

# DIRECT

www.hackergroup.com

A quarterly marketing publication from The Hacker Group

## "May I get your help with something?" Never underestimate the power of "the ask"

### IN THIS ISSUE:

3 | A lead by any other name . . .



4 | Washington Mutual uses "unbanklike" behavior to break into the New York market



6 | Improve your program consistency with Leapfrog Planning



6 | CPA and CPC: Great ways to reduce your marketing risk



7 | Are you listening to the experts?



8 | Back to Basics: The next hot offer



Everybody loves to be treated as an expert — and you can use that fact to your great advantage. Microsoft® certainly did to generate leads for their Gold-level Systems Integrator Partners.

Microsoft's Windows Embedded Applications Partners group had a large list of email addresses, but they wanted more specific information to generate leads for their Integrator Partners.

**What they knew about this list was very limited.** Everyone on the list had either downloaded developer code or trial copies of software, or they had at some point subscribed to a newsletter.

Beyond basic contact information and email addresses, Microsoft had little additional information about the prospects.

### Beefing up intelligence

To gather more specific information and to drive leads to their Integrator Partners, **Microsoft knew they should leverage the Microsoft brand with the look and feel of the Windows Embedded Web site**, a popular online destination for the target reader.

Microsoft decided on a copy platform that requested the reader assist with a survey. This would both flatter the reader's expertise and further qualify them as leads.

Microsoft's expectations for this email were based on previous mailings with similar goals: around a 1% response to the survey. This was slightly higher than campaigns that had been sent to internal company lists.

*Continued on page 7...*

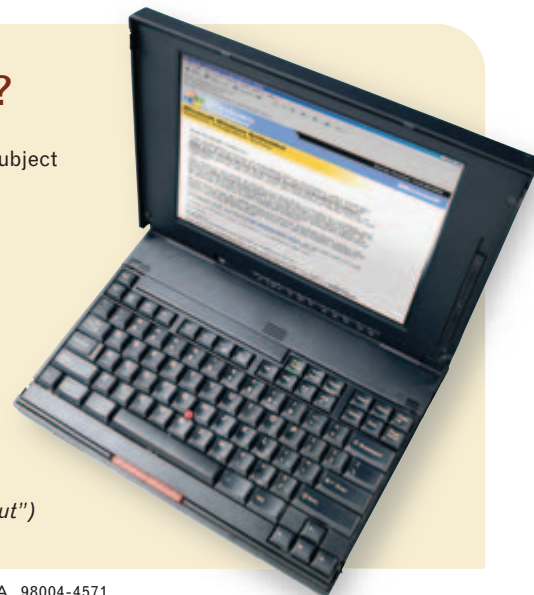
### The subject line: Is less more?

You have a very limited number of characters in the subject line, and those few characters have to get your email opened. Make sure you make the most of them.

Microsoft discovered one way to do that.

In this survey package, Microsoft tested the request for help subject line with a deadline ("May I get your help with a survey? Please respond by Feb 28, 2003") against a straight deadline with no explanation ("Please respond by Feb 28, 2003").

You'll be surprised which subject line performed 74% higher. (Find out on page 7 - "Subject-line shootout")



## A PERSONAL NOTE FROM

### ► THE PRESIDENT



SPYRO KOURTIS, *President*  
THE HACKER GROUP

“I’ve seen  
mail fatigue  
hit a control  
mail program  
faster than a  
summer cold.”

Dear Colleagues,

I’d like to say a few words about your direct mail testing budget:

#### **Don’t waste it!**

And by not wasting it, I mean don’t give in to the temptation to siphon funds from testing into mailing your control. Recently, I’ve seen a lot of companies think they are tightening their belts and showing a better ROI by taking testing money and putting it into the control package.

Of course mailing more control packages will produce a better return on your mail dollar. But they’re only ensuring reduced returns on their mail investment in the long run. Here’s why:

Think of your testing budget as your research and development fund. Sure, a company can coast on current, successful models (automobiles, computers, you name it) for a while, but they pay in the longer term, and sometimes in the short term as well. As a rule, when you roll out a program, you should keep 80% of your mail in your control and continually test the other 20%.

If you don’t adhere to this rule, failure can come very suddenly.

**I’ve seen mail fatigue hit a control mail program faster than a summer cold. And, if you don’t have an active testing program going on, even a hyper-fast PowerTest™ can take as much as 90 days to find you a new control.**

And that’s a long time to make your sales force sit by a silent phone.

Think of your direct mail testing budget as a separate fund. Give it its own line item in your sales and marketing budget and make sure it’s sacrosanct from the bulk of your mailing.

