

“Everything marketers do must support or build the brand. Realizing value from direct response marketing requires an holistic *direct-to-brand* marketing strategy, unless you’re prepared for a new set of problems to emerge.”

Jim Warren

# The Science of Cha-Ching

An Executive Primer for Developing Your Direct-to-Brand Marketing Strategy



## What is Direct-to-Brand?

*We utilize direct response to its fullest potential in transactional marketing at the same time we use it to support and/or build a brand.*

- Jim Warren

This is our simple definition of Direct-to-Brand (D2B) Marketing. To fully understand the significance of our disciplined approach, you must first understand the impact of direct response. Direct response, in its many formats, is a marketing “technology” designed to take fullest advantage of direct to customer relationships for the benefit of your brand and your bottom line. Our version of direct response is an evolution in traditional brand marketing by the addition of one significant factor – a call-to-action; a motivation for the consumer to “act now” in *direct response* to your brand message.

The history of direct response began in the earliest days of broadcasting with, among others, industry pioneer Alvin Eicoff. The inventor of d-Con rat poison approached him to market d-Con. Retailers wouldn’t sell it since it was an unproven product. So Eicoff ran direct response radio ads. In those days, 800 numbers and even credit cards did not exist. Listeners were prompted to write down an address and send a check. D-Con worked so well, people started asking for it at various stores. The stores contacted Eicoff with apologies and asked to market the product. He then came up with a concept called “key outlet” sales, which strives to get the consumer to a retail outlet. Eicoff put the product in selected stores, and went back on the radio, “Send for it by mail, or you can buy it today at XYZ Hardware.”

And the rest, as they say, is history.

When people think of direct response, they may think first of such notable consumer products as the Pocket Fisherman or Ginsu knives. And in the early days, that’s essentially all it was – a presentation directly to the consumer in which the merchant asked the consumer to send in a check to purchase the product – in short, a direct response. The entire goal was to generate a single sales transaction.

Later, AT&T created 800 numbers, Bank of America invented the charge card, and the process became even easier. Even so, the fundamentals of pure direct response haven’t changed.

Generating sales is still a goal today, but sophisticated brand managers are now using direct response to accomplish so much more than generating sales transactions. They also employ a direct-to-brand approach to create or enhance a brand, enhance a company’s image, drive retail sales, and generate leads – all with the goal of developing long-term customer relationships, not merely single transactions.

Direct response built American Express, AOL, Book of the Month Club, Dell Computer, GEICO Direct, Time-Life Books, and other well-known and respected brands. These early adopters of direct response technologies, and the brand managers that used them, have sought to differentiate themselves from their competition by building their business models around direct response.



ALTERNATIVE MARKETING

## The Science of Cha-Ching

An Executive Primer for Developing Your Direct-to-Brand Marketing Strategy



The good news is that already well-established brands can be enhanced by direct-to-brand as well. Additionally, brand managers looking for an innovative way to gain incremental improvements in results with their *existing* brand will find direct response technologies an ideal fit. Sears, Home Depot, and Apple Computer are notable existing brands that now incorporate direct response in direct-to-brand marketing campaigns.

You see a particular wrench or tool set at Sears, and wonder what on earth it's good for, and you don't buy it. But after you see Bob Vila demonstrating its uses on TV, you're likely to buy it the next time you go to Sears. Thanks to Bob's advice to visit Sears today, you might make a special trip just to get one.

Similarly, Home Depot now routinely makes special offers via direct response television (DRTV), and invites the viewer to "Call, Click, or Visit.™"

Apple Computer has run DRTV spots designed to turn consumers away from the plethora of Windows-based PCs and towards a MacOS-based Apple product. The commercials feature people who have done so, and why they're glad they did. If the viewer is then persuaded to at least consider a switch, he or she can call a number for a nearby outlet, or visit Apple's website for more information. Sears, Home Depot, and Apple Computer are well-respected brands. Such Direct Response ads *enhance* that brand image while generating immediate and incremental improvements in results.

## More Than the Sum of Its Parts

Direct-to-brand taps the fullest potential of both direct response and traditional brand advertising. First of all, direct response adds action and immediate results to the brand. In other words, the brand elements of a direct-to-brand campaign are given a measurable objective for their efforts. We no longer develop creative we *hope* will drive consumers to the retail outlet over time. We develop brand creative specifically focused on driving consumers to the merchant – payment in hand – right now. As the brand element drives consumers to respond through a compelling call-to-action, getting the brand into more hands results in enhanced brand equity.

