

# RANDOM

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COMMUNICATIONS WITH A PURPOSE

# THOUGHTS

## “You have 52 weeks to double the business.”

I recently put together a plan – part advertising and part direct marketing – for a company with a goal to double the size of the operation in a year. That’s an aggressive plan, but I think it can be done because the company has developed a process that, when a certain number of *things* are poured in at the top, a certain amount of cash flows out the bottom. The process is scalable, the market is large enough and the players easily enough identified to support the doubling, and no competitor has yet matched this company’s service.

So if they double the number of *things* poured in at the top, they double the amount of cash that flows out the bottom, less a modest increase in personnel and some other expenses.

The cost of the plan approaches half a million dollars – not huge by the standards of a company such as Proctor and Gamble, Dell Computers, or General Motors – but still a lot of money. If the plan works as anticipated, the company will earn back the full cost of the campaign in about four months from the additional profits.

Market research suggests that the company is modestly well known among business owners, but not for the service being offered. The department heads who are the primary candidates to use the company’s service have generally not heard of the company. Additionally, the owners and department heads, while aware of the problem the service is designed to remedy, woefully underestimate the scale of the problem.

Those conditions remind me of an ad that was created for McGraw-Hill Magazines several decades ago. It shows a balding, unsmiling man sitting in a chair, staring at the camera, hands folded in front of him. At the left of the phone are these words:

“I don’t know who you are. I don’t know your company. I don’t know your company’s product. I don’t know what your company stands for. I don’t know your company’s record. I don’t know your company’s reputation. Now – what was it you wanted to sell me?”

### Time to focus

The campaign will use traditional advertising and direct-response marketing. A public relations professional would be helpful, too. What else can be ruled in or out?

Consumer-based print advertising and broadcast/cable/electronic advertising are all wrong for the project because the

company needs to reach managers and owners at 20 thousand businesses throughout the country, not 240 million members of the general public. Trade publications are a prime suspect because they reach the people the company needs to speak with.

Despite the new economy, website search engines will probably do little good for this company. The people they need to reach are as yet unaware that they should be looking for the company.

Public relations should play an essential role because the company has a worthwhile story to tell. The service has the ability to help everyone who uses it. If we can place an article about the company’s service in a trade magazine, we will be able to re-print the article for additional mileage.

Industry relationships are helpful, but require slow-and-steady, long-term work. Continuing to develop these relationships is something the company should do, but these efforts cannot be counted on to double the business in 365 days.

Outbound telemarketing is part of the company’s current strategy and it needs to be continued, but the telemarketers need to spend less time placing cold calls and explaining the process, more time on moving prospects through the sales cycle.

### That brings us to direct-response marketing.

Direct response marketing will be a key part of the campaign because it offers the opportunity to talk to people *individually*. This doesn’t mean a lot of personalization, although personalization doesn’t hurt if it’s done well; it does mean understanding the business owner’s pain and the department manager’s pain. It means describing that pain and explaining how the service eases the pain. It means writing a personal letter to one owner and then mailing that personal letter (which may or may not be personalized) to 20,000 people.

As my good friend and marketing guru Ray Jutkins used to say, “Direct response marketing is direct. For practical reasons, it may not always be individual. It can always be direct!” He also liked to point out that a message can be personal without being personalized. That’s something every direct-response campaign should strive for.

The primary difference between advertising and direct-response marketing (DRM) is that traditional advertising creates awareness of a product over time and DRM aims to grab the reader by the throat and demand an action.

Sometimes traditional advertising scores a direct hit and the target market “gets it” quickly (Volkswagen’s “think small” campaign, for example) but the process usually plays out over many years.

Awareness is good, but action is better. With the goal of doubling the business in 8,760 hours, action is essential.

DRM is about awareness, positioning, image building, education, and information, but it goes further by asking for a response. In this case, that response will rarely be a sale; instead, the goal will be to convince the reader to call, to return a card, or to hand some information to the department manager.

