully understand its importance ?			
Do you have any third party alliances in place to swap data ?			
Has your CEO ever made an appeal to improve the overall quality of your organisation's data ?			
TOTAL SCORE			

PERSONAL KEY THOUGHT FOR 2005 :

We must encourage all our clients to develop effective data management strategies !

CHAPTER 6

DELTA DATA

(Normally Unexplored Territory)

I cannot lay claim to coining the term Delta Data. It was actually coined by one of my ex partners. It was developed by Jeff to describe the fact that data changes. But more importantly that Delta Data (i.e. changing data) can be analysed to frequently reveal previously unknown insights. This is the exact opposite of what most companies do. Anyone who has advised their bank or insurance company of a change in their personal details will know exactly what I am talking about here. Most organisations experience considerable difficulties in updating their records – let alone taking the trouble to analyse the changes to see what they might mean. My guess is that it never occurs to them to mine this rich vein of information.

I should make it clear that we are largely focussing here on contact data – not transactional data, which is the normal area that companies datamine.

OOHS

#1 Investigate All Changes in Contact Data

Changes in data may come to your attention from a variety of sources e.g.

- The customer advises you
- One of your staff may become aware of the change
- New information sources like competition entries
- Matching data against third party data sources that you may acquire

In the case of data sources like competitions we have already highlighted the benefits of capturing new information against existing information in your database. The reasons for this essentially revolve around speed of capture, accuracy and reduced cost. But that is not where (to continue with the mining analogy) the real pay dirt lies.

Data capture, much to my surprise, has been one of the fastest growing parts of our business in the last 12 months. Over and over we have encouraged our clients to use the capture against existing data approach rather than capturing from scratch. Some have been more than happy to do this. Others have not.

Let me illustrate some of the learnings we achieved for one our clients from a competition data capture project. Please bear in mind that with this type of analysis you are able to develop hypotheses about people but these hypotheses need to be tested with a personal follow up, depending on the overall business value of the hypothesis developed.

➤ Change of Physical Address

I was intrigued by the number of people who had moved from Cape Town to Johannesburg and vice versa. This could mean one of several things but there is a high probability that these people had relocated to take up new jobs. A new job normally means an increase in salary which can represent a business opportunity (e.g. ability to purchase a new house or new car, consequent increased insurance needs etc)

The analysis also revealed a significant number of people who had moved from Johannesburg to places like Knysna and Hermanus. The hypothesis here is somewhat different. There is a strong possibility that these people have not changed jobs but retired. This may also, depending on the type of business you are in, have important implications.

➤ Change of Postal Address

A change of postal address may be similar to a change of physical address. But what about a person in Nelspruit who has changed his or her postal address. What does that signify ? It may of course mean nothing but once again it could be indicative of some-one relocating or changing their job. (Note that most migrations tend to be upwards.)

➤ Change of Email Address

In some ways, as long as the person is not using a generic email address like hotmail, mweb or iafrica, it is easier to track a change of email address which may be indicative of a job change.

Another learning from this particular piece of analysis was that people with a birth date older than 1948 are significantly less likely to fill in a request for an ID number. They are, however, quite willing to provide you with their birth date. If you have ever wondered why some organisations request both pieces of information this may be the reason. You should also take particular note of this if you have an older customer base.

We also had a lot of fun analysing email domain names from a totally different perspective. We were intrigued to identify those companies that had the highest number of unique entries to the competition. This was one way of finding out. In fact the top company had close to 200 individual entries. That sure tells you something about their importance as a client. It also enabled us to identify the individual customers as opposed to the company as the corporate client. This would have been extremely difficult to do using tracking processes through their normal booking and/or accounting systems.

Acid Test – Do you analyse all changes in data that come to your attention to see what learnings can be gleaned ?

AAHS

Sorry there are no AAHS on this one. You either do it or you don't !
It would of course be an AAH if you choose to ignore this advice.

CURRENT SCORE :

Most marketing activities today are expensive. Trawling delta data is remarkably inexpensive. Are you making the most of this low cost\potentially high value opportunity ?

	Yes	No	Partially
<i>Points to allocate for your answer</i>	(5)	(0)	(3)
Do you have systems in place to bring all changes in customer contact data to your attention ?			
Do you have processes and resources in place to analyse this data ?			
Do you have processes and programs in place to exploit any learnings that you may glean ?			
Do you analyse information from consumer competitions in detail to see what learnings may be gleaned ?			
TOTAL SCORE			

PERSONAL KEY THOUGHT FOR 2005 :

We must pass this low cost\potentially high value technique along to all our clients in 2005.

CHAPTER 7

DON'T THROW THE BABY OUT WITH THE BATH WATER

(It's a Waste of Water & Bad for the Baby)

There is a tendency to think that all the new stuff is good and all the old stuff is bad. Neither of these positions is true. The new stuff offers fantastic opportunities. As a direct marketer of more than 20 years standing I can do things today that were undreamed of 10 or even 5 years ago. But that doesn't mean we should forget all the old stuff. The old stuff still has an important role to play.

In addition to running programs for our primary clients we also provide a lot of back end support to what we call secondary clients. These are clients that we service via their own agencies. These secondary client based campaigns have been a great source of learning in 2004. In this chapter we'd like to share a few of these with you under the general heading of not ejecting the baby with the bath water.

OOHS

#1 Use Customer Appropriate Technology

The campaign I am thinking of here provided people with the opportunity to respond by SMS. A couple of other response channels were also provided. The responses from SMS were diddly squat which translates to zero. Does this mean that SMS is a poor response channel ? The answer to that question is not at all. We could quote examples of other SMS based campaigns that have generated hundreds of thousands of responses. So what is the difference ?

We think, and we are pretty sure that we are right, that age is the key to this conundrum (i.e. the fact that one promotion can produce thousands of responses and another one none at all) assuming all other variables to be more or less equal. The campaign that

produced diddly squat from SMS was aimed at drivers of very upmarket motor cars. These drivers by definition would be extremely affluent and therefore mainly in their late 40 or early 50's.

A very smart guy I know called Rowan Brewer once told me how to work out if some-one is over or under the age of 24. Apparently people under the age of 24 never switch off their cell phones. People over the age of 24 do. SMSing is undoubtedly a thing that younger people do. It therefore requires only a very short mental leap to work out why the poor response occurred in this instance from SMS.

The learning here is simple. Do not make a decision to use or not use SMS (or indeed any other channel) as a response option based on a scientific sample of one. Think it through and ask yourself if it is an age appropriate channel. The same is probably true of other channels like the fax and email as the following example illustrates.

Acid Test – Do you carefully attempt to match response channels to the demographics and psychographics of your target audience ?

#2 You Won't Believe How Many People Still Want to Use the Fax

If you had asked me before this next promotion how the responses would come in I would have said "Mail first, e mail second and fax third".

As was often the case in 2004 I was completely wrong. (*Authors Note : Please refer to the chapter "Never Think You Know It All".*)

The final count of responses revealed the following :

- Faxes = 60%
- Mail = 30%
- E mail = 10%

Once again the target audience was not young but at the same time it was not terribly old. I was therefore completely taken aback when we received so many responses by fax. Members of the "All The New Stuff is Good Stuff School" would probably not have opted to allow the fax response option. I am not saying that the overall response would have been reduced by 60% if fax had not been an option. Clearly many people, if fax was not an option, would have used another channel. But response would have been reduced to some extent. The extremely large number of fax responses also tells one something about the psychographics of the target audience (i.e. people who are a little old fashioned and quite conservative – maybe even slightly techno phobic – and don't trust the post office).

Acid Test - Do you carefully attempt to match response channels to the demographics and psychographics of your target audience ? (Authors Note : No, this isn't a typo. I deliberately repeated the question.)

#3 Appreciate the Difference Between What & Why

Not so long ago a number of people, including myself, were predicting the demise of market research. Why on earth, so the argument went, would you want to ask a bunch of strangers (referred to in market research parlance as "the sample") what they might do when you have a database that will tell exactly what they are actually doing. As I recall 3 or 4 years ago Henry Bahrenblatt, the Chairman of Research Surveys, presented a paper at a South African Market Research Association conference on the challenge (or was it the threat) of the database to market research in the future. And of course he was right. Or at least he was partially right. Because as we now know not all new stuff is good and not all old stuff is bad.

There is no doubt that transactional analysis has introduced a dimension to marketing that was seriously missing a few years ago. But it has been a powerful LLI to me in 2004 that market research still has an important role to play. As I teach my students testing and transactional analysis can show you what people are actually doing

but they cannot tell you why. Here are just a few lessons from market research that we have carried out in the past year :

➤ Don't Get Off the Horse If It's Not Dead

US business guru, Gary Hammil, loves to quote a piece of wisdom from the Navaho Indians. It goes like this ... if the horse is dead get off it. But you must be certain that it is actually dead.

Our client had been running a promotion for a number of years. They suspected that it was dying on its feet. The market research revealed a lot of problems but it also highlighted a considerable amount of latent goodwill that forced them to rethink their strategy.

➤ Loyalty Programs Don't Make People Loyal (or at least not all of them)

In this instance our client had been running a loyalty program for about a year. We needed to understand more about the thinking of those people who were in the program but exhibiting either very low or zero activity. The insights gained from this research project will have a powerful influence on how the program evolves in 2005.

➤ Market Potential

We are currently working with a client who is basically taking a highly successful product from one market into a totally new one. In the initial stages the brand will not be enough to carry this new initiative. It is literally a case of having to create a need that is currently perceived not to exist.

Overseas experience has taught the client that direct marketing may well be the way to go. But before jumping in with both feet and eyes closed we have in conjunction with the client worked on a number of market research initiatives

to first determine the overall potential of this new market, likely product up take, interest by business segment etc. At this stage we cannot guarantee that this project will succeed but we do believe that the chances of success have been considerably enhanced. Direct marketers please take note – market research definitely has a role to play.

Acid Test – As a direct marketer have you, in the last 12 months, used market research to help you improve your results ?

AAHS

#1 Beware of Seduction ... You Never Know Where it Will Lead

The new stuff is very seductive. The ability to whack off a bunch of e mails and SMS's is just too much for some marketers to resist. And why not indeed with almost zero production cost, fast turn around, minimal distribution cost, the ability to track if the message is received etc – it's a relative marketing Nirvana ! Hey and look on the bright side, what other medium gives the target audience the opportunity to unsubscribe. Try phoning the SABC and telling them that you don't want to receive any more of their commercials.

I guess I have been seduced on several occasions but as gentlemen don't kiss and tell I don't propose to reveal much more than that. What I am willing to reveal is that seduction has lead me into trouble a couple times. There are already clear indications of consumer and government resistance to uses of this new digital marketing stuff. Some of the uses are plain daft, some are great and others are downright rude. *(Author's Note : Please refer to the Chapter on SMS for more on this.)*

I guess the message here is that all technology has the potential for good and the potential for misuse and/or abuse – nuclear power being a case in point (e.g. cheap clean fuel or the ability blow a few

thousand human beings off the face of the planet in the time it takes to say Hiroshima !). Consumers are very quick to react these days to unsolicited messages (via both e mail and SMS) and before you know it you could also be appearing on www.hellopeter.co.za. And heaven help you if you don't unsubscribe someone who asks to be removed from your database – quite right too !

Acid Test – Are you 100% certain that you have removed every-one from your database who sent you an UNSUBSCRIBE request ?

My Position on Spam

I just wanted to share this with you. I personally don't think it is a bad thing to send an unsolicited SMS or email message ONCE.

My right to communicate and disseminate my ideas as an individual and as a business is enshrined in the constitution. There is no law in South Africa yet that says I cannot do this. I am allowed to send as much direct mail to people as I want. I am allowed to fax people. No-one says it is an invasion of their privacy if I interrupt their TV viewing to flight a commercial.

I therefore don't see the sending of an email or SMS message as being any different. The only difference is that I must stop the moment some-one instructs me to. Why ? Because it is their right to make this request and secondly I must be some kind of idiot to carry on once they have asked me to stop.

CURRENT SCORE :

	Yes	No	Partially
<i>Points to allocate for your answer</i>	(5)	(0)	(3)
Do you always attempt to carefully match your channels of communication and response options to the demographics and psychographics of your audience ?			
Have you, as a direct marketer, used market research as a tool in the past 12 months to help you improve your results ?			
TOTAL SCORE			

PERSONAL KEY THOUGHT FOR 2005 :

In 2005 we will attempt to optimise the potential synergy that can be achieved from using the good new stuff and the proven good old stuff.

