



Targeted Marketing... Factors That Influence Success

Everyone is not your customer.

~ Seth Godin

Simply defined, marketing is finding out what your customers want and then providing it; selling is getting those customers to buy from you instead of someone else; and advertising is the educational process that makes it all happen. Good advertising *informs* your customers and prospects about your new product or service offering, *builds awareness* of an opportunity, *creates an image* and *positions* your business and its products or services, and *generates interest* in buying.

Decades ago, when there were fewer products and fewer brands, mass marketing made sense. Often one company owned an entire category. When the only coffee sold in supermarkets was ground and in one-pound cans, marketing to all coffee drinkers as an undifferentiated group was easy. The choice was between brands, each making taste claims.

Think how this has changed! Not only has the number of companies selling coffee increased, there are now more brands offered by each company. And at the same time, coffee products have proliferated ~ regular, decaffeinated, blends, flavored, ground, whole bean, instant, cans, packages, pouches, even individual portions. Clearly mass marketing is not the most effective way to advertise all these choices.

Targeted Marketing

Unlike mass marketing, targeted marketing takes into account the differences among various segments of an audience and addresses those segments' specific needs or desires; that is, different products and services for different niches. Ground coffee in large cans for people who make a lot of coffee in a hurry. Decaffeinated coffee beans in airtight packages for health-conscious coffee drinkers. Flavored instant coffee in small tins for ~ well, you get the idea.



Targeted marketing can be as successful as mass marketing (or sometimes even more successful, depending on the product or service), but you need to know a lot about your customers. Targeted marketing is based upon knowing who, exactly, you want to reach. Let's say you are a small business that sells photographic products and services. An outsider might think that professional photographers would be the best audience to target. But the fact is, parents with young children are the largest buyers of photographic materials and services. They buy more film, cameras, processing services, and accessories than any other group. The question is, how do you reach these buyers?

Mass vs. Targeted Marketing

Whether you are using mass or targeted marketing as your strategy, there are three factors that influence success; the audience, the offer, and the creative. Regardless of the advertising media selected (television, radio, print, or direct mail), *whom* you are talking to, *what* you are offering, and *how* you present your offer are the factors that account for your results.

But look at the relative contribution of each factor, depending on whether you are using mass or targeted marketing:

Relative Contribution of Influencing Factors

Factor	Mass Marketing	Targeted Marketing
Audience	20%	60%
Offer	40%	20%
Creative	40%	20%

The audience for mass marketing exerts only a 20% influence because it is a shotgun approach. At any given time the audience, though large, includes only a few people who are actually in the market place for the product or service. The advertising is a game of numbers – hoping to broadcast a general message to so many people that it will hit the right people at the right time.

For targeted marketing, the audience is the overwhelming influence – greater than the combination of the other two factors. A splendid offer beautifully packaged but sent to the wrong audience will not produce a successful outcome for targeted marketing.

Locating the Target Audience

There is a hierarchy of all potential buyers of your product or service.

Advocates
Clients
Customers
Prospects
Suspects

Beginning at the bottom of the pyramid, *suspects* are those segments of the general audience that appear likely to need or want your product or service. Remember that not everyone is a suspect – you need to know for whom in particular your product or service works best.

Next are *prospects* – suspects that have identified themselves to you in some way. Perhaps they have responded to a direct mail offer, or called asking for more information or a quotation. Prospects have not yet bought anything from you.

Customers are new or infrequent buyers. New customers may have only made a small initial purchase, waiting to see how you perform. Infrequent buyers may be very loyal, but have modest needs for your product or service.

Clients are your best customers, the ones responsible for most of your sales. Many businesses find the 80/20 rule applicable to their clients – that 80% of their total sales come from 20% of their customers. That 20% are the clients.

Finally, there are *advocates*. These are the 20% of the 20% – the clients who are committed to you, recommend you to others, give you testimonials, are your success stories, and probably provide 40% of your total sales.

Now, back to the question – who is the best target audience for your products and services? The good news is – *your current customers, clients and advocates*. They already know you. You have earned their confidence and trust. They like your products and service. All the elements for doing business – communication, customer service, ordering, fulfilling, and paying – are all in place and working. And you probably know or can find out a lot about them without much trouble.

Profiling Your Audience

Remember that selecting the right audience is the single most important influence on the success of your direct mail campaign. It is the audience that defines the offer and drives development of the creative. And in targeted marketing, your audience is *individual* buyers, purchase initiators, and purchase influencers.

Profiling your audience will help you be more effective in selecting the right offer and creative; it will also help you locate the best prospects and suspects to go after from among the entire pool. To do this, begin with your current customer list and identify their common characteristics. Is there a preponderance of titles (vice president, purchasing manager, director of advertising)? Is there a common number of employees? Is there a common location (defined by zip code)? Is there a large number in a single SIC code? Is there a size indicated by annual sales?