One of DRM’s most exciting, and most terrifying, characteristics is that you know quickly if it’s working or not. The joke among DRM professionals is that traditional advertising agencies get fired after two years while DRM shops have improved the craft sufficiently that they can be fired in 90 days. Or, more optimistically, they can fine-tune the project after 90 days or scrap it and try something new. Feedback is fast.

### Looking for the right readers

The two most important components of DRM are the *message* and the *audience*. Of the two, the audience is the more important. Even a bad message to the right audience has some chance of success, but the best message to the wrong audience will always fail. Awareness advertising seeks to reach the largest number of people in the target audience. DRM cares less about quantity and more about quality (“the list is king”) and is likely to create longer presentations compared to short, punchy traditional ads.

DRM provides the time, space, and materials needed to be persuasive, but that doesn’t mean the campaign can turn its back on traditional advertising. I recently came across this analogy from an advertising agency in India: “Advertising works like grass. You don’t see it grow, but you need to mow the lawn each week.”

When I put together a proposed budget, I omitted any calculation of cost per thousand (CPM) for trade magazines because this number is both meaningless and misleading. If we’re looking for the lowest possible CPM, that might be the *National Rumor Mill and Lie*, with a CPM of \$2.25 (if we can believe the publisher.) The leading trade publication might have a CPM of \$254.54. Should we choose *National Rumor Mill and Lie* because of its low cost? Doing so would be like choosing to buy a vacuum cleaner by examining the color of its power cord.

What really counts is *cost per sale* or *cost per lead*. If \$30,000 worth of ads in the leading industry magazine produce leads that result in 100 sales, the cost per sale is \$300. If \$30,000 worth of ads in the *National Rumor Mill and Lie* generate enough leads to produce 1 sale, the cost per sale is \$30,000. I’d actually expect it to be more like 0 sales, but that makes for rather messy math.

Concentrate on the publications that are right for your message and ignore CPM.

One of the trade magazines is a weekly and the other two are monthlies. I’ve proposed ads in every issue of each publication for a year. If we need to scale back any part of the plan, it will be in the weekly. Running ads every week for the

first one or two quarters of the campaign, then scaling back to every other week, will still generate good results but at a substantially lower cost.

The print campaign will be mainly black-and white, less than full page. Island ads cost about 75% of a full page ad and can have nearly the same effect. Strong vertical ads can consume only 1/3 of a page, yet be highly visible.

Large is good, but repetition is better. Color is good, but large is better. Given the budget, I’d choose a full-page color ad in every issue. After that, repetition and size are the criteria I want, at the expense of color.

### The direct-response component

We know where the companies are, but information about the owners is old enough to be suspect. We’ll probably have to obtain the best list we can and then hire a company to make calls to confirm the names. The owners we’re trying to reach are notoriously difficult to get to, so we’re considering a 4-part mailing.

The first three pieces will be oversize postcards. Some of these will make it past the gatekeeper, but many will not. We consider them to be helpful to the campaign, but not critical.

The critical component will be a “stunt” – a package that’s designed to get past the gatekeeper, to be opened, and to involve the reader long enough to make an impression. In this case, we plan to send a package that contains *something* (as yet undetermined) that will move around in the box. The box will carry the return address of the manager of the business unit, but will not name the business, because a personal package stands a better chance of arriving unopened in the owner’s office.

Inside, the recipient will find a letter, a brochure, a response card, and possibly other component, along with the *something*. Our goal is to tie the letter’s opening to the enclosed item and to the owner’s problem. If we can involve the recipient long enough to get the first sentence read, we have a good chance that recipients will read the remainder of the letter.

The proposed mailing schedule will send one post card per week to 1/50th of the mailing list – one card per week – then the stunt package. Outbound telemarketers will try to reach the business owner during the 5th week.

Will this work? My crystal ball is on the fritz at the moment, but similar campaigns (with more cards, but minus the stunt) have worked in the industry. Previous mailings were to department heads, not to the owners, though. That’s why we feel the package is essential. **B**

## CORNER on the market by A.J. Stinnett

“An effective manager focuses on what people can do, not what they cannot do; and then cheerleads when people excel and helps those who don’t.”