CHAPTER 8 LOYALTY *(If You Want Loyalty ... Get A Dog)*

It is impossible to write anything about marketing these days without at least a passing reference to the concept of loyalty. If you can milk a few chapters out of it so much the better.

Loyalty in business today is like teenagers and sex. They all want it but they are not sure how to go about getting it. That slightly cynical comment might lead you to infer that I think that customer loyalty is not a good thing. Certainly not ! Nothing could be further from the truth. Some-one, I can't remember who, described loyalty as being like glue. It's the glue that binds the customer to you when seemingly more attractive offerings come along. There has also been enough work done to prove the correlation between loyalty and profitability. Or at least the potential to correlate loyalty and profitability if you get it right. *(Authors Note : If you want to know more about this I suggest you read "The Loyalty Effect" by Frederick Reichheld – Published by the Harvard Business School Press.)*

We have a methodology that we sometimes apply. It also has a TLA. In this case it is ECP which stands for Employees ... Customers ... Profits. I don't propose to go into any detail here other than to say that if you do more of what makes your customers happy and less of what p***** them off loyalty and your profits are guaranteed to increase steadily over time.

It was several years ago that I made what I thought was an important distinction. When we were first approached by the client they said that they wanted us to help them develop a loyalty program. Eventually I got them to understand that what they needed was a behavioural change program. Am I splitting hairs ? I don't think so. If you start from the premise that you are going to develop and implement a loyalty program you are already beginning with a bunch of pre-conceptions. Say what you like, there tends to be an awful basic similarity across most loyalty programs. You ask people

to do something. If they do it you give them points. The points can then be converted into rewards.

I much prefer to begin by understanding as much as possible about the current behaviour that customers are exhibiting and why. This gives you a platform to work from and an appreciation of the art of the possible. Put another way this reveals the behaviour that you have got and the behaviour that you can realistically achieve (i.e. the basis for a behavioural change program). As far as I am concerned if you do not have a platform for permanent behavioural change you are merely running an extended promotion.

The fact is that not all companies need to develop loyalty programs – which, by the way, are normally linked in most people's minds with CRM programs (i.e. Customer Relationship Management). Once again a few years ago I came across what I thought was a very interesting, and little understood, concept. It is for many businesses a viable alternative to CRM. The concept was called EEM which stands for Enhanced Encounter Marketing. The article I read cited the example of McDonalds. The chances of your having a relationship with McDonalds are quite slight. Their business model does not have sufficient margin to support a loyalty program. The person who serves you behind the counter is hardly ever the same due to high staff turnover. But what McDonalds does focus on is providing excellent service, consistent food and toys that your kids will nag you to death for. For McDonalds it is essential that every experience is excellent ... and it generally is.

There are some absolute givens if you want to implement a classic loyalty program along the lines that we referred to above:

- You must have data
- It must be good data (i.e. both contact data and transactional data)
- The data must be capable of being analysed

- Based on the analysis customers must be segmentable
- You must be able to differentiate your product or service offering
- The margins in the business must be adequate to support a program. These costs are :
 - Operating\admin costs
 - Marketing costs for acquisition & retention
 - The cost of the rewards
- The business model must be able to support an extended relationship with the potential for reasonably frequent interaction.
- The competitive environment needs to be relatively undifferentiated

Based on the above it's not hard to see why McDonalds could never sustain a classic loyalty program. It strikes out on every one of the above criteria. Does that mean that McDonalds does not have customer loyalty ? I would go so far as to say, based on nothing other than my gut feel, that McDonalds has extremely high customer loyalty. You see customer loyalty and loyalty programs often have very little to do with each other.

Paul Wang, Professor of Marketing at North West University in the USA, suggests that there are in fact 16 different kinds of loyalty. Amongst these he includes loyalty driven by brand, location, convenience, price, product range, service and so on. To this we could add another. A number of companies in the UK are literally buying loyalty with very strong front end offers in return for a commitment from the customer for a given period of time. Is that loyalty in the way I described it at the beginning of this chapter ? Probably not ... but at least you are achieving a major objective, which is to get the customer to stick around long enough for you to recoup your acquisition costs and make a decent profit.

There is a wonderful example in Chapter 11 on SMS which demonstrates that simple interactions can be more powerful than rewards and prizes. (Refer to the message I recently received from Stanbic.) In the same chapter we make reference to Tesco. Tesco discovered in their highly successful loyalty program that the soft rewards are often more effective than the hard rewards. Lexus in the USA has an incredibly successful program that results in a 62% re-purchase level. Dave Illingworth, who used to be the GM of Lexus said "We are more interested in what people pay than what people say". They achieved this remarkably high re-purchase figure by understanding, managing and beneficiating every single touch point throughout the life of the customer.

This was a little longer than the normal introduction to a chapter. I just think there is so much confusion around this subject and I wanted to share my personal take on this before we get to the OOHS and the AAHS.

OOHS

#1 Getting a Program Right Takes Time

My company, 5th Dimension, is involved with a number of what we can loosely term 'loyalty programs'. In some cases we are intimately involved with all aspects of the program from strategy through to implementation and fulfilment. In other cases we are only involved in providing back end support.

Since the beginning of 2004 we have been involved with a program that was launched at that time. The better part of 2003 was spent on development. Once launched it was constantly reviewed. A number of changes are already planned for 2005. The fact is that no matter how hard you try you will never get it perfectly right first time so *don't expect to*. We are truly blessed to have a client that fully understands that and who is in fact delighted with the success of the program to date. If you are in the business of running loyalty programs it's worthwhile to make sure that every-one's expectations

are aligned from the outset. There will always be elements of the program that need to be adjusted, refined or changed.

Acid Test - Is your loyalty program failing to deliver or to live up to your expectations because you didn't spend enough time at the planning stages ?

#2 Start Slowly

The only criticism we all have of the above program – and that includes both client and ourselves - is that perhaps we tried to do too much too soon. If you are not going to get it all right the first time around you can at least ring fence the potential for problems by reducing the overall scope in the early stages. (*Authors Note : A good rule of thumb for all direct marketing activities is TEST & LEARN.*)

Acid Test – Is your loyalty program failing to deliver or to live up to your expectations because you tried to do too much too soon ?

#3 Have the Systems in Place

Running any kind of loyalty\reward program is complicated. You must have all the processes and systems in place to ensure that you meet the customers' expectations from the program. If you think that is a pretty obvious point to make I know of one company that chose not to purchase some software that we offered them, preferring to go down the spreadsheet route to run their program. I'm not holding my breath but I am waiting for the day they come back to talk to us.

Acid Test – Are you sure that you have all the systems and processes buttoned down to make your program run like clockwork ?

#4 Soft Rewards are More Effective than Hard Rewards

In chapter 11 we make reference to the Tesco loyalty program. Tesco discovered that soft rewards are more effective in creating behavioural and attitudinal change than hard rewards. Hard rewards are the currency of the program, the points that members of the program earn. It is the knowledge of customer behaviour that enables you to shape the changes that you want to engineer. Soft rewards can take many forms e.g.

- Special offers
- Invitations to events
- Recognition

We discovered from our own research into the program we referred to above that this program was no different.

We are not saying that members of programs do not appreciate the rewards that are on offer. There is in fact a point in time, that varies from person to person and program to program, when a “kicker” moment arrives (i.e. when the member really locks into the program because s\he starts to aspire to a particular reward and can see that it is achievable.) But the hard rewards should be the sprat to catch a mackerel. (For the non fishermen amongst you readers out there that is the bait that you put on the hook ... a small fish to catch a larger one.) It is through the rewards system that members commit themselves to revealing their behaviour to you and that is what you want to understand. It is this information that helps you to shape many of the softer, more effective rewards.

Acid Test – Have you got the balance right in your program between hard and soft rewards ?

#5 Loyalty Programs Don't Make Every-one Loyal

Not every-one who joins your program will be loyal. Not every-one who joins the program will even be active. This is a fact so accept it and move on. On the other hand there will be some people who enter into the spirit of the program like a rat up a drain. These people will broadly fall into two groups :

- Those who are active in the program because they already like or are influenced by the program to like your product and service
- The people who like the program. These people in essence are loyal to the program rather than the brand

In behavioural terms their behaviour may look similar so you may say that I am nit picking but there is a significant difference in attitude between the two. The first group are exhibiting loyalty to your product or service whilst the second group are exhibiting loyalty to the program. This is in fact a very important distinction when you are attempting, through your program, to create genuine, lasting customer loyalty.

There is an obvious temptation to think that those people who are less active or totally inactive exhibit this behaviour because they generally transact at lower levels (i.e. they just spend less money). This may well be untrue. Our research into just such a group of people showed the exact reverse. They are in fact more active in the category as a group than the people who are active in the program. They are not active in our client's program because they already have a strong commitment to another brand. Should you therefore laugh them off ? No way Jose (as all the marketing experts say in Mexico). But you do need to lever them off their current product onto your product before the loyalty program per se will kick in.

Acid Test – Do you understand the real reasons why some people are not active in your program and do you have a strategy to do something about it ?

#6 – Loyalty Results from Satisfaction

Earlier on we talked about doing more of what makes customers happy and less of what p***** them off. That is so obvious but how few companies use this as a fundamental platform for strategic planning. (This is the basis for our ECP model.)

Loyalty programs per se do not create loyalty. Satisfaction creates loyalty. The logic is inescapable. Increase satisfaction and you will increase loyalty. Understanding the satisfaction drivers is key to this process and they are often not what companies think they are.

Acid Test – Do you understand the linkages between customer satisfaction and loyalty in your business environment ?

#7 Ask the Members What They Think

Here's a novel idea ... ask the participants in the program what they think of it from time to time. I am a member of numerous loyalty programs for either personal or professional reasons. The professional reason is to observe the programs to see what I can learn. I am thinking hard but I cannot recall a single instance where I have ever been interrogated to see if I am happy with their program, have any suggestions for improvement etc etc.

Here are just a few questions that you might want to consider asking the participants in the program :

- Do they like it ?
- Do they enjoy belonging to it ?
- Does the program meet their expectations ?
- Do they understand how it works – when it comes to earning and burning points ?

- Do they like the rewards that you are offering them ?
- Do they think the rewards are achievable ?
- Do they have other suggestions for improving the program ?

Acid Test – Ask yourself this question. Do you know what the members of your program really think about it ?

AAHS

#1 A Gift Program is Not a Loyalty Program

One of the programs for which we run the back end is what I would describe as a gift program i.e. customers are given gifts on a fairly regular basis. For example they are given a gift shortly after purchasing the product ... another gift arrives on the anniversary of the first purchase ... gifts are sent at Christmas time. The gifts are generally expensive and the overall program is quite lavish. I am pretty sure, based on the quality and the value of the gifts, that they are welcomed by the recipients. Are they appreciated in any kind of meaningful way ? Do they have any impact on loyalty and repurchase behaviour ? I very much doubt it.

Acid Test –Is your program really developing customer loyalty ?

#2 If You Can't Measure It You Can't Manage It

I have two favourite Fredericks when it comes to thought leadership in business. The first is Frederick Reichheld. The second is Frederick Taylor who was responsible for the development of what used to be called 'time and motion studies' at the beginning of the 20th Century. That Frederick is famous for saying "if you can't measure it you can't manage it". (*Authors Note : Had he lived long enough I am certain that he would have loved Direct Marketing.*) If you can't track and measure what is going on you will never know whether the program

is working. One of the other programs, with which we are also only involved at the fulfilment end, has just been cancelled for that very reason. In spite of spending many millions of rands on the program over the last few years the client has absolutely no idea whether or not it has succeeded in influencing long term behaviour when it comes to repurchase. Remember what Dave Illingworth of Lexus said. "We are more interested in what people pay than what they say."

Acid Test – Are you able to measure and quantify the impact of your program on customer loyalty ?

CURRENT SCORE :

Loyalty is one of the most talked about, most written about subjects in marketing today. If we are honest it is the area where most businesses are failing. If you don't believe me ask yourself how many case studies you can think of where South African companies are succeeding. Or here's another test. Ask yourself how you feel about programs that you might personally belong to. Here are a few questions to set your score card.