In turn, brand adds credibility to direct response. Gone are narrow-minded images of carnival pitchmen that so doggedly pursued early direct response practitioners. In an effective direct-to-brand campaign, the brand comes first, begins the relationship with the customer, and sets the stage for direct response and its call-to-action. That's why it's so critical to integrate response without sacrificing the brand. The goal of an integrated marketing campaign is to enhance an already established brand, not re-define it.

In other words, direct-to-brand works because it's more than the sum of its parts.

**Brand + Direct = +++**



ALTERNATIVE MARKETING

## The Science of Cha-Ching

An Executive Primer for Developing Your Direct-to-Brand Marketing Strategy



### Why Integrate Direct Response?

Direct response provides you with the ability to generate exponential and/or immediate improvements in results (i.e. sales or leads). Direct response can generate such results in many ways. When you think of direct response, you immediately think of the phone or web site. But direct response marketers also experience favorable results in driving *retail* sales. Interestingly, most people who see a DRTV spot don't pick up the phone and order it if it's available at a retail store. Industry statistics suggest that anywhere from ten to 15 units will be sold at a store for every one ordered over the phone. This small slice of consumer behavior is why Sears and Home Depot are now so successful with DRTV.

If integrated by an experienced direct-to-brand firm, response can also build brand for your product or service with the important bonus of high measurability. Direct response incorporates real-time measurable advertising media – particularly DRTV – that enable you to first test your campaign without spending hundreds of thousands of dollars on a long-term commitment. A DRTV campaign, for example, begins with a relatively inexpensive one to two week low budget media test. Following the first week of testing, you can immediately make one of four choices:

If the revenues generated are not covering the cost of media placement on a one-to-one ratio, you can...

- (1) re-tool the creative approach to strengthen the brand message,
- (2) alter the media schedule to make more effective media buys, or
- (3) simply terminate the direct response campaign.

On the other hand, if the campaign is generating at least a break-even return on investment...

(4) it's time to begin incrementally increasing the media budget with the bottom line goal of managing a direct response campaign that pays for itself.

### The Science of Cha-ching

Within inexperienced ad circles, you might hear that direct response is fairly simplistic. "You want to try direct response? Slap an 800 number and web site address on your DRTV spot, alert your customer support people, and there's nothing else to it." Frankly, nothing could be further from the truth. There's far more to direct response than a phone number or e-mail address – if you want a *successful* integrated marketing campaign. Furthermore, without an experienced direct-to-brand practitioner, the "opportunities" for error are many times that of a traditional brand campaign.

In other words, the direct-to-brand message is a carefully cultivated hybrid. Just like the raising of prized orchids, crafting such messages is a unique skill. Brand and direct messaging are precisely grafted in an effective direct-to-brand campaign, not simply stapled together. Again, merely slapping on a phone number in the visual fine print just won't do if you're expecting results.

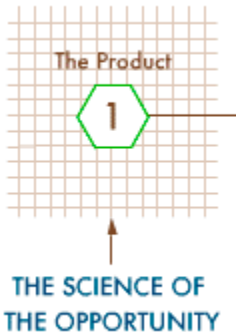
A successful, direct-to-brand campaign requires a series of steps – well-managed, and carefully executed from start to finish. Jim Warren invented a process he called "The Science of Cha-Ching."



ALTERNATIVE MARKETING

# The Science of Cha-Ching

An Executive Primer for Developing Your Direct-to-Brand Marketing Strategy



## Step 1: The Science of Opportunity

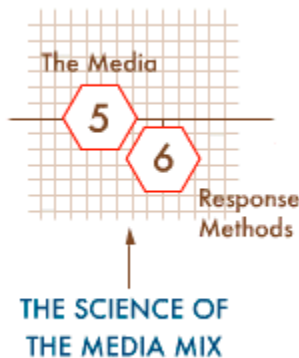
1. *The Product.* Your successful direct-to-brand campaign begins with a well-conceived product or service. A design change here or an appearance tweak there could literally make the difference in a product that flies off the shelves, or one that just sits there.

## Steps 2 – 4: The Art of the Sale

2. *The Offer.* What makes the consumer respond to a direct response campaign? A compelling offer that he can't get anywhere else. As the offer drives sales it becomes a highly measurable tool to judge the effectiveness of the campaign.

3. *The Creative.* The creative is still the focal point for the art of building the brand and the creative in a direct-to-brand campaign has a specific measurable objective – “pick up the phone and call us right now!”

