

Altman Dedicated Direct

STRATEGY... TACTICS... RESULTS

Column: **"After the Phone Rings ..."**

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Topic: **The Opportunities to Increase Response with 2-Step Marketing**

Most consumer products are sold in one step – the seller makes the offer, the buyer responds by purchasing. But there are products that just can't be sold in one step. The most common situations causing a need for 2-step marketing are high price or product complexity.

The more costly an item, the more likely consumers need to think the purchase over before making a decision. That thought process could involve determining whether they have the funds and how to pay. Other family members may need to be consulted before a purchase – for example a bed or home improvement, such as new kitchen cabinets.

Complicated products or services such as insurance and home equity loans require 2-step marketing because of both consumer and marketer needs. The consumer needs to carefully consider the offer because of the long-term commitment required; the marketer needs to gather and evaluate information from the consumer to qualify and match them to an appropriate product.

Any media with limited time or space can force a marketer to use a 2-step method. For example, a consumer cataloger who wants to promote their catalog on DRTV or DR Radio will likely need to use 2-step marketing because there is not enough time to describe all their product offerings effectively.

Successful 2-step marketing requires a careful plan for the complete process from generating the initial inquiry response in the first step, through converting that inquirer to a buyer. In many cases the 2nd step can actually become a series of efforts to convert sufficient numbers of inquirers to buyers.

The first step (generating inquiries) is usually followed by direct mail or email where the marketer provides the detailed features, benefits and offer information needed to make a decision. There are many choices to make: what the format/copy/etc. of the mail or email should be and which to use. Email may be cheaper, but direct mail may outperform email well in excess of the costs. This can be especially true for older audiences. Another benefit of postal mail -- it won't get blocked by spam filters as a "false positive" (mail the consumer wants but spam filters classify as unwanted).

If your initial Step 2 doesn't convert the inquiry to a buyer, what should your next action be? Another mailing, email or an outbound telemarketing call? Should you add an extra bonus to encourage conversion? Every product and brand is different, but the key is to think through a plan, and methodically test alternative approaches to determine which is your best approach.

Don't forget that different audiences can respond in different ways to mail, email and telemarketing. Your best plan may be to have multiple paths – consider if classifying inquiries up



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front based on easily identified characteristics (age, gender, payment method, etc.) and then treating them differently (different copy, email vs direct mail, etc.) could get you greater conversion rates.

Ensure that you have tracking methods in place and evaluate your detailed results to make the best choices for your brand's long-term success. Do the analysis that is needed so you know each action is heading you in the right direction. Otherwise you could be spending money on incremental efforts that are actually losing money instead of getting you closer to success.

How many efforts should you use to convert inquirers to buyers? Do you stop at 3 efforts or 10? The answer is straightforward – keep sending email or direct mail, or making calls until you reach the point at which the cost of the effort is larger than the long-term profits generated by the conversion you are getting from that effort.

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