	Yes	No	Partially
<i>Points to allocate for your answer</i>	(5)	(0)	(3)
Do you have customer loyalty as a key priority ?			
Do you have a working loyalty program ?			
Does your loyalty program operate on a broader basis than a simple rewards for points basis ?			
Do you really understand why the active members of the program are active ?			
Do you really understand why the inactive members of the program are inactive ?			
Do you have a plan to get the worthwhile inactive members active ?			
Do you have positive plans to modify your program for the better in the next 12 months ?			
Have you asked the members of your program what they really think of it in the past 12 months ?			
TOTAL SCORE			

PERSONAL KEY THOUGHT FOR 2005 :

During 2005 I will make it a key focus to help our clients to understand the concept of loyalty in the broader context.

CHAPTER 9

NEVER THINK YOU KNOW IT ALL

(So Stop Being a Smart Arse)

One of my key LLI's from 2004 was the realisation of how little I actually know.

As an appie marketer in the 80's I was taught that if you did A there was a high probability that you would achieve B. I have known for quite some time that this is no longer the case. (I didn't want to admit to it until I had to as omniscience is a useful personal attribute for a marketing guru.) Today I am often asked by clients and students what I think the outcome of a particular plan or strategy will be. Based on current or previous experience I am often right. But I have to admit that I am also often wrong.

There are probably four main reasons why this is the case :

➤ The World is Changing

Global warming, the global village, 9\11, tsunamis - the list goes on and on. Think back to 1974, South African consumers didn't even have television. Today they have SABC 1, SABC 2, SABC 3, M Net, DSTV (with +- 50 channels) and e tv. As an ex pat if you live in Mexico you can still listen to Radio Highveld via the Internet (although I can't possibly understand why any-one would want to).

About the same time South Africans had a choice of only 11 radio stations – all provided by SABC. Today in South Africa there are over 100 radio stations on offer.

I'm not sure how many motor cars consumers could choose from in the 70's. Apparently there are now over 340 motor car models on the market.

I could go on and on to reinforce this point but hopefully I don't need to.

➤ People Are Changing

All these changes that marketers normally analyse under the mnemonic of PEST (Politics, Economics, Sociology & Technology) have significantly altered and will continue to alter the way people think and behave at a rapidly escalating rate.

➤ Technology is Changing

We are only just starting to grasp the nettle of technological change. If you can vote for Heinz Winckler on Idols how long will it be before you use your cell phone to vote for the politician of your choice in a national election? The Americans just piloted this in the 2004 Presidential Election and looked what happened to them. *(Authors Note : I personally would never want to vote for good old Heinz but even he is preferable to Jacob Zuma. That of course is a matter of personal preference. Authors Note About Authors Note: My editor advised me to stay away from politics but what the heck.)*

➤ Marketing is Changing

All of the above impacts on what marketers can and cannot do in the future. Here's a killer fact I heard today. Twenty years ago, to reach a fairly wide audience, you had to flight +- 5 TV commercials. Today that figure is 96 !

So even if you were a know-it-all in the past now is a good time to admit that you don't have all the answers. Recruiters take note... anyone hiring marketing people today might want to add natural curiosity and humility to the desired attributes.

OOHS

#1 Never Think You Know It All

I can cite numerous examples from 2004 where I got it wrong but I'll give you just a couple – from the same project.

After some serious analysis we ran a series of pilot campaigns for one of our retail clients using the telephone as the channel of communication. In the first test we had two key hypotheses :

- Hypothesis 1
Customers would be most receptive to the most attractive offer

We tested several different offers – going from weak to strong. Logic and historical experience suggest that the strongest offer should be the most successful. In this particular test we got absolutely identical responses from all three offers. *(Authors Note : This was an extremely well constructed test with all the possible test variables being matched. Carefully matched control groups were also put in place.)* So much for logic and historical experience.

- Hypothesis 2
The most recent non responders would be the most responsive to a reactivation offer

As part of the test design we also created matched samples using time as a variable. Once again logic and historical experience suggest that the most recent non responders would have been most receptive to the new offer. In fact we found the exact opposite to be the case.

As with most things in life post rationalisation (aka 20\20 hind sight) is a wonderful thing (i.e. once you have the answer it is easy to explain why a particular behaviour occurred). Economists are particularly good at this !

The ultimate learning from the above, which we proved empirically, was that the phone call itself was the most important thing. The first pilot created a lift of close to 50% (i.e. contact group compared with the control group). The second pilot, with greater attention to the call content, created a lift of close to 150% !

You clearly need to keep an open mind these days and, as you can see, the pay back can be significant.

Acid Test – Have you had at least one Ah Ha moment in the last 6 months ? (An Ah Ha Moment is a moment of realisation that you had something completely, as Pieter Dirk Uys puts it, Farce about Uys)

AAHS

#1 Never Think You Know It All

There is an old saying in customer service ... Rule 1 - the customer is always right. Rule 2 – if in doubt go back to Rule 1. If there is any question about LLI #1 under the AAHS go back to LLI #1 under the OOHS.

Acid Test – Please refer to Acid Test above.

CURRENT SCORE :

Are you man enough ... or woman enough ... to admit that you don't have all the answers. In the past it was essential to hire people who had all the right answers. Today it's more important to hire people who have all the right questions.

LLI's from 2004
A Guide to Saner Direct Marketing in 2005

	Yes	No	Partially
<i>Points to allocate for your answer</i>	(5)	(0)	(3)
Have you had an Ah Ha Moment in the last 6 months ?			
Do you do sufficient analysis to ensure a regular occurrence of Ah Ha Moments in the future ?			
Does your work environment encourage natural curiosity ?			
Does your work environment encourage people to challenge the "given wisdom" ?			
Does your work environment encourage and recognise innovative thinking ?			
TOTAL SCORE			

PERSONAL KEY THOUGHT FOR 2005 :

I will try very hard in 2005 not to be a smart arse.

CHAPTER 10

PLANNING

(Beware of Herding Cats)

The Personal Key Thought at the end of the last chapter was “I will try very hard in 2005 not to be a smart arse”.

It has occurred to me that with all the positive LLI's so far in the book you may be getting the impression that I think I am pretty damn smart. Nothing could be further from the truth. In fact one of the nice things about growing old is that you finally realise how little you do actually know without your self esteem being diminished.

At 5th Dimension in 2004 we did some very good work but we also made mistakes and had our failures. One in particular resulted in a very unhappy client and hundreds of unbilled hours from our side. In fact there is nothing like a project that goes pear shaped to teach you a little humility – no matter who you are.

Almost without exception projects that go wrong fail for one major reason – lack of adequate planning. This chapter is unique in that it does not have any OOHS. It has one, and only one, AAH.

AAHS

#1 Don't Make the Mistake of Failing to Plan Properly

This may be so obvious you may even be wondering why I am bothering to include it. Well just for the record, with the project that I referred to above there were three companies involved (i.e. ourselves, the advertising agency for whom we were working and their client). On a regular basis over several months there were 7 senior people involved. Between them they had well over a 100 years experience in direct marketing. If you ask me why I am bothering to include this section there is your answer.

With all that experience we still had problems which would not have occurred if only we had planned better, had a more clearly defined sense of roles and responsibilities, a proper understanding of what was in scope and out of scope. I guess the key word to use here is alignment (i.e. to make sure that all singers are using the same song sheet throughout the entire song.)

➤ Make Sure You Know Who Is in Charge

With this particular project everyone assumed that someone else was in charge. The client assumed that the agency was in charge. The agency passed leadership to us by default but not de facto. At another point in time, when things started to go wrong, the client re-assumed the leadership role without the other two parties actually agreeing to it. The fact is you cannot have three captains in any team – although one occasionally, in the case of the Proteas, can be forgiven for thinking that this might not be such a bad idea. (*Authors Note : That comment was made before the first ODI against England at the Wanderers.*) Some-one has to call the shots and the rest of the team has to be aware that leadership approval is required for any changes.

➤ Define Roles & Responsibilities

Once again in this project, quite early on even before things started to go pear shaped, the client decided that it would like to do things its own way – regardless of what had been agreed in the initial planning stages. The systems and the software that we had developed were not equipped to handle this. That of course was no problem. The client, who was far more comfortable working with spreadsheets than a database, simply reverted to producing lots of spreadsheets without any thought for the downstream implications.

You need to be very clear on who is supposed to do what and how. It's fine if you want to make changes. Just make sure that every-one involved knows what they are and agrees to them, having considered all the possible implications.

➤ Document Changes

In most organisations and with most campaigns the initial plan is normally quite well documented. Where the wheels do come off is at the point when changes start to occur. Documenting changes, with proper version control, is a ball breaker and hey it's much quicker just to do everything on the fly. Trust me, as sure as eggs are eggs, it's always the projects that are not properly documented that come back and bite you on the ****.

➤ Define What's In Scope and What's Not

As you know I started writing this book while I was on holiday. I suppose that is why the analogy of the Life Guards sprang to mind.

Life Guards delineate an approved area in which people can swim in the sea by erecting two flags on the beach. The area inside the flags is OK. The area outside the flags is not OK. The minute too many people stray outside the delineated area the Life Guard on duty normally blows his whistle to get every-one back to where they are supposed to be. Sometimes if the sea gets too rough the Life Guard will actually call every-one back on to the beach. Inside the flags is in scope. Outside the flags is out of scope. (*Authors Note : Pretty neat analogy hey !*)

With the campaign I am mentally reviewing we were almost immediately out of scope. Initially we did so because like all good companies with a strong service ethic we were trying to help the client. On reflection it was the worst thing we could have done. Because we had created a precedent and the

further out of scope we got the harder we tried to make it right – eventually to every-one's detriment. What we should have done was blown the whistle and said "Every-one out of the water !"

The project I have just reviewed is probably the only one in almost 5 years that we have experienced problems like this with the resultant unhappiness all round. But to my mind that is not good enough. We do, and will continue to, strive to keep a 100% strike rate when it comes to meeting our clients' expectations and needs. That to me is good enough reason to list this under our LLI's from 2004 – to ensure that something similar hopefully doesn't occur again.

Acid Test – Have you had a project go seriously – or even mildly – pear shaped in the last 12 months ?

CURRENT SCORE :

Here is a quick check to see how you are doing around the critically important aspect of planning.

	Yes	No	Partially
<i>Points to allocate for your answer</i>	(5)	(0)	(3)
Do you create properly documented Project Plans for all your direct marketing campaigns ?			
Are all the people, who will be involved in the campaigns, involved in the planning process ?			
Do you insist on getting the buy in of all the people involved in your various campaigns at the planning stage ?			
Do you have an effective change management process to document all changes to Project Plans ?			
TOTAL SCORE			

PERSONAL KEY THOUGHT FOR 2005 :

**If things do go wrong don't be afraid to blow the whistle
and say "Every-one out of the water !"**

CHAPTER 11

SMS

(Please Don't Kill the Goose)

If you took the time and trouble over the Christmas and New Year period to look around you would have seen at least 50% of the people with their fingers feverishly flying, sending off SMS's to all and sundry. Even my dear wife, who is a technophobe of note, fell prey to this insidious disease.

Earlier on in Chapter 7 we referred to a variety of SMS uses. We said that some of them were downright daft, some were great and others were plain rude. Here are just a few examples of each :

➤ Downright Daft Uses

This example of daft usage came from my wife's Uncle Francis who, just before Christmas, took his cell phone in for repair. Having heard nothing for a few days he went back to enquire if it was ready. He was informed that his phone had been ready for some time. He was also quite pointedly advised that they had in fact sent him an SMS to tell him that it was ready for collection. By way of proof they took the phone off the shelf to show him the SMS. How daft can you get. This was a cell phone manufacturer beginning with N.

SMS's of course are much cheaper than Christmas cards. I received lots this year. Unfortunately I have no idea who 3 of them were from as the senders forget to include their names. Downright Daft !

➤ Great Uses

Just before I left for my holiday I received an SMS from Absa wishing me a safe journey, if I was travelling over the Festive Season, and a number to call if I saw a house I liked whilst I

was away and needed bond finance. (I have still got that SMS in my phone.) Smart !

The second example has just occurred. On arriving home from holiday we discovered that part of our home had been flooded while we were away. The claim was lodged with our insurer and within seconds I received the following SMS :

*I, Marlene, am your Stanbic claims consultant.
Your claim number is SAH05/00729. Direct any claims
or queries to me on 011 858 6038*

I had already been given those details on the phone but I appreciated the follow up. It made me feel like they were really eager to process my claim – unlike most insurance companies who generally only want to insure your swimming pool against fire. Did they need to send me that SMS ? I don't think so. What is a good thing to do ? Yes, because it probably enhanced my relationship with Stanbic in a simple, relevant, cost effective manner.

