



Delivering the Right Message to the Right Person

I DON'T SMOKE AND I PARTICULARLY DON'T SMOKE CIGARS, WHICH LOOK AND SMELL RATHER LIKE SOMETHING THAT HAS COME OUT OF THE NORTH END OF A SOUTHBOUND DOG. DESPITE THIS, OCCASIONALLY I RECEIVE A DIRECT MAIL OFFER FOR CIGARS.



Given the cost of printing 4-color catalogs, purchasing mailing lists, and paying the Post Office to deliver the booklets, you'd think that advertisers would be a bit more careful when identifying prospects. Sellers of gardening supplies should avoid sending 500-page gardening supplies catalog to people who live on the 57th floor of a Manhattan apartment building.

Now that we can reach targets with more accuracy than ever before, some marketers seem to have abandoned the idea.

A woman received a flier from an auto dealer who offered to buy her "desirable" car. A few months later, she sold the 20-year-old junker for scrap and didn't visit the dealership.

A man's daughter asked a company to stop sending him mail about saving money by switching auto insurance companies. The messages still arrive. The man has been dead for a decade.

It's Not the CPM, Stupid

SOME ADVERTISERS THINK CPM (COST PER THOUSAND) IS THE ENTIRE STORY. THIS NEVER WORKED WELL; NOW IT DOESN'T WORK AT ALL.

CPM is what it costs to place a message in front of 1000 sets of eyes. If the CPM is \$10, then every impression costs a penny. But what is an impression? A newspaper with a subscriber base of 500,000 may offer a CPM of \$10 for a \$5000 2-page spread.

The real cost must take into account the people who actually see the ad, not just those who had the

newspaper dropped on their doorstep. Newspapers aren't dropped on many doorsteps these days and most of the people who read newspapers are senior citizens. Magazines, radio, and television aren't doing much better, but each of these media can be effective.

More important than CPM are other considerations: Which section of the paper was the ad in? For radio and television, what time and on what program? I'll stick with the newspaper analogy because it's easy to follow; slightly different questions apply to radio, television, and websites.

How many of the potential readers noticed the ad? Of those, how many read it? Each succeeding group is smaller. Of those who read the ad, how many acted on it? And of those who acted on the ad, how many bought something?

The answer to the last question is the key. It's called cost per sale. If you spend \$5000 and make 2 sales, the cost per sale is \$2500. That may be acceptable if you're selling a \$40,000 automobile but unacceptable if your product has a commission of \$10 per sale.

On the other hand, paying \$2500 for a sale with a \$10 commission would be worth the cost if it initiates a relationship with a client who will have a lifetime value of \$100,000 to your company.

As a friend who's also a certified public accountant sometimes tells me, "Run the numbers!"

Word of Mouse on the Internet

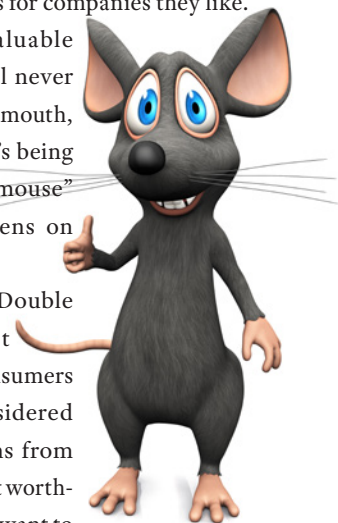
MOST BUSINESSES HAVE BEEN AFFECTED BY THE INTERNET, FEW MORE THAN AUTO DEALERS.

In the past 15 years, auto dealers have abandoned newspapers because most people who are considering the purchase of a car start on the Internet. They visit automotive sites, a dealership's website (possibly funded by the manufacturer), or any of several other websites.

Ad agencies continue to put forth the same kinds of ads that haven't been working. What they're missing is the world's most powerful marketing tool: Satisfied customers who gladly become advocates for companies they like.

The most valuable advertising you'll never pay for is word-of-mouth, although today it's being called "word of mouse" because it happens on social media.

Research by Double Click says that nearly 60% of consumers it surveyed considered recommendations from friends to be "most worthwhile" when they want to buy something. Traditional advertising came in around 30%.



WOM is seldom aggressively pursued because it's difficult to analyze, understand, organize, and control. It also lacks *sizzle*, which is what many advertising agencies sell. Leveraging WOM is hard work, but it's highly effective.

Roper Research says that WOM has a believability index of 81%. That compares to 56% for editorial content and 55% for regular advertising. But agencies and their clients continue to push big ads, glossy mailers, and heavily produced TV and radio ads.

A word-of-mouth campaign demands seeing the product or service from the customer's perspective and considering the user's opinions in a non-defensive manner. It requires a cold, hard analysis of what was said—or not said—and delicate handling of the feedback to the people who nurtured the product from concept to introduction.

Word of Mouth Dangers

WOM CUTS BOTH WAYS. TICKED OFF CUSTOMERS POST THEIR COMPLAINTS AND TELL OTHERS.

In the old days, an unhappy customer could complain to a few people. Now the Internet amplifies the voices of all customers, happy or unhappy, so that they can tell millions what they think.

The challenge is to please customers and then to inspire them to help spread the good news. That's *inspire*, not *trick* or *buy*.

Approach WOM wrong and people will get the idea you're trying to con them or turn them into shills. Do it right and your brand will excel. Millions of passionate, empowered consumers will gladly spread the word about your product or service if you've given them a reason to do so.

Consumers are looking for advice and assistance on the Internet. They find resources to be credible when the reader shares something

common with the reviewer and when the reviewer talks in terms the reader can identify with.

Reaching these influencers is key to success. According to *Emarketer*, influencers include columnists, writers, and journalists, but also a lot of average folks who are sufficiently interested in a topic that they set up a website, a blog, or an online discussion group.

These are the people you want to reach because collectively they show others where the market will go.

Geeky, weird, and passionate they may be, but these influencers do a far better job of grabbing more customers and keeping their attention than any TV or newspaper ad or website.

Reach out to the influencers. [Ω](#)

The US Treasury Has Filed Suit Against Me!

THE RECORDED VOICE SAID THAT IF I DIDN'T CALL 321-301-1105 RIGHT AWAY, I WAS GOING TO BE IN TROUBLE. BIG TROUBLE!

"Thees message ees intended to contact you. My name ees Dennis Gray and I am callink regarding an enforcement action secured by de US Treasury eentending serious attention. Ignoring thees will be an intentional offense to avoid an initial appearance before a magistrate judge (unintelligible) two weeks. My number ees 321-301-1105. (repeated) I advise you to cooperate with us and help us to help you. Than-kyou."

I didn't return the call from Dennis Gray for several reasons: Area code 321 is in Florida, the US Treasury Department is in Washington, DC (area code 202), and the Treasury Department doesn't call people regarding enforcement matters.

Conclusion: The Call is Bogus

CALLS SUCH AS THESE WOULD BE AMUSING IF NOT FOR THE FACT THAT THEY INTERRUPT PEOPLE AND APPARENTLY SOME OF US ARE SO UNINFORMED THAT WE TAKE THE BAIT AND CALL THE SCAMMER.

Lisa Weintraub Schifferle, an attorney with the US Federal Trade Commission discussed calls



like these on the FTC website. The caller may claim to be from the IRS or some other agency, but Schifferle explained calmly and clearly:

- When you have a tax problem, the IRS will first contact you by mail, not by phone.
- The IRS won't threaten arrest, deportation, or loss of a driver's license.
- The IRS won't demand that you make payment right away.
- The IRS won't ask you to wire money, pay with a prepaid money card, or ask you to share credit card information over the phone.

Don't fall for the fraudster's scam. Report it! So just relax and do the right thing. What is the right thing? Lisa Weintraub Schifferle says you should write down the phone number so

you can report the call to the FTC and the Treasury Inspector General for Tax Administration (TIGTA).

If you're concerned that maybe you do owe money to the IRS, check with the IRS directly by calling 1-800-829-1040. [Ω](#)