If you do not have this information, there are several ways to get it. One is to send a written survey to your customers. If this seems daunting, start with your advocates and clients. Since they account for the majority of your sales, it is likely that their profiles will be enough to get started. Secondly, telemarket your customers (or just your advocates and clients). Although this may seem time consuming and expensive, it actually provides a wonderful opportunity for your customer service staff to proactively contact your best customers. Finally, your customer list can be sent to a mailing list processor who can augment your list with the desired demographic information.

If you do not have a customer list, begin compiling one. A customer list can be compiled from sales records, call reports, correspondence, purchase orders, requests for information, trade show leads, and visitor logs.

Direct Mail Techniques for Targeted Marketing

The more you know about your customers, the more personalized you can be in addressing them. Powerful programs are now available that can be used to customize your mailing for specific recipients. Personalization and variable data printing, once reserved for companies with very large marketing budgets, are now within the reach of even small companies. Ask us about this option; we will be happy to provide ideas and estimates.

a vocabulary of the graphic arts

worlds

Action Device: The portion of a direct mail piece designed to promote reader involvement by having the reader perform a physical action such as pasting a stamp, placing a token in a slot, etc. It is believed that involvement on the part of the reader leads to a higher response rate.

AIDA: Attention, Interest, Desire, Action. The standard formula for the steps that direct mail copy should follow in order to induce a response.

Bounce Back: An offer to a customer that comes to him along with the fulfillment of his order.

BRC/BRE: Abbreviation for business reply card and business reply envelope.

Carrier Envelope (also OME and OSE): The outer mailing envelope or outside envelope in which the mailing is sent.

Collateral Materials: Printed material such as instruction manuals, certificates of authenticity, and warranty information used to support a sale or prospective sale.

Compiled List: A group of names gathered from directories, public records, registrations, etc. A compiled list does not promise any sort of past buying activity.

Cost Per Inquiry (CPI): Total cost of mailing divided by the number of inquiries received.

Cost Per Order: Total cost of mailing divided by the number of orders received.

Cost Per Thousand: Total cost of mailing divided by the number of thousands mailed.

Johnson Box: A copy or design element, usually on the first page of a sales letter, that calls attention to specific points in an offer.

Market Profile: An analysis by age, sex, income, preferences, etc. of people who constitute the market for a product or service.

Market Segmentation: The act of dividing a market for a product or service into uniform subsections so that each segment may be treated in the most appropriate manner.

Psychographics: The statistical description of a market or other population group based upon psychological criteria such as interests, innovation, lifestyle, sophistication, etc.

Response Rate: The percentage of inquiries or orders per thousand mailed that results from a mailing.

T H E I D E A

The Ideal Mailing List

Looking for the ideal mailing list? Sometimes the best lists are not obvious. For example, if you own a hardware store, your best prospects may be people who subscribe to “how-to” or “woodworking” magazines. One way to find out whether such a list exists and what it costs to rent is to visit Standard Rate and Data Service (SRDS). SRDS (<http://www.srds.com>) provides a comprehensive listing of private mail lists as well as information about mail list brokers and compilers. It

also publishes a number of industry references that describe the demographics of the people in various markets.

Another resource to research is magazine cancellations. These lists are far less expensive than current subscriber lists and can be just as effective as current subscribers, since most people who cancel a magazine subscription haven't lost interest in the topic.

C O R N E R

TRICKS & tips

Adding Illustrations or Photographs

When designing a piece to use for a direct mail campaign, you may want to include illustrations or photographs for added interest. While you could ask us to find an artist to make an original drawing, a faster and more economical method is to rely on clip art.

Clip art is the industry term for stock collections of illustrations, line art, photographs, borders, and dingbats produced and offered for sale without having to pay royalties on each individual image. In the past, clip art was

produced as large books of high-quality printed graphics. To use the images, you “clipped” them out of the book and literally “pasted” them (using graphics wax) to the layout sheet. Today, clip art is provided digitally.

We own several collections of clip art and make individual images available for a small fee to our customers. So be sure to ask us about clip art when you are planning your next direct mail or other marketing piece.



I've heard that a mailing list used for targeted marketing has to be complete and accurate. This doesn't sound any different than a regular mailing list. Can you clarify?



The success of a direct response marketing program that uses personalization or variable data printing is highly dependent on the design and quality of the mailing list – or more properly, the database. For most marketing-related variable data printing projects, additional information besides name and address are incorporated into the document. Therefore, the database must be designed to accommodate these additional fields.

The usual name fields (first and last) may need to be expanded to include an informal or nick name (“Bill” for

William). A title field (Mr., Ms., Mrs