When economic times are dicey, the temptation is to look only at this month’s balance sheet, but the really smart marketers -- the survivors -- make sure they stack the deck for a much longer winning streak.

Here’s to your success!

A handwritten signature in blue ink that reads "Spyro Kourtis". The signature is fluid and cursive, with a large initial 'S'.

Spyro Kourtis

# [ClipTips]

Clip these tips for  
high performance direct!

## Make sure your reply device actually encourages replies

Here's a checklist that can make sure your reply device doesn't turn into a reply depressor. Post it where you can see it whenever you're creating a new reply device.

### Does your reply device . . .

- Ask the reader to do something specific?
  - Place an order (one-step)
  - Request more information (lead generation)
  - Make a reservation
  - Take a survey
  - Enter to win
  - Indicate a preference
  - Accept a trial
- Does your reply device have a name?
  - For example:*
  - Enrollment Form
  - Urgent Reply Form
  - RSVP Card
  - Reservation Card
  - Information Request Card
  - Savings Coupon
- Does your reply device state the offer clearly and simply?
- Is it easy to fill out? (*Test it with someone unfamiliar with the program to find out if it really is easy.*)
- Does it confirm the responder's address?
  - Phone? Email? Credit card information?
- Does it include a deadline?
- Finally, is it as simple as you can make it?

# A lead by any other name . . .



Do you know the difference between a lead, a suspect, a prospect, a response, a pender, an opportunity lead or . . . how about an ‘up’?

Beware. This may seem simple and intuitive, but it really isn’t. And if you’re unclear on where someone is in your sales process, you’ve lost control of the process — and maybe even the sale.

Simple questions of definition have sent corporations into lead management tailspins for months. **One high-tech firm argued about lead ownership for 9 months** — only to figure out that what marketing was calling a lead, sales was calling a responder.

So, you’d better have some consistent terminology down when you’re planning or setting expectations with colleagues. Without this, your back-end systems and sales process will be far from foolproof.

To help get everyone speaking the same language, we’ve put together this little glossary of lead terminology for you.

*“Whatever terms you use, you’ll want to make sure everyone in your sales and marketing team is speaking the same language . . .”*

## Suspect

A suspect is a member of the target group to which you are focused on marketing. And you don’t necessarily know any more than that. You may know demographic information, but they have yet to identify themselves as being interested in what is being sold.

## Response

Someone who has responded to an offer of some kind or has self-identified as being interested in your products or services qualifies as a response.

## Lead

One step up the qualification ladder, a lead is a qualified response. Often, a lead has had some human interaction with your company and may have passed a set of qualifying hurdles, i.e., budget, authority, need and timing.

## Opportunity lead

Many marketers use the term “opportunity lead” to describe qualified leads that have been identified as opportunities with a specific dollar-value.

## Prospect

This term can loosely refer to anyone in this process, or it can specifically refer to someone interested in a particular solution that has been identified.

## Pender

As the name implies, a pender is a prospect who has said that they will buy, but the decision depends on the prospect getting over some hurdle, like getting purchasing to approve budget.

## Finally, what’s an up?

An ‘up’ is anyone who actually comes to a sales presentation, usually in the vacation ownership industry. Ups are the people who showed up.

Whatever terms you use, you’ll want to make sure everyone in your sales and marketing team is speaking the same language, so you make the appropriate investments in each sales possibility.

For instance, you most likely don’t want to mail a \$10 mail package to a suspect — but it may be the very thing you want to do when courting a responder or a lead.

Where you should invest and how much you invest in a suspect, responder, lead, etc. depends on the value of what you’re selling. If you’re selling larger-priced products or services, you can afford to spend more on people earlier in the sales process. When you have a limited mailing universe and need to make the most of it, spending more on direct mail can be important — as long as you **make every additional dollar count.**

Otherwise, take this advice: Spend as little as you can get away with to get the response rates necessary to give your program momentum. ▲

# Washington Mutual uses "unbanklike" behavior TO BREAK INTO THE NEW YORK MARKET

Ask anyone, New York City is a tough market to break into, no matter if you're an actor or a salesperson. But for financial services, the Big Apple may as well be a walled fortress as a potential market.

And Washington Mutual, the country's seventh largest financial services company, had come to the gates. They found the key with an ambitious mass advertising campaign.

## The goal

Washington Mutual wanted more than a piece of the largest, toughest market in the world. In support of their mass advertising campaign, they wanted to acquire new customers through direct mail at a rate of \$75 per-new-account opened.

That's ambitious.