➤ Rude Uses

My ex optometrist must have sent me 10 or 15 SMS's in the last year with a variety of messages about special offers and sale events. Towards the end of the year they were coming thick and fast ... pretty much one every few days. I am not sure what the magic number is and when you should stop but there comes a point, if you are failing to get a response, that you are probably starting to really PO the recipient.

The best – or is it worst – example of rude was the person who was jilted at the altar by SMS. I am not sure which exhibited the worst bad manners. The person who sent the message or the one who had the cell phone still switched on in the church.

OOHS

#1 You can send as many SMS's as the Recipient Wants

A question that I am frequently asked normally goes like this. "Just how many SMS's is it OK to send?"

My standard reply goes like this. "You can send as many as you like – or to be more accurate – you can send as many as the customer likes." As many as the customer likes is the only proviso. We worked with one client in 2004 where we often sent up to 3 SMS's a day and the results were outstanding. We were able to get the group of people who received the SMS's (about 5% of the total customer base) to account for almost 40% of the turnover. Over a period of time we were able to more than double the total turnover.

The results really resulted from the following :

➤ The Messages Were Relevant

The messages were relevant to the recipients. We know this because we analysed their behaviour before we sent them.

➤ The Messages Were Timely

The SMS's in this particular ongoing campaign were sent at a time that was good for the recipients (i.e. they were given sufficient time to react to the content)

Acid Test – Do you carefully analyse the behaviour of the target audience before you send out SMS messages ?

#2 Give an Unsubscribe Option

SMS is little different to e mail as a channel in that you should also provide people with an UNSUBSCRIBE option. If you are concerned about the limitations inherent in 160 characters send an e mail before you start the campaign providing people with the opportunity to simply reply as an unsubscribe mechanism. Will a lot of people unsubscribe ? The answer is quite possibly yes. But this is a lot better than p****ing a whole lot of them off !

You might also quite profitably take a look at the SMS Code on the Marketing Federation of Southern Africa web site. (www.mfsa.org.za) This is only a code, not legislation, but it does provide some useful guidelines. (*Authors Note : While you are doing that don't bother to look at the MFSA Code on Spam. It's completely OTT and has been seriously challenged by legal opinion.*)

Acid Test – Do you as a matter of course create an unsubscribe option within your SMS campaigns ?

#3 Explain the Required Response

SMS's are being used more and more often ... to gather information, as a competition entry device and so on. What this means is that you want to be able to write the responses directly into a database. So far so good. The problems start to arise when respondents don't behave in the way that you want them to. Let me give you a couple of examples from a competition back end that we ran at the beginning of the year.

The respondents were supposed to simply SMS the serial number of a product that they had purchased in order to enter the competition. Sounds simple enough, except of course that some people confused the serial number with the model number. Others got the serial number almost right but missed a digit. This would not have been important had we not written algorithms to reject any numbers shorter or longer than 10 digits. There are also those people who simply want to be friendly. They think it is impolite to just send a

number. So they send an SMS that says something along the lines of "Hello my name is Mary and my serial number is xxxxxxxxxxxx." Of course we hadn't written the back end to handle all these problems. We did fix them as we went along but it would have been so much easier if our client had only provided an exact sample of how we needed the SMS's to be formatted.

Acid Test – Do you receive responses to SMS campaigns that are not in the desired format ? If you do, you are not explaining your requirements clearly enough.

#4 Pursue Other Options Like AMS

Digital technology is opening up all sorts of possibilities. One that we developed last year, but did not sell hard enough to our clients, was AMS (i.e. Audio Message Service).

AMS allows you to record a message. The recording process is extremely simple these days. You can literally stick a microphone into your laptop and start talking. You can of course go into a studio if you want to include effects. My sense is that AMS is most effective using very simple personalised messages. Once recorded the message can be delivered into hundred or even thousands of cell phone mail boxes. For the recipient it is like any other message that they receive in their cell phone mail box.

We used it in a variety of applications in 2004. One of the most successful was to reinforce entries to a competition that one of our clients ran. At certain points entrants received ordinary SMS messages acknowledging their specific entries (e.g. Thank You for Entry #1, Thank You for Entry #5) but the real kicker was the AMS using a well known TV personality to personally thank them for their entries.

We shall be using AMS as part of a multi media contact program for one of our other clients in 2005. This program is based on triggers and channels. If we can't reach the person on the phone an AMS will automatically be triggered.

Acid Test – Have you considered all the possible digital communication options for your business ?

AAHS

#1 – Don't Send as Many SMS's as YOU Want

SMS is a fantastic business tool that we have not even started to exploit to its full potential. The real danger right now is that we shall use it so often in so many inappropriate ways that the goose will be dead long before it has started to lay its golden eggs.

There's an old joke about why dogs lick their balls. The answer is because they can. Just because you can is not always a good reason to do something. My sense is that we need to apply a great deal of circumspection around the use of SMS and other similar channels. It's so tempting to use them because we can BUT please be careful.

My partner happened to mention to me today that he keeps (and I mean keeps) receiving SMS's from a leading auto insurance company that, having pioneered many direct marketing techniques in the industry, ought to know better. He is not a client of theirs but they keep sending him silly messages and jokes. This is like teaching pigs to sing. It's waste of energy and it irritates the pig !

A few years ago I was privileged to work with Dunne Humby, the agency in the UK that has been responsible for much of the success of Tesco in the CRM field. (*Authors Note : Tesco is almost certainly the most successful loyalty initiative by any retailer anywhere in the world.*) There were many reasons for the success of this program but one of the lesser known ones was the fact that everything they did was measured against the acid test below.

Acid Test – Always ask yourself before you do anything, is this good for the customer ?

CURRENT SCORE :

How are you doing with SMS as a channel. Are you using it well or doing your best to kill the goose. Here are couple of questions to help you assess your answer.

	Yes	No	Partially
<i>Points to allocate for your answer</i>	(5)	(0)	(3)
Have you carefully considered the role of SMS in your general communication and/or promotional mix ?			
Is this part of a considered Touch Point strategy ? (i.e. the use of relevant channels at key points in the customer contact process)			
Do you carefully analyse customer demographics and behaviour before deciding who to send SMS's to ?			
Do you provide an unsubscribe option with the SMS's that you send out ?			
Do you ask the question "Is this good for the customer ?" as often as you should ?			
TOTAL SCORE			

PERSONAL KEY THOUGHT FOR 2005 :

I will strive to apply the Dunne Humby acid test to everything we do in 2005 (i.e. to ask the question "Is this good for the customer ?")

CHAPTER 12 SUMMING UP

Well here we are at the end of a very rapid journey. As I mentioned in the opening chapter the idea for this book was born on December 28th 2004 and today is January 14th 2005. (For any-one suffering from OCD the exact time is 16h43). That is precisely 18 days and 2 hours later. This may not go down as one of the greatest books of all time but it certainly must be in the running for one of the fastest. The objective was always to get the book out quickly even if it meant sacrificing something in terms of quality, purely because of its nature. The intention is to produce much of next year's version as we progress through the year. With this year's offering we hope you will be a little forgiving.

In addition to being one of the fastest books to be produced this year it must also qualify as the finest book on direct marketing published so far this year in South Africa. It's not hard to work out the reasons for that.

I guess any author writes for two reasons. One is for his and her own personal satisfaction. The other is in the hope that the readers will enjoy the writer's efforts. Needless to say I hope that (a) you have enjoyed this short book and perhaps more importantly (b) you will derive some real benefits from the LLI's that I have shared. Even if there are only one or two OOHS and AAHS that you can apply in your own environment it will have been time well spent.

I derive a great deal of pleasure in my training work when students come back to me and say "You know what, I tried that thing you told me and it worked". I would therefore be delighted to receive feedback from any-one who has had that kind of experience as a result of reading the book.

I am also more than happy to hear from any-one who has any questions arising from what they have read.

Finally I would love to include other people's LLI's in the next issue (i.e. "LLI's from 2005" that will be published early in 2006). I promise not to steal your ideas and to give full recognition to those who contribute.

For all of the above please contact me at keith@5thdimension.co.za

So here's looking at your kid. See you again in 2006 !

IF YOU WANT TO CONTRIBUTE

We said at the outset that this book was absolutely free and it certainly is. We also said that if you felt it was of any value you should feel free to send us whatever amount you feel is appropriate – along with a commitment from us to donate 50% of that amount to the SA Guide Dog Association. We know that whatever you send and whatever we donate on your behalf will be very much appreciated and well used by the Association.

If you feel the book was a load of crap and would still like to make a donation to SAGA please use the same mechanism below to donate money but drop me an email (keith@5thdimension.co.za) requesting that we take your full payment and transfer it to SAGA. I promise not to take it too personally.

Payments should be transferred into the following account :

5th Dimension
Absa Bank
Account Number : 4052340882
Branch Code : 505-705

We do request that you clearly indicate your name and or your company name on the transfer so that we can keep track of the millions of rands that we are anticipating. *(Authors Note : I promise that is the last bad joke I will make !)*

ABOUT THE AUTHOR

Keith, in addition to being a frustrated author, is acknowledged as one of the doyen of direct marketing in South Africa.

He has been involved in direct marketing since the early eighties – at that stage as one of the founding partners in South Africa's first specialist direct marketing agency (The AdCo).

Over the year Keith considers himself fortunate to have been involved in almost all aspects of direct marketing. This includes creative, client service, lists and data, database development and analysis. His company 5th Dimension, which he founded in March 2000, boasts a blue chip client base and prides itself on producing cutting edge results for its clients. (You can find out more about 5th Dimension by visiting www.5thdimension.co.za)

Keith is also known to many through his training work which he undertakes as part of his commitment to the growth and development of direct marketing in this country. His training work has taken him as far a field as Nigeria and will shortly be taking him to Bahrain.

Keith is not quite as young as he was but he still plays kick ass squash. He lives in Johannesburg with his wife Lou-Anne, three boys, 2 cats and a Pekinese called Pookey.

*For those of you who still feel
unsatisfied after the main course
here is a desert ...*

*Here are a number of articles
that I wrote during the
course of 2004*

“To brand or not to brand – that is the question”

It's not so long ago that companies were obsessed with corporate identity. CI manuals, which in some cases went so far as to specify the width of the margin on the right hand side of the page of an internal memo, were lovingly crafted and expensively billed for by their creators. Not for a single moment did these custodians of the corporate identity imagine a world in which 85% of business communication would be carried out using e mail with zero control over what is said and how it looks. The fact is that most business communication today looks like a dog's breakfast.

Billions of emails are circulating the world every day. Research has shown that many thousands of emails leave large corporations every day. Even small companies send out hundreds ... messages to customers, prospects, suppliers, friends and even competitors in some instances.

No company in its right mind would place an advert without inserting its logo. The marketing manager who commissioned a pack that didn't encompass the basics of the company's CI would quite rightly not last long in the job. Even the good old company letterhead still holds sway when it comes to basic communication in the real versus the virtual world.

So why, one has to ask, has branding been so blatantly ignored when it comes to email – the most used of all business communication tools today.

There are a number of answers to that question. The first one can be described under the heading of 'habituation'. By that I mean it was not really practical, for a very long time, to brand email and so we habituated to it. And then it simply became the norm ... to carry on with the same old bland, boring email that we are all used to.

The advent of HTML of course changed the art of the possible resulting in various half-hearted attempts to address this issue. Most of them focussed around encouraging employees to deploy desktop based solutions. Needless to say the employees often found the instructions difficult to follow without any real appreciation of WIFM (i.e. what's in it for me ?). The products themselves were also limited - offering little more than stationery add-ins. Whilst these may have been practical in small company environments they were certainly not suitable for the larger corporations.

What was required was a practical server based solution which is exactly what ebe™ is. But that still takes us back to the question at the start of this white paper – to brand or not to brand ?

On the positive side one should ask the question why on earth would you not want all communication leaving your organisation to look like it belongs to you. Branding is a vital business issue that simply cannot be ignored.

Most negative responses probably arise simply because we are not used to properly branded email. As with anything new the sceptics throw up the normal counters of what will people say, they'll think it's intrusive etc. With any new invention there are always more nay-sayers than adopters. If you don't believe me just check with the inventor of the motor car and the walkman.

Let's conclude with a couple of thoughts. Thousands upon thousands of e mails are leaving your organisation every year. The opportunity to brand these should be just too seductive and too important to ignore. Gertrude Stein said "a rose is a rose is a rose". I have no idea what that means but I am convinced that an email from your company should look like an email from your company and I can't think of one seriously good reason why it should not !

* ebe is a software product developed by 5th Dimension. It stands for email branding engine

“What Jerry Garcia knew about branding and a whole lot more”

In a world where every-one has access to the same information, via the internet, new products will become a dime a dozen. Ten people may well invent the same product at half past nine on Thursday with the result that patents in the future will become a thing of the past.

Obsessive focus on best practice is causing all of us to do the same and consequently look the same.

The push to global brands, with their need to cross borders, is leading to more and more bland ... not brands. We are simply sanitising the hell out of them. Little wonder that many of the really successful brands around today are a manifestation of their founders. By way of example I cite Microsoft and Bill Gates along with Richard Branson and Virgin. Could anyone imagine either of these brands without their charismatic founders and still active proselytisers. To all intents and purposes they are the brand and they are the exceptions.

All of this is happening at a time when there is increasing competition for the customer's attention ... with messages on television, messages on radio, messages on hot air balloons, messages on lampposts. If messages on the back of toilet doors weren't enough we even started putting them on the urinals. Not to mention the all-intrusive SMS's that are becoming a daily, if not hourly, occurrence. The irony of this seems to have escaped most people. We are becoming more and more inventive in the ways that we are using to get through the media clutter whilst at the same time adding to the very clutter that we are trying to penetrate. Talk about vicious circles.

Here's a quote from Wally Olins in *'Corporate Identity'* "Products from the major competing companies around the world will become increasingly similar. This means that the company's personality, its identity will become the most important factor in making a choice

between one company or product and another." For 'personality and identity' read brand.

Contrary to what many of us believed a few years ago, when we blindly followed the CRM gurus, branding will become more important in the future ... not less.

I love this quote from Jerry Garcia of the Grateful Dead. "You don't merely want to be considered the best at what you do. You want to be known as the only one who does what you do." Heck ... maybe there's more to the herb superb than a lot of us were prepared to admit. Old Jerry certainly knew a thing or two about positioning, singularity and branding.

I always said if you wanted to sell out the Super Bowl at Sun City much better to book The Rolling Stones than Fred Smith and His Amazing Performing Seals. You see that's the power of the brand.

“If You Can Fake Sincerity You’ve Got It Made”

I always loved Oscar Wild’s repost to Whistler, the artist. When Oscar said something particularly witty in Whistler’s company he remarked “I wish I’d said that Oscar”. Quick as a flash Oscar replied “Don’t worry Whistler you will”.

I equally always wished that I could have made the statement that is the title of this paper. In fact it was movie mogul Sam Goldwyn. He was also famous for his other great one-liner “A verbal contract isn’t worth paper it’s written on”. However, I digress.

So getting back to the fake sincerity bit ... contrary to what I wrote in my article – *What Jerry Garcia knew about branding and a whole lot more* – I don’t want to dismiss the importance of CRM (i.e. customer relationship management). Although it’s interesting to note that a lot of financial institutions have given up kidding themselves and are now openly embracing CVM (i.e. customer value management). I must be honest, to me that sounds like trying to get to home base without buying the lady supper first. But yet again I digress.

So getting back to customer relationship management it’s my firm conviction that this may be just as, if not more, important than branding. Why ? Because it’s another way in which you can distinguish yourself from your competitors. The right message in the right place at the right time can work wonders.

If this is the case why, one might ask, are so many customer intimacy initiatives failing. There are a host of reasons but one of them might just be that we are trying too damn hard to give the customer that old relationship feeling – you remember from the time when you weren’t a horse with no name.

Here’s a staggering thought. The customer knows all about savvy marketing. S\he knows you’ve got buckets full of technology and customer data coming out of the ying yang. So what’s the staggering

thought ? The fact is s\he doesn't care ! If you can fake sincerity you've got it made and the customer really doesn't mind. A stroke is still a stroke ... particularly when most of your competitors are not giving stokes.

The reason I take exception to terms like CRM and CVM (apart from the fact that they are TLA's) is the implication that we are in charge. It epitomises the belief that marketing and all the other techno mumbo jumbo is something that we do to customers. Relevance is the key, which means seeing the relationship from the customer's perspective. You'll never get it right if you keep looking down the wrong end of the barrel.

The right message in the right place at the right time must be approached from the customer's point of view. And sincerity has got stuff all to do with it. In the good old days we used to call this empathy – putting yourself in some-one else's shoes.

PS Some –one once said that if you want to understand somebody else you should try to walk a mile in his shoes. If at the end of the mile you discover you don' t like that person what the heck ... you are a mile away and you've got his shoes !

“Back to the Future”

There's an old but true saying ... no roots no fruits. Jesus told a parable about the house built on sand. Two of the little piggies learned to their cost that any kind of construction other than brick is a prime target for a wolf attack. Put another way there is no substitute for getting the basics right.

Ask any student of direct marketing – and I have quite a few each year – what distinguishes direct marketing from any other form of marketing and most of them aren't too hard pressed to come up with the right answer ... personalisation, the use of data and databases, customer segmentation, offers and testing, talking to the customer in his or her own language and so on.

So here's an interesting question. If the students are getting the answer right why are the practitioners getting it so wrong.

Data & Databases

Direct marketing, relationship marketing, 1 to 1 Marketing – call it what you will – is simply impossible without good, fresh data and a working database. The students know that. I know that. You know that. So why do we spend so little time and money on this the most fundamental of all requirements. In most organisations it is simply no-one's job to look after data. There is rarely a data strategy which means there is almost certainly not a budget.

Without pro-active intervention data decays at between 15 and 20% per annum. Put another way, if you have a perfectly good database today it will be nearly 50% useless in two years time unless you actually do something about it. Add to that the fact that probably 40% to 60% of the required data is missing or inaccurate. It's not hard to see why so much is going wrong.

Customer Segmentation

On the whole customers don't mind what you do to them as long as it is relevant. Relevant in their terms – not yours ! But you cannot be relevant if you don't understand what the customer is doing, thinking and feeling. Most of us are able to segment our customers by value but that is simply not enough. It's remarkable how much information you can trawl out of a database – even a bad one – if you put your mind to it. But once again there has to be budget and it has to be some-one's job. Data analysts in most organisations are like hens teeth.

Offers & Testing

The more I work with clients there more astonished I become at how little this is understood and practised. Most people's idea of testing is buying a new list. The concept of working with small test cells against carefully constructed control groups to ensure a predictable roll out is completely alien to many DM practitioners who should know better.

Speak Customer Speak

In my humble experience almost all campaigns take the one size fits all approach. The first rule of customer speak is relevant content. But it goes much further than that. How many of us take the time and trouble to distinguish between male customers and female customers, young ones and old ones, English and Zulu speakers. It also means ridding our vocabulary of phrases like "Dear Valued Customer" – especially after we did manage to personalise the outer envelope.

Experience

I normally start any training course by asking who people are, where they are from and why they are on the course. It's little short of astounding how many say something along the lines of "I'm the Direct Marketing Manager of so and so and I am here to find out what it is all about." I jest not. I have yet to find a financial manager

who has been hired without some inkling of what he is supposed to be doing. The same holds true for mainstream marketing managers. That we do so in direct marketing tells me that we are simply not walking the talk.

Direct marketing offers infinite potential based on our ability to send a targeted, personalised message. We all know that. But to do it takes hard work and effort. It also means understanding and applying the basics. Bob Stone in his seminal work "Successful Direct Marketing Methods" lists 30 Timeless Direct Marketing Principles. The true strength of direct marketing lies in doing the basics right.

We look to all kinds of reasons to rationalise why 1 to 1 marketing is not living up to its promise. Maybe we should start by going back to basics. Put the big systems on hold. Cool it with the predictive dialling. Freeze the expenditure on the fancy database and database tools like Oracle and SAS and get back to the fundamentals.

Call me a curmudgeon if you will but I have always thought it useful to learn to play the scales before starting to improvise. So here's a final paradox. Maybe the future of direct marketing lies in the past !

“Circumcising Mosquitoes or Shooting Caged Lions”

Some-one once said “If you only have a hammer you tend to see everything as a nail.” Unfortunately many analysts fall prey to this i.e. they lose sight of the bigger picture. Hence the expression about ‘circumcising mosquitoes’. I have had the pleasure, and the misfortune, to work with some remarkably talented analysts ... certainly far cleverer than I am ... who have been happy to chain themselves to their computers for days and nights at a time, coming up only for air and the odd bite of pizza. (I jest not)

It was Peter Drucker who said “The greatest wisdom not applied is meaningless”. Quite simply what he meant by that was get your ass into gear and do something. Implementation is everything.

Another one of my favourite quotes comes from Aristotle Onasis, the Greek Shipping Tycoon. He said “The secret of business is knowing something that nobody else knows”. This once again highlights the need for knowledge and I’m pretty sure that if good old Ari had thought about it he would also have added in the bit about exploiting it.

So to quickly summarise the plot so far ... find out something that nobody else knows and do something about it. (And you thought business was difficult !)

One of the most remarkable things, in my experience, is just how little people know about their own businesses. This doesn’t mean that they don’t THINK they know a lot about their own businesses but this knowledge is often based on what used to be true in the past, company folklore, given wisdom etc etc. What I am talking about is real knowledge based on meaningful analysis of transactional data.

If my hypothesis is true (i.e. many companies know very little about their own businesses) it must beg the question why. Well I guess there are a host of reasons for that

- They are comfortable with the historical truths, company folklore etc ... and don't forget folks, the comfort zone is a place
- Many people just don't know how to even access their own data, let alone interrogate it. Without knocking the IT guys it's important to appreciate that just because you can tell one end of a mainframe from another does not make you a business analyst. Making that mistake is like assuming you can write a novel because you can speak English.
- Based on the premise that you don't know what you don't know it takes a strange kind of person to spend money looking for something but they are not sure what before they get started.
- The macro marketing mind set still prevails in most environments

I could go on with many other reasons but hopefully you get the picture.

Now we come to the good news. It's absolutely amazing what you start to discover once you get under the skin of the transactional data lying unexplored in most companies. I have yet to go back to a new client with the news that there is nothing of value that I can tell him about his business. Normally even the most simple analysis reveals insights that can deliver meaningful value.

So here we get to the caged lions. Circumcising mosquitoes is great if that is what blows your hair back. But initially, particularly if the environment is anaphobic (e.g. anti analysis), you want to see results and to do that you can forget about the mosquitoes. You need quick wins. Shooting caged lions ... picking the low hanging fruit ... call it what you will. There are almost always opportunities based on quite limited analysis that will reveal valuable actionable insights.

Ever wondered, morality apart, why shooting caged lions is more effective than running around in the bush. First of all a cage is much smaller. Secondly it's a controlled environment. Thirdly there normally aren't too many lions in the cage. Are you starting to get the picture ? All projects should start small, with very clear focus. All projects I hear some-one in the back row ask. Yes all projects.

So forget the mosquitoes and, to mix my analogies, go shoot the low hanging fruit. You will be amazed at what you can achieve.

“The Devil is in the Detail”

Without wishing to disparage my marketing cousins who earn their daily crust by creating above the line advertising I still believe that is a piece of cake compared with the grunt and grind that direct marketers go through.

That's one very good reason why you must never go to a traditional above the line agency if you want excellent direct marketing campaigns. It's not just that direct marketing has its own set of rules ... it's not just that most advertising agencies are response averse ... the fact, is the devil is in the detail. This is even more true as multi media campaigns become the order of the day.

In my early days in direct marketing the person charged with getting it all together, once the campaign had been signed off by client, was called the Production Manager. Today that same person is called the Project Manager. That's not just playing with words. It reflects a very real change in the competencies required to carry out that task.

Multi media campaigns by definition comprise many channels and multiple components. It is not unusual today for a single campaign to include above the line advertising, mail, e mail and SMS.

Probably the most important question you need to ask today, when planning a campaign, is WHAT CAN GO WRONG ?

Think about SMS for example. More and more campaigns are starting to use SMS not only as an outbound channel but also as the means for the customer, competition entrant or whatever, to respond. And why not I hear you ask. It's fast. It's cheap. It saves a whole bunch of printing. You can put the responses straight into a database. So before you take the leap ask yourself WHAT CAN GO WRONG ?