4. *The Call-to-Action.* The call-to-action is the prompt for response. This step is the culmination of the creative and the offer. If the creative captures their attention, and the offer is irresistible (or at least very compelling), the call-to-action is the clear and focused call to contact you.



## Steps 5 – 6: The Science of the Media Mix

5. *The Media.* Direct response media allow you the ultimate flexibility. Since measurement is immediate, media buys can essentially be changed “on the fly” as your results dictate. Then you simply do more of what works well, eliminate what doesn't, and repeat that action.

6. *Response Methods.* In a direct response campaign, there are three methods by which all of your customer audience will contact you; the telephone call, the web site visit, or a trip to the store.

# The Science of Cha-Ching

An Executive Primer for Developing Your Direct-to-Brand Marketing Strategy

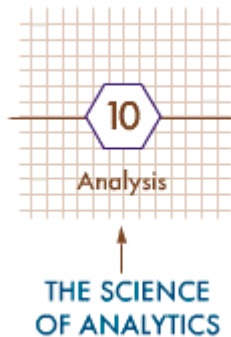
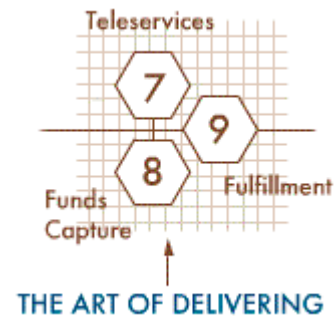


## Steps 7 – 9: The Art of Delivering

7. *Teleservices*. There's nothing worse than having the 1,000<sup>th</sup> consumer dial in to a busy signal, or having customer service reps that appear unknowledgeable. Designing a call center that can handle any level of volume is a critical component.

8. *Funds Capture*. Funds Capture is all about collecting those dollars, and turning them into cash for our clients.

9. *Fulfillment*. Fulfillment may mean order processing, handling, and shipping. Or fulfillment may mean the handling and shipping of a kit or premium product. Ensuring the selection of the right fulfillment company is critical to the client's success.



## Step 10: The Science of Analytics

10. *Analysis*. This is where Alternative Marketing proves its greatest value – in the analysis of the data, and its application to every area of the direct-to-brand process. We look at the entire process – through the first 9 steps – in a controlled environment, reviewing one variable at a time looking for that incremental improvement in cost-per-order or cost-per-lead.

## Steps 11 – 14: Customer Service – Art and Science Applied

- 11. *Customer Service*
- 12. *Customer Relationship Management (CRM)*
- 13. *Customer Loyalty / Winback*
- 14. *Creating a Lifetime Customer*

Even though the client may have their money in the bank, if that customer is dissatisfied with the fulfillment process, or any aspect of customer service that follows, he may never order again. Worse yet, he may tell his friends!



ALTERNATIVE MARKETING

# The Science of Cha-Ching

An Executive Primer for Developing Your Direct-to-Brand Marketing Strategy



## Why Alternative Marketing?

As you can see, integrating direct response involves far more than meets the eye. It takes an experienced practitioner to get results *and* protect your brand. You need an experienced guide who will lead you through direct response integration, and will also commit to support your brand, not re-define it. That's Alternative Marketing.

Share this guide with your colleagues, and examine your marketing strategies. For more detailed information about Direct-to-Brand, and Alternative Marketing, visit our web site at [www.alternativemarketing.com](http://www.alternativemarketing.com). You can e-mail us at [info@alternativemarketing.com](mailto:info@alternativemarketing.com). or contact us now at 512.231.0883.

## What Should You Do Next?

You've probably already determined that improvements are needed in your marketing programs. Here are a few questions you may wish to ask yourself to see if an investigation of direct-to-brand is appropriate:

- Do you need to have increased measurability in your marketing programs? Some branding programs can be fairly difficult to measure. The integration of direct response can significantly improve the ability to measure ROI.
- Do you have a need to generate immediate transactions? These could be sales or they could be qualified leads for your sales team. Direct response integration will allow you to begin generating responses immediately.
- Do you have a need to improve your bottom line immediately? If your goals for direct response would be sales, you can immediately begin generating revenues while you build your brand.

**Share your analysis with the organization.** As a change leader, share your analysis with the rest of your organization, as appropriate. Eventually, you will need to enlist the entire company. The implementation of direct-to-brand involves the input, leadership, and buy-in of departments across the organization; from finance to marketing to fulfillment.

**Consider DR as part of your marketing strategy.** It only takes one innovator to make a difference. Doing something "outside the box" takes a bit of courage, but it's that kind of thinking by which progress is made.



ALTERNATIVE MARKETING