## The challenge

As an established banking market, New York is as well defended as they come. It's the home of all the leading retail banks. The banks in the New York market jealously guard their clients, and the last thing they want is another bank targeting their hard-won customers.

In New York you'll also find one of the most heavily mailed audiences in the world. These people have seen everything in their mailboxes. Standing out among all that clutter would be quite a challenge.

Not only have New Yorkers seen everything in their mailboxes, they've

also seen everything from their banks. To impress them, Washington Mutual would have to bring truly significant benefits to the table or else the New York reader would never switch banks.

Pre-launch market research on the New York audience had shown a major opportunity for a new bank in the market. In general, New Yorkers were very dissatisfied with fees being charged by their current banks. Washington Mutual would hit hard on this pain point.

*“Freedom from fees, freedom from hassles of a typical bank. All paid off with wild, carefree imagery . . .”*

## The strategy

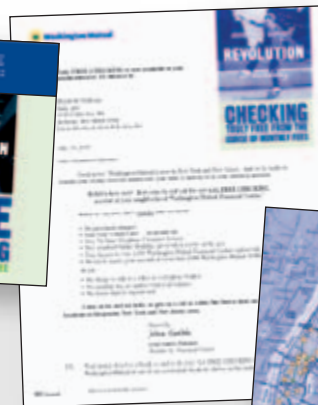
In this program, Washington Mutual was promoting two products — Free Checking and the Platinum Account.

## FREE CHECKING ACCOUNT PACKAGE

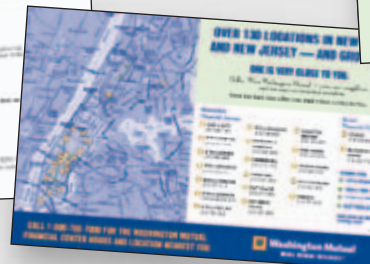
Washington Mutual made great use of the most powerful word in the English language: FREE.



The FREE Checking account package showed people doing very unbanklike things.



Packages regionalized by borough allowed Washington Mutual to include a map of local financial centers.



## PLATINUM ACCOUNT PACKAGE

Both products had the benefit of fee-less services. Each would be sold through its own campaign, targeting the audience most likely to purchase that product.

The mass advertising campaign took the pain point of fees and went after it with the broad message that Washington Mutual is creating “another small revolution in banking.”

These packages added to that a strong FREE message. Not only FREE checking, but freedom from the typical bank. The campaign’s imagery showed what real urban freedom was like. New Yorkers in business attire turning cartwheels in the streets, or dancing and making faces.

They were free from their oppressive, old banks — and free from fees.

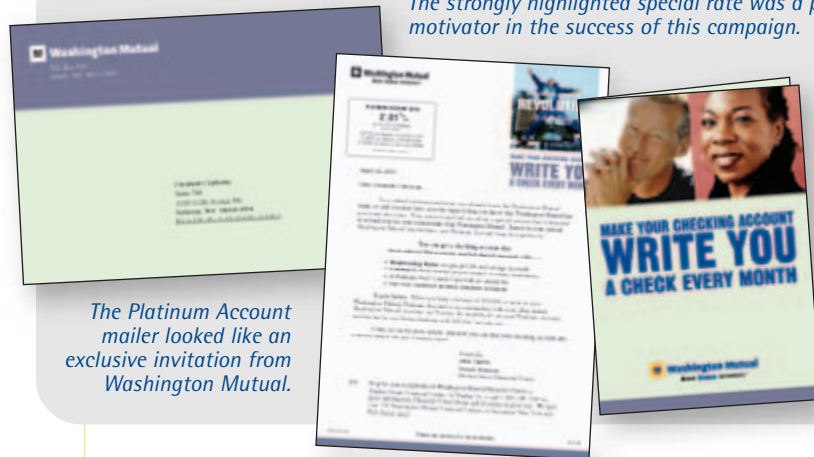
**Both direct mail campaigns married the look and feel of mass advertising with proven direct marketing formats and offers.**

Both campaigns were a lot of fun.

### The Free Checking campaign

The Free Checking campaign targeted prospects with a high propensity to buy in areas around new financial centers.

For this part of the campaign, Washington Mutual developed a package that had high visual impact and low cost. They did this with eye-catching imagery throughout the



*The strongly highlighted special rate was a powerful motivator in the success of this campaign.*

*The Platinum Account mailer looked like an exclusive invitation from Washington Mutual.*

*Washington Mutual used “unbanklike” behavior throughout the campaign.*

package and powerful use of the Free Checking offer.