There are many possibilities :

- No every-one has one or is willing to use their cell phone

- What happens with all those inbound calls that include text when you only wanted a telephone number ? Your database was set up to handle nice clean, inbound numeric responses and you start getting messages like *hello my name is Mary and my number is !*
- Here's another goodie ... what about the dupes ?

I'm not saying that using cell phones as a means for people to enter competitions is bad. What I am saying is think it through to make sure that you have covered all the bases, got the front end and the back end integrated etc etc.

Here's another one to think about. In business to business it's not unusual to solicit responses by fax. That's cool. Surely not too much can go wrong with a fax. After all we have all been using the fax for years. But just for the heck of it ask yourself WHAT CAN GO WRONG ?

- What if the fax machine is not set on fine ? Will you be able to read the fax ?
- What if the fax is printed skew ? Will you lose that nice reference number in the top right hand corner ? I mean you stuck it out of the way because it wasn't really that important RIGHT !
- What if the spaces for the various responses just aren't big enough ? Cramped writing is bad enough on the original. Now try reading that on a fax.

One final example from some-one who ought to know better. Earlier this year I received a very impressive pack in the mail. It was clearly an invitation to enter the Assegai Awards ... South Africa's premier event for excellence in direct marketing. The outer envelope was a very interesting, non-standard format - certainly different enough to get my attention. So far so good. It was all going great until, having lifted the flap, I tried to extract the contents. I have no idea how

they got it in but I sure as hell couldn't get it out. After the third attempt I gave up and threw it into the bin. So never forget ... the devil is in the detail !

“Like hey ... like wow ... like customers just aren't loyal any more”

Customer loyalty is like teenagers and sex. They all want it but they are not sure how to get it.

Teenagers of course have the benefit of knowing that sex exists. Lots of us in business today have managed to convince ourselves that loyalty doesn't. It's amazing how often I hear comments around that from seasoned, and obviously now disenchanted, marketers. So here's an interesting dichotomy. More business books have been written about customer loyalty than any other topic. In 2003 business worldwide spent an estimated \$6.2 billion on CRM. Maybe I should just say that again ... SIX POINT TWO BILLION US DOLLARS. On something that a large percentage of the business community believes does not exist. Talk about the emperor's clothes !

It would be a brave man who argued that customer loyalty is not harder to achieve now than it was in the past. Customers are more savvy and less forgiving. The environment is extremely competitive resulting in increased choice. The truth is, as consumers, we don't have to take crap any more. But is that the end of loyalty as we know it ?

That customers are more savvy and less forgiving in a highly competitive environment may, of course, be the most compelling reason for pursuing the illusive goal of customer loyalty.

Before we go much further with this it might be useful to discuss what we actually mean by loyalty or, to be more specific, what I understand by the word loyalty

First of all loyalty is an outcome of something a company does – and hopefully more than one thing – right. Simplistically you could say that loyalty flows from satisfaction. It's not quite that simple but let's go with that thought for the moment. The first thing this tells us is that “loyalty programs” are a misnomer. This is absolutely putting

the cart before the horse so let's be honest and acknowledge most of these programs for what they are ... and that is rewards programs. By the way, don't get me wrong. There may, at some point in the relationship, be a role for a rewards program but don't kid yourself that this is going to buy you loyalty.

Loyalty is something intangible. You can't touch it. You can't see it. It's like some sort of invisible glue that makes the customers stick around when more attractive options exist. (I suppose that's a bit like marriage !)

One of the difficulties about this stuff is what I call passive loyalty. Passive loyalty, transactionally, may look the same as active loyalty. Sheer bloody inertia may be making the customer look like a good long-term bet but the reality is that you can't count on it.

Just to make things even more complicated Paul Wang in one of his books identifies 16 different kinds of loyalty. I don't propose to go through all of them in this article but a couple are worth mentioning. There's personal loyalty that's loyalty to the person who looks after you. There's location loyalty ... the branch or the bottle store or the petrol station might just be hell of a handy on your way home. There's supply loyalty ... that means you can normally count on them to have the item you want in stock. And so the list goes on You will note that none of these three examples, with the possible exception of the third one, has much to do with the business itself. One final example here – a financial institution in the UK is 'buying loyalty'. Simply sign up for a ten year mortgage and they give you ten thousand pounds right away. I must be honest, that doesn't sound like a bad idea to me and everybody knows what they are in for.

My personal sense is that loyalty can best be engendered by personal contact and higher levels of service than those being delivered by your competitors. The danger here of course is that you are fostering loyalty to an individual and not to your organisation so what happens when that person moves on. You can try a restraining order ... you can pray or hope that good old inertia keeps the customer from moving or !

So leaving all of this up to a single pronged attack may not be enough. Which takes us somewhere into the territory of the right message to the right person at the right time. Funny thing is, in spite of all the street-smart savvy, customers actually don't mind (Refer to *"If you can fake sincerity you've got it made"*).

True customer loyalty frequently requires a company wide initiative to deliver what Tom Peters calls WOW experiences. In the absence of that why not try a little RMRPRT (i.e. the right message to the right person at the right time). It works wonders.

“Would you do it like this if it was your money ?”

I was presenting at a workshop a few months ago. The conversation centred around the need for testing in direct marketing. The major response, particularly from the larger organisations who by definition are probably spending the most money, was “You see Keith, you just don’t understand !”

The group went on to articulate all sorts of things that I apparently don’t understand. The main one seemed to have something to do with lead times. They patiently explained to me that in October they were busy getting their campaigns together for March next year. No wonder I didn’t understand. I was being presented with reasons for not doing something that had absolutely stuff all with the topic at hand ... the vital importance of testing.

In desperation I came back with a comment which is the title of this article. I still think it’s a very fair question to ask any-one in the corporate world and not just about direct marketing and testing by the way. “Would you do it like this if it was your money ?”

The marketing process forces one to evaluate a bewildering number of choices - all of them eventually impacting on how you spend your budget. Do you spend your totally inadequate resources on advertising or sponsorship; above the line or below the line; give an injection to an existing product or kill it and start again ? The list is never ending. Then along comes Keith who says not only do you need to decide about all of this BUT on top of it you must introduce a whole bunch of other variables ... not just as a one off but as a permanent way of doing business.

There’s a wonderful saying that I often use. You don’t know what you don’t know. Just think about that for a second. You don’t know what you don’t know. If you don’t test you will never know if you are achieving the optimum possible response.

Some Wally somewhere started a rumour that 2% was the norm for a direct marketing campaign. For some reason it stuck. What that means is that every-one thereafter came to accept that it was acceptable to fail 98% of the time. It must also follow from this, as night follows day, that it is perfectly acceptable to waste 98% of the money. So once again I ask the question . "Would you do it like this if it was your money ?" Heck that has got to be a no brainer !

Just picture the scene. You are meeting with your advertising agency or direct marketing agency. The client service director starts the meeting with something along these lines. "Mr Client. We think you are going to love this new campaign. The creative team have really gone flat out on this one and it's our sincere belief that you will only be wasting 98% of the money you spend."

Ever wondered why the 2% theory stuck. First of all it sets the goal post pretty low. Get a 3% response ... your doing 50% better than average . Never mind the fact that you are still wasting 97% of the budget.

First of all smart direct marketers know that the 2% thing is a load of hooley. I have many friends and colleagues in the direct marketing industry who regularly tell me about 10% response, 14% response, 19% response. My most successful campaign ever generated in excess of 70% response. I don't mention that to show you how clever I am – although I hope you might make that inference – but to demonstrate what is possible.

Here's a thought ... direct marketing is about getting the right message to the right person at the right time. If you know enough about the person, what his or her needs are, what blows his or her hair back, what the right hot buttons are ...then wouldn't you expect to achieve 100% response. Of course, because we don't do campaigns of one we do have to settle for some dilution of response. Part of the answer to improving response lies in effective segmentation. The other half results from testing.

“There’s More to Segmentation than Slicing the Cake”

The English language, which is full of nuances, rather strangely has only one word for love. The ancient Greeks apparently had about ten. We unfortunately have only one word for segmentation.

The dictionary defines segmentation as “to cut or divide a whole into segments”. Now here is the rub. Every single word in the English language ... or Lithuanian if you happen to come from that part of the world ... comes with baggage. Say any word and there will be a host of linked meanings and connotations. So what’s with this segmentation word ? Say segmentation and most of us think of an orange or a cake. We even talk about orange segments. Words like *un-segmentation* or *de-segmentation* simply do not exist. Once the orange is segmented it is segmented. Once the cake is sliced it is sliced. There never is a need to put them back together again. Hence we didn’t need a word for a non-existent process.

As a result of all this most people see segmentation as a static rather than a dynamic process. Some-one once described segmentation (in the direct marketing context) as “the process of breaking people up into small groups as a basis for action”. The basis for action is of course the most important part of the definition. (As a total digression there is a major South African bank that won an international award several years ago for a segmentation model that it designed. It subsequently transpired that it couldn’t even apply this model to its own customer base.)

It should be obvious that people can be segmented in more than one way. A forty five year old Afrikaans speaking mother of two children could fit into several groups e.g.

- Females
- Women over 40
- Afrikaans speakers
- Mothers

- Mothers with more than one child

The above is just using demography. What happens when you start to include transactional information e.g.

- Spend by value
- Spend by product or service
- Spend by time of the year

Needless to say it starts to get interesting. But more to the point let's not lose sight of our "basis for action". We might want a campaign purely for mothers. On the other hand we might want a campaign for mothers over 40. The ability to continuously re-segment is therefore a sine qua non.

I have been racking my brain now for several years for an alternative word to segmentation. If you will allow me a little latitude, in that I need to use an adjective as a verb, I think I have finally got it.

My new verb is *to rubic*. Those of you who are not quite as young as I may not remember a craze that swept the world about twenty years ago. It was a cube that was eponymously named after the Yugoslavian professor who invented it - the Rubic Cube. The blocks that made up the cube could be twisted horizontally and vertically. Each of the surfaces on the cube was a clearly identifiable colour. The idea of the game was to scramble the blocks and then, as quickly as possible, get them back so that each of the outer surfaces of the cube matched. It was an extremely difficult and therefore frustrating puzzle. Millions of them were sold around the world and rumour has it that its inventor never made a penny or should I say dinar !

So why do I think that *rubic* might be a useful alternative to segmentation as a word. The first point about the cube is that you can twist the various blocks in numerous directions and combinations. Secondly no matter how you twist the blocks, once you have put them back together, they can be re-twisted in other directions and combinations. Thirdly the block is the block. It is

always a cube and no matter how often, or how hard you twist, it remains a cube. The final and most telling point is this. Playing with the cube is both challenging and frustrating. If it isn't already obvious I will leave you to work out for yourself the message behind these parallels.

Some words take and others don't. If the Americans can invent a word like defenestrate (which means to jump out of a window) anything is possible. So let's start hearing it loud and proud for *rubic*. Here are just a few applications ...

"I think we should re-rubic the data"

"Last time I rubic'd the customer base I got some interesting results"

"Rubicing can often provide a great basis for new campaigns"

I'll grant you it sound a little odd. But then nothing worthwhile ever was a piece of cake !

“A Three Dimensional Look at Loyalty”

(For some other perspectives on loyalty take a look at “Like hey ... like wow ... like customers just aren't loyal any more”)

Being a chap who is rarely at a loss for the odd bon mot I don't often look in the dictionary for definitions of words. As I sat down to pen this article, however, I thought it might be useful to look up the word 'loyalty'. The Collins English Dictionary defines it as “the state or quality of being loyal”. That's a great help. That's what Excel calls a 'circular reference' which, loosely translated, means you are going nowhere.

And yet in a funny sort of way that does throw some light on the subject. It first of all shows just how difficult a word it is to define except in this somewhat circuitous manner. It's analogous to saying that “red is the quality or state of being red”. Philologically speaking that might be fine but it tells you sweet booger-all if you don't happen to know what red is or are colour blind.

This might of course go some way towards explaining why there is some much confusion around the word in the marketing context. Loyalty to a friend, a member of your family or your country - that we can understand and all that it might entail. But very few of the manifestations of loyalty ... willingness to give something up, even willingness to sacrifice your life for your country in the case of war ... hardly seem relevant when it comes to the relationship between you and your corner supermarket. Maybe that's part of the problem. The word might just be too damn big.

One of my favourite quotes of all time comes from French philosopher Voltaire who said “if you would communicate with me you must first define your terms.” Sloppy thinking and the loose use of words causes many of our problems.

We also need to understand that loyalty is a two-headed coin. It can be engendered or experienced. Most loyalty initiatives focus on the engendering part of the process without really attempting to

understand what the 'engendered' might be experiencing. Trying to impose loyalty is like trying to impose love. And as we know there is a very fine line between that and rape.

If we truly want to start understanding loyalty from the perspective of the customer we need to start using a satellite dish instead of a gun sight. By that I mean that we need to look at the bigger picture. Most loyalty initiatives focus on transactional data and tools like RFM and LTV. The problem is all of these are merely driving using the rear view mirror. Looking at what people do is only one aspect of human behaviour. There are two other equally important components ... what they THINK and what they FEEL.

Thinking and feeling are two totally different modalities. In the context of a business relationship I can normally articulate what I think. I think the service is good. I think the prices are fair. I think it's convenient for me to get to store A but not to store B. The feeling stuff on the other hand is more complex. My preference for brand A versus brand B has far more to do with feeling than with thinking. In fact in most cases consumers cannot even start to tell you why they prefer brand A to brand B ... and if they can you mustn't always believe them. (I for one don't believe anyone who tells me that he bought a Mercedes because of its excellent resale value.)

When it comes to understanding the feeling component in the loyalty equation it is not really necessary to understand why. What is important is the strength of the relationship and that normally can be articulated if you ask the right question.

Using a relatively simple matrix it is possible to locate customers first of all into a Value Cube, a Satisfaction Cube and a Relationship cube. These three cubes can then be collapsed into a composite cube that will segment customers into what I term Active Loyals, Passive Loyals, Potential Active Loyals, Certain Defectors and so on.

I am not convinced that we will ever truly understand loyalty. But using a more holistic approach that looks at it from the customer's perspective does seem to me to offer a glimmer of hope.

GLOSSARY OF DIRECT MARKETING TERMS

Not every-one who reads this book may be familiar with the language of direct marketing. I therefore thought it might be useful to include this glossary

Direct Marketing is rich in terminology that has evolved over the years to explain its multi faceted activities. The following glossary has been compiled from a variety of sources that are acknowledged at the end. Whilst it is comprehensive there are, without doubt, many other words and concepts that have been excluded merely through oversight. Not every-one will also agree with every definition. We hope, however, that it will provide a useful platform for understanding many of the more common terms used in direct marketing today.

ABC Audit Bureau of Circulation

Above the Line All inclusive term for traditional mass media (e.g. television, radio, magazines etc)

ACORN A UK based classification of residential neighbourhoods. Segmentation system that enables consumers to be classified according to the type of area where they live.

Accordion Fold Two or more parallel folds that open like an accordion

Action Devices Items and techniques used in direct mail to encourage involvement or a response (e.g. token, scent strips)

Active Buyer A customer who has made a purchase within a defined period of time (e.g. 12 months)

Active Member A customer who is fulfilling an agreed, original commitment (e.g. in a Book or CD Club)

Actives *See above under Active Buyer*

Advocates Term used to describe extremely loyal customers. More accurately might be called 'praise singers'

Additions New names added to a mailing list

Against the Grain Folding paper at right angles to the grain of the paper. Paper will fold more easily along the grain.

AIDA A formula used in copywriting (i.e. Attention, Interest, Desire, Action)

Alterations Changes made to copy after it has already been set

Antique Paper Rough surfaced paper

Art Paper Paper coated to give a glossy surface

Artwork Finished layout consisting of drawings, illustrations, copy etc

Assigned Mailing Date The date by which a list user has to mail. No later date may be used without the permission of the list owner

Assumptive Close A technique for closing a sale by assuming the buyer has made the decision to purchase

Attrition (1) Loss of customers – *See Churn* (2) The rate at which a business loses customers

Audience The total number of people reached by an advert, direct mail campaign or promotion

Automatic Call Distributor (ACD) Equipment that automatically manages and distributes incoming calls to call centre agents

Automatic Interaction Detection Program for segmenting a list from a heterogeneous to a homogeneous market

Automatic Response System An automated telephone response system that provides the caller with a number of pre-determined options at the push of a button on their telephone keypad

Back-end The activities in direct marketing that the customer or prospect does not see

BAF Humorous UK alternative to MGM – stands for Betray A Friend

Banker Envelope Envelop with the flap on the long edge

Banner Advert Small advert that appears on web site to attract the visitor to another web site. Once extremely successful but now delivering limited results

Batch Grouping – typically of responses or orders for data capture

Benefits Features of a product or service (i.e. customers buy benefits)

Bill Enclosure Promotional piece enclosed with an invoice or statement

Bingo Cards Reply card inserted in a publication that enables the reader to request more information, samples etc

Bleed Extension of the printed image to the trim edge of the paper

Body Type Type used in the main body of the text (as opposed to the headlines)

Bold Type Type that is heavier than the standard text type – often used for headlines or sub headlines

Bond Paper Grade of paper used when strength, durability and permanence are required

Bounce Back Offer enclosed with a mailing sent to a customer in fulfilment of an order

Brand An amalgam of largely intangibles (e.g. brand values, brand symbols etc) that differentiate one product or service from another

Brochure Strictly defined, a high quality pamphlet with specially planned layout, typography and illustrations. Used more loosely to describe any promotional pamphlet or booklet

Broker Agent authorised to buy or sell for an organisation or individual (e.g. List Broker)

Bulk Thickness of paper

Burst To separate continuous stationery into discrete sheets

Business List A compilation of individuals or companies based on business associated interests

Business Reply Service (BRS) A service in which postage for the respondents reply is paid for by the advertiser

Business to Business
Marketing to businesses

Call Back Any contact required to follow up an activity

Call Blending Using call centre agents to handle both inbound and outbound calls

Call Guide Informal list of points to be covered during a telephone sales presentation

Call Objective Clear reason for a telephone call

Call Queuing Placing incoming calls in a waiting line for the next available operator

Cash Buyer Person who includes payment with the order

Cash on Delivery (COD)
Method of payment whereby a customer pays for goods when they are received

Cell Size Smallest unit or segmentation unit within a test program

Census Process of collecting information about the total population from the total population

Census Data Data that originates from a census

CHAID Chi Squared Interaction Detector – an analytical tool that attempts to isolate discriminating variables that can lift response.

Cheshire Label Specially prepared address labels for mechanically fixing to mail pieces

Chromalin A method of proofing four colour separations

Churn Loss of customers

Click through The count of people who 'hit' a website (i.e. do not necessarily remain or interact with the site)

Client (1) Alternative to the word customer (2) More frequently connotes of a regular or frequent customer

Clustering Grouping people according to demographic, psychographic or other characteristics

Clutter The general 'noise' in the market created by the total amount of advertising that makes it increasingly difficult to attract the prospect's or customer's attention

Coding (1) System for ascertaining the origin of responses (2) Structure of letters and numbers to classify characteristics of an address on a list

Cold Calls Sales calls to an audience unfamiliar with the caller

Cold Lists Lists that have no affinity with the advertising

Collate To assemble individual elements of a mailing for inserting into an envelope

Complied List Names and addresses compiled from directories, public records and the like

Compiler An organisation that creates Compiled Lists

Computer Record All the information that is recorded about a person in a database

Consumer List List of names compiled or resulting from a common action, enquiry or purchasing activity

Continuity Program Program in which products or services are purchased in a series of small purchases

Contingency Planning To plan ahead for the under or over performance of a campaign

Control Last successful mailing package without any changes that allows a true measurement of each of the variables on a test mailing

Conversion Rate The number of people who through a solicitation become customers

Co-op Mailing A mailing of two or more offers included in the same envelope

Copy Written material intended for inclusion in a mailing or advertisement

Copy Date Date by which advertising material must reach the publishing house

Correlation The degree to which two variables are related

Cost Per Inquiry (CPI) The cost of a campaign divided by the number of inquiries

Cost Per Order (CPO) The cost of a campaign divided by the number of orders

Cost Per Thousand (CPM) Cost for every thousand readers or names rented

Coupon Part of an advert or mail piece intended for completion by the respondent

Coupon Clipper Person who regular responds without any real interest in buying

Critical Path A series of dates that must be adhered to in order to complete a production process

Crop To cut or trim a photograph

Cross Sell To sell a customer a similar or related product or service

Customer Segmentation Splitting customers into discrete groups to be treated differently

Databank The information resources of an organisation

Database A collection of data organised for storage in a computer memory and designed for easy access by authorised users

Data Capture Process of capturing data

Data Enhancement Improving the quality of data in a database

Data Enrichment Adding third party data to existing data in a database

Data Fusion The combination of information on individuals or groups using data from different sources

Data Mining Process of finding previously unknown patterns or information in a data set

Data Privacy A general term that encapsulates the growing trend towards showing respect and care with regard to customer data

Data Scrubbing General term for data cleaning

Data Sheet Leaflet containing factual information about a product or service

De-Dupe Process of removing or consolidating duplicate records

Demographics Description of vital statistics of an audience or population (e.g. age, gender etc)

Dependent Variable The variable that you want to predict (e.g. sales)

Descriptive Analysis Analytical techniques that helps to understand 'what the customer looks like'

Direct Mail Printed matter, usually carrying a sales message or announcement, designed to elicit a response from a carefully selected audience

Direct Marketing A marketing method, using multiple channels, that focuses on acquiring, keeping and growing customers with the objective of creating a measurable relationship based on an understanding of their actual and potential needs as businesses or individuals

Donor List List of people who have contributed in the past to one or more good causes

Dormant Customer who has become inactive

Doubling Day Point in time, based on previous experience, by which 50% of all responses to a mailing will have been received.

Drop Caps Device used to increase readership of copy. The first letter of the paragraph is enlarged to span several lines of type

Dummy (1) Mock up a printed piece (2) Fictitious name inserted into a mailing list

Dummy Name *See (2) above.* Also known as a Sleeper or Seed Name

Duplicate Two or more identical name and address records

Enamel Coated paper with a high gloss finish

Enumerated Area (EA) The smallest unit of geography used in a census - typically around 150 households

Envelope Stuffer Any promotional material included with a business letter, invoice or statement

Exchange An arrangement whereby two mailers exchange equal numbers of names and addresses

Explanatory Analysis Predicts future behaviour by isolating the factors that drive it (e.g. Regression Analysis)

Ezine Magazine delivered via email

File Maintenance Activity of keeping a file up to date by adding, changing or deleting data

Financial Terminology

GSV - *Gross Sales Value*

NSV - Net Sales Value

CPR - Cost Per Response

CPS - Cost Per Sales

AMS - Allowable Marketing Spend

BE - Breakeven

NCC - Net Campaign Contribution

ROI - Return on Investment

Finished Size Overall dimensions of a piece of printed matter after folding and other procedures have been completed

First Time Buyer Person who purchases for the first time

Fixed Field Way of formatting data in a computer file that puts every piece of data in a specific position

Flag Identify a record selected from a list or database for a specific purpose

Free Ride *See Envelope Stuffer*

Free Standing Insert Promotional piece loosely inserted or nested in a magazine or newspaper

Frequency The number of times a person has ordered within a given period of time

Friend of a Friend Name of some-one thought to be interested in a product or service introduced by a third party

Front –end The activities in direct marketing that the customer or prospect is exposed to

Fulfilment (1) The process of supplying goods or services after an order has been received (2) Increasingly coming to mean all other processes that are required after the initial burst of a campaign

Gap Analysis Identifying opportunities to sell products or services based on 'gaps' in purchasing by a customer from the current range

Gate Keeper Person who stands between an advertiser and a prospect (e.g. a secretary)

Gimmick An attention getting device attached to a direct mail piece

Geo-Demographics Linking demographic profiles to specific units of geography (e.g. suburbs or EA's)

Gone-aways *See Nixies*

Grid Testing Means of testing more than one variable at the same time

Guarantee Pledge of satisfaction made by the seller to the buyer

High Ticket Buyer Person who has purchased a high value item in the past

Hit (1) Name appearing on two or more mailing lists (2) The act of visiting a web site

Homogenisation Misleading combination of responses from various sources to create a "seeming average"

Hot Line Most recent buyers on a list that is updated from time to time

House List List of names etc owned by a company itself

HTML Hypertext Markup Language used to embed graphics in emails

Hypothesis A working belief which is tested against empirical evidence

Icon A symbol that is analogous to the thing it represents. There are symbolic icons (like logos), verbal icons (like FREE) and numeric icons (like R9-99)

IMC Integrated Marketing Communication

Imposition Way in which pages are set up in order to print and fold correctly on the press

Inactive Buyer Person who has not bought within a specified period of time

Incremental Sales Additional sales that can be generated from a list by repeat of the same message or an alternative message and/or channel

Independent Variables The other variables in a database that may be related to and therefore help predict the Dependent Variable

Inertia The inherent something within a prospect that inhibits response

Influencer Person who does not make the actual purchasing decision but may have some 'influence'

Infomercial Extended television commercial flighted with the express goal of creating a sale or other direct response
- sometimes as long as 20 minutes

Initial Source Code Code for the source that a person came from initially

Insert Leaflet or other promotional piece inserted loose into a publication

Internet An international collection of educational, government and corporate computer networks connected by high speed telephone lines, fibre optic cables and satellite links

Johnson Box The focal point at the beginning of a direct mail letter – normally set in a larger type size than the rest of the text. Sometimes in a box – but not always (*Named after its originator Frank Johnson*)

Julian Dating Method for date stamping a transaction by day (e.g. 001 is January 1st, 365 is December 31st)

Key Code Means of identifying a given promotional activity so that responses can be tracked

Keystroke The depression of a single key on a computer keyboard

Key Verifying For 100% accuracy having two operators entering the same data at the data entry stage

Kill To delete a record from a database

Label Slip of paper containing the name and address of the recipient normally applied to an envelop

Laid Paper Paper that has parallel lines watermarked at equal distances giving a ribbed effect

Layering The practice, particularly in B2B direct marketing, of contacting more than one person when the actual decision maker is unknown

Layout A rough sketch showing the positioning of the various elements in an advert or mailing

Lead Generation Program used to invite responses for subsequent follow up

Lettershop US term for a Mail House

Lifestyle Term used to describe characteristic based around how people live (e.g. hobbies, interests, sports, holiday destinations etc)

Lifestyle Selection Data selected from a database using lifestyle characteristics as the criteria

Lifestage A time of life that influences consumer decision making (e.g. just married, empty nest, retired etc)

Lifetime Value (LTV) The estimated total profit or loss realised from a customer over his or her active life

Lift Letter (or Lift Piece)
An additional piece included in a mailing asking the recipient to consider the offer one more time before saying no

List Acquisition Purchase or rental of a list from a third party

List Affinity The suitability of a list based on the offer and the people being targeted

List Bank Names held in stock for future use

List Broker Specialist who makes all the arrangements for one company to use the lists of another

List Building The process of collecting and collating lists from various sources

List Buyer Some-one who buys or places the order for a mailing list

List Cleaning Updating the data in a list through various means

List Compiler One who develops list of names and addresses from various (open) sources like directories

List Count The number of records in a given segment (or whole) of a mailing list

List Criteria Factors on a mailing list that differentiate one segment from another

List Enhancement Addition of additional information to an individual record

List Exchange Barter arrangement between two companies for the use of a mailing list

List Maintenance Any manual, mechanical or electronic method of keeping name and address records up to date

List Manager Person who is responsible for the use by others of a mailing list

List Owner Person, who by action or compilation, has developed a list of names having something in common

List Performance Response tracked to a mailed list or segment of a list

List Ranking Arranging lists in descending order on the basis of logged response

List Rental Arrangement whereby a list owner furnishes names to a mailer and receives a royalty payment in return

List Royalty Payment to a list owner for use of a list

List Sample Group of names selected from a list in order to evaluate the responsiveness of the list

List Selection *See List Segmentation*

List Sequence The order in which names are printed (e.g. alphabetical, by post code etc)

List Sort The process of putting the list into a list sequence

List Source Original source used to generate names in a list

List Test Part of a list selected to test the effectiveness of the whole list
See List Sample

List User Company that uses the list

Lower Case Non capital letters

Machine Coated Paper Paper coated on one or two sides during manufacture

Mail Date Drop date planned for a mailing

Mailing House Company that lasers, folds, inserts, delivers to the Post Office etc

Mail Package The complete unit that reaches the customer or prospect

Mail Monitoring Determining the amount of time it takes for a mail pack to reach its destination

Mail Order A method of business where goods or services are promoted directly to the customer, orders are received by mail or phone and merchandise is mailed to the customer

Mail Order Buyer Person who buys through the mail

Mail Preference Service (MPS) Service for people who want to have their names removed from mailing list. Formerly provided in South Africa by the DMA

Mailbot Auto responder that replies to incoming emails based on key-word searches

Market Total of all individuals or companies that represent potential buyers

Market Penetration Proportion or percentage of buyers compared with the total market

Market Segmentation Splitting markets into discrete groups to be treated differently

Marketing Mix Various marketing elements that have been used to create a program or campaign

Match Code Code determined by either the creator or the user of a file for matching records contained in another file

Member Get Member A promotion where existing members (or customers) are offered an incentive for referring or enrolling new members

Merge To combine two or more lists into a single list

Merge & Purge To combine two or more list and suppress the duplicate records

Modeling Process, normally involving computer based techniques, to look at 'what if' scenarios

Monetary Value Total expenditure by a customer within a specified period of time – frequently used in the context of RFM

Multiple Regression

Statistical technique, that studies multiple independent variables, used to improve response

Negative Option Buying plan in which a customer agrees to take up offers on a regular basis unless the customer notifies the company within a reasonable period of time not to ship the order

Nesting Placing one enclosure within another before insertion into an envelope

Net Names The actual number of names left after a merge & purge

Net Name Arrangement An agreement to pay for list rental based on the number of net names used\mailed

Nixie Mail piece returned to a mailer because the post office could not deliver it

Nth Name Selection Method of selecting a section of a list for testing (e.g. every 5th or 10th name)

Objective The thing you want to achieve. Must be quantifiable and time based

Offer The totality of what the customer is offered to overcome inertia

One-off One time list usage

One Shot Mailer Mailing designed to make the sale in a single transaction

One Time List Use An agreement whereby the list renter will use the list only once unless otherwise renegotiated

Order Card Reply card used to initiate an order by mail

Origination All the work needed to prepare an advert or mail pack up to the printing stage

Overlay (1) In artwork a translucent covering over the copy where instructions are marked (2) Additional data that is added to a file to provide for greater understanding or enrichment

Overprinting Printing over an area that has already been printed

Panel Homogeneous group used for research purposes

Pareto Principle aka 80\20 Principle. Principle arrived at by 18th Century Italian Economist, Vilfredo Pareto, that states that a small number of people frequent account for a disproportionate volume (e.g. money, land ownership etc)

Pass Along Requesting a recipient of a mail piece to pass it along to some-one else who might be interested – especially in B2B marketing

PDA Personal Digital Accessory also known as hand held device. Normally includes a personal organiser and frequently links directly to a cell phone. Increasingly being used in e commerce applications

Personalisation Adding a person's name to a mail piece

Piggy Back Offer that hitches a ride with another offer

Pilot Trial program to assess the feasibility of a fuller roll out

Pocket Envelop Envelope with its flap on the shorter side

Point Measure used to describe type sizes

Pop-up Printed piece that pops up to form a three dimensional element

Positioning The place a product or service occupies in the minds of customers and prospects. Positioning is what separates Brand A from Brand B

Positive Option Method of distributing products or services incorporating the same advance notice as a negative option but requiring a specific order or instruction from the member or purchaser each time

Postage Refund Sum returned to a mailer by the list owner for non deliverables exceeding a stipulated guarantee

Postcard Single sheet self mailer printed on board

Postscript Better known as PS. The final copy in a direct mail letter that comes after the signature

Post Code Code added to an address that defines the deliver area

Predictive Analysis
Attempts to forecast what customers will do

Predictive Dialling
Automatic dialling system, confirms a human answer and passes the call to a call centre agent

Premium Item offered to a potential buyer as an additional inducement to purchase

Pre-sort To prepare mail prior to delivery to the post office

Profiling Describing segments based on non transactional variables

Propensity Modelling
Modelling that attempts to identify a customer's likelihood of making a specific future purchase

Proposition *See Offer*

Prospect Name on list considered to be a potential buyer

Protected Mailing Period
Period of time in which a list owner guarantees not to rent the list to any-one else

Psychographics
Characteristics used to describe the attitudes of customers and prospects

Publisher's Letter An additional piece included in a mailing to stress a particular selling point

Purge Process of eliminating duplicate records

Recency The latest purchase recorded for an individual or company

Reply Card Sender addressed card included in a mailing on which the recipient can indicate a response

Response Curve
Anticipated incoming volume of response, charting its peak and decline

Response Rate Gross or net response received as a percentage of total pieces mailed or contacts achieved

Return Envelopes Address reply envelopes, either stamped or unstamped – as distinguished from BRE's

RFM Acronym for Recency Frequency Monetary Value – used to predict future value of customers

Roll-out The full implementation of a campaign after a test or pilot phase

Royalty Sum paid by unit mailed or sold for the use of a list

Salting Placing decoy or dummy names in a list by the owner to detect misuse

Score Impression in paper to make folding easier

Seed *See above under Salting*

Segment A group within a group based on a special set characteristics

Segmentation Process of creating groups based on similar characteristics

Selection Process of selecting records from a list or database

Selection Charge Fee charged for making selections from a list

Selection Criteria Characteristics that identify segments or sub groups within a list

Self Cover Cover printed on the same stock as the rest of the pages in a pamphlet or brochure

Self Mailer Direct mail piece mailed without an envelope

Set Up Charge Flat rate charged by some list owners in addition to the rental cost

SPAM Derogatory term for unsolicited bulk email

Standard Industrial Classification Code (SIC) Internationally recognised way of classifying businesses

Solo Mailing Mailing promoting a single product

Split Run Printing two or more variants of a promotional advert on an *nth* or A\B basis

Standard Deviation A measure of spread in a data set

Strategy The 'how' in the planning process. The high level actions without the detail

Stratification Providing demographic segmentation on a list

'Sugging' Literally translates to "selling under the guise of research" i.e. pretending to carry out market research when the real intention is to sell. Often used in the past by Time Share companies

Suppression Utilisation of data from one or more files to remove data from another file

Surname Selection Ethnic selections based on recognisable surnames

SWOT Strengths, Weaknesses, Opportunities, Threats. A tool for business evaluation prior to strategic planning

Tactics The specific actions that need to be carried out to execute a strategy

Tagging Process of adding information to a list

Target Market Group most likely to have the highest potential to buy a product or service

Teaser Advert or mailer planned to create excitement or interest in a subsequent mailer or advert

Telemarketing The planned, organised use of the telephone and other advanced telecommunication technology to accomplish organised communication objectives

Testing The small scale measurement of the performance of individual campaign elements to maximise the returns on full rolled out campaigns

Test Market Trial market for a new product or service

Test Quantity Test mailing to a sufficiently large number of names on a list to enable the mailer to evaluate the responsiveness of the list

Text Body copy as opposed to headlines or headings

Tiering Aligning communication spend or frequency to customer value

Time Series Analysis Makes predictions about future behaviour based on past values in the data

Tip-on Item glued to a printed piece

Title Designation before a prefix (e.g. Mrs, Mrs, Dr)

Token Involvement device

Toll Free Number Telephone number where the advertiser pays the cost of the call

Traffic Builder Direct campaign to attract customers to a place of business

Transactional Data Data relating to purchasing history

Turnover Rate The number of times a list can be rented within a year

Two Stage Sell Process that involves two contacts – the first to generate a lead and the second to convert it to a sale

Universe Total number of individuals fitting a single set of specifications

Up-sell Promotion of a more expensive product over the one originally discussed or purchased

Upper Case Capital letters

Unique Selling Proposition (USP) The unique element (actual or perceived) that distinguishes one product from another

Validation Mailing A second modest mailing to validate the results of a test

Variable Statistical term to denote anything that varies (e.g. age, income, response)

Variable Field Way of formatting data that that assigns a specific sequence to the data but not specific positions

Variable Length Record Means of packing characters in a record so as to eliminate blank spaces

Voucher Copy Free copy of a publication sent to an advertiser to prove that the advert appeared as scheduled

Window Envelope Envelope with a die cut portion that permits viewing of the address printed on an enclosure

The above was compiled with input from the works of Power Balderstone & Gyles, Bob Stone, Alan Tapp as well as the author (Keith Wiser)