Because the program was regionalized by borough, each package could also include a lift that gave addresses for all the financial centers in that borough.

The copy brought the revolution concept right to the reader. Freedom from fees, freedom from hassles of a typical bank. All paid off with wild, carefree imagery of people doing things you wouldn’t normally associate with a bank — roller-skating, doing cartwheels, making funny faces.

Each prospect was mailed twice in an attempt to break through the New York mailbox clutter.

### The Platinum Account campaign

There were two target audiences for this campaign:

- **Washington Mutual Mortgage customers** who had already qualified for the fee-free benefits of the Platinum Account, as well as other New York-area customers who

did not already have a Washington Mutual checking account.

- **High income/high home value prospects** in areas near the new financial centers.

Because most of the target audience already had a relationship with Washington Mutual, this package had a closed-faced envelope that looked like a personal invitation to a Washington Mutual event.

This package also offered a special introductory interest rate available only to Platinum-qualified people.

The Platinum package also had imagery that you wouldn’t usually associate with a bank. People smile, and laugh and dance. It’s not your typical bank mailer.

### Results

The results were also not your typical bank result. The goal was a cost-per-new-account of \$75. This program resulted in 10,000 new accounts opened at a cost of \$53 per account. ▲

## CPA and CPC:

### Great ways to reduce your marketing risk

Cost-per-acquisition (CPA) and cost-per-click (CPC) programs actually allow you to pay for only what you want — response. Whether you choose to pay only for successful conversions, lead forms, newsletter subscriptions, completed sales or just pay by the click, you're only paying for the action you desire, not for the emails you send out. They're both great ways to limit your exposure.

Here's how they work . . .

#### Cost-per-acquisition

Simply put, with a CPA program you pay an advertising network only for successful conversions. The advertising network sends a targeted email notice to their opt-in subscribers, frequently against a specific demographic select, and informs them of your offer. You only pay for each new subscriber, lead or customer. You decide. Pricing is driven by the complexity of the task and the level of the targeting, ranging from 50¢ to \$50.

#### Cost-per-click

Cost-per-click is just what it sounds like. You pay only for 'clicks' or traffic to your site. The most popular form of CPC is Search Engine Keyword advertising, like Google Adwords and Overture. CPC programs pack a double whammy: They allow you to reach potential customers when they are actively searching for products and you only pay for successful clicks. You should consider CPC for both B2B and B2C marketers. ▲

## Strategy tip: Improve your program consistency with Leapfrog Planning



Possibly the most powerful advantage direct marketing has over general advertising can be summed up in one word: **Control**.

As direct marketers, we use the mathematics of response and testing to predict and control the outcome of any campaign or mail program.

Using a method we call *Leapfrog Planning* allows you to make the most of the predictability of direct marketing. It's a way of planning your quarterly programs while continually improving based on the latest results.

**Leapfrog Planning lets you stay in the mail continually (and drive your sales continually) with the best programs possible by using the latest intelligence to improve program performance.**

For example, say your quarterly mail programs are generally structured so you use 80% of your mail on your proven control. The other 20% you commit to testing. (For more on that, see Spyro's letter on page 2 of this issue.) At the beginning of the second quarter you start to get good results from a test you've just conducted in the first quarter. Naturally, you want to stop everything and include that new intelligence in what you're doing right now.

Unfortunately, you can't do that because of the time it takes to develop new mail around that intelligence.

### Put good results to use sooner

Presumably, you've thought carefully through your second quarter mail

plan. Now that you're well into the production of that program, you can't just stop and try to jam your new intelligence into a mailing where it may not fit.

**Leapfrog Planning takes that new intelligence into consideration beforehand and allows you to continually make changes at the planning stage. Here's how it works:**

The first quarter program's testing gives you intelligence that you immediately put into use in your planning for the third quarter's mail — not the second. You then use your second quarter program's testing to make immediate adjustments to your fourth quarter program.

### Drive your results — don't let results drive you

You leapfrog through the year, improving every quarter's program with the best analysis available — without having any gaps in your sales flow or rushing around making last minute changes.

In short, you are driving the strategy — you're not being pushed into a constant state of panic by whatever the most recent response analysis says.

Even though it seems to be common sense, Leapfrog Planning is extremely rare in practice. But when you use it, it'll pay off in better, more carefully crafted long-term strategies and far smoother mail programs for you. ▲

# "May I get your help with something?" . . .

(continued from page 1)

## How to beat expectations in one easy lesson

The email came from a Microsoft employee requesting help with reducing time to market on new products. It asked for the valuable opinions of the recipients in return for free access to a new Library of Microsoft Developer Resources.

The email also told readers they would be eligible to receive a free needs assessment from one of the Integrator Partners for responding. This offer would result in a direct contact from the Gold Partner. Any responses okaying a contact would be a real plus for this program, since the initial goal was to gather information, not necessarily make the sale for the Gold Partner.

This additional offer allowed Microsoft to gently query responders for those ready to take the next step in the sales process.

The survey asked the responder questions about their position, types of products being developed and even purchase timeframe. The survey not only gathered respondents' opinions, it also gathered valuable marketing information.

The respondent also had an opportunity to ask questions, make suggestions

and air concerns about Microsoft Embedded products.

## The "wild" result

The program has been wildly successful for Microsoft. As of this writing, **the program has pulled a 4.09% response rate.**

And that isn't the best news.

Of the responders to the program, **over 32% opted in to be contacted by a Gold-level Partner for a needs assessment.**

The developer audience took full advantage of the opportunity to tell Microsoft what they thought. The open response field received notes with everything from advice on search tools to questions about future releases. It even got thanks for sending out the survey.

## The lesson

If you have a list of people who have asked to hear from you before, they might actually still want to hear from you. It's worth it to get in touch with them and find out.

And, as Microsoft found out, all you have to do is ask, and you may receive. ▲

## Insiders STRATEGIES

### Are you listening to the experts?

"People want quarter-inch holes, not quarter-inch drills."

— *MBA Magazine*

Benefits are more important in a sales pitch than features. Put it this way, which would you respond to? "You can make quarter-inch holes easily" or "Let me sell you a quarter-inch drill."

"You cannot sell two things at once."

— Dick Benson

Give someone a choice of two things, and they'll choose neither. Choosing is a job, and no one wants to be handed yet another thing they have to think about. So make the selection for them and present it. Make it easy for your reader.

"The right offer should be so attractive that only a lunatic would say 'No.'"

— Claude Hopkins

Make sure your offer is the absolute best one you can field. If it looks like something you could pass up, then look at it again and find the better offer — it's out there.

"Serif text gets a better response than sans serif."

— Ed Elliott

It's been proven over and over again that fonts with serifs (Times, Courier, Garamond) pull better responses. In a letter, Courier font pulls better than the more type-set looking Times.

"The prospect doesn't give a damn about you, your company or your product. All that matters is, 'What's in it for me?'"

— Bob Hacker

Need we say more? ▲

## SUBJECT-LINE SHOOTOUT

You might expect the more mysterious "Please respond by Feb 28, 2003" to be discarded more often as potential spam, over the more specific "May I get your help with a survey? Please respond by Feb 28, 2003." But, the shorter, less informative subject line resulted in a 5.34% response, clearly beating the longer version's 3.99%.

To quote an old adage: "The less you tell, the more you sell."

# BACK TO Basics

## The next hot offer

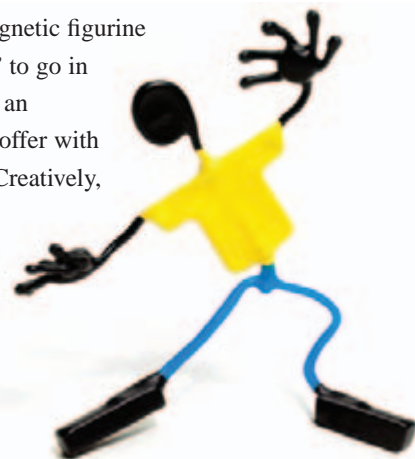
### A glowing response

These things just keep getting better and better. It all started with a simple red light emanating from the shaft of the pen. Then, a couple of months later, a blinking version appeared on the scene. Pretty cool. Next, a version that eerily pulsates from color to color. Now we hear that they've invented one that flashes when you have a call ringing on your cell phone (and at a reasonable price, too)! And since we've seen these things pull over 4%, we figure they're even cooler.



### Magnetic response

This bendable, magnetic figurine makes a great “rattler” to go in your initial mailing or an inexpensive back-end offer with great desk presence. Creatively, it's a versatile and inexpensive way to get your message across and make sure it really sticks. It's like having a little spokesperson in an envelope!



### For a caffeinated response

Coffee shops are back, and making the morning coffee run easier and FREE for your readers is an enticing prospect. Unfortunately, many of them cannot fulfill online. But buying a prospect a latte is a great way into their favor.



### For instant response

Online response is not only much faster, it can help if your fulfillment budget is low. Here's an idea that's shown a lot of pull — send your readers to the movies for FREE. Using Fandango, programs are getting great results with extremely low back-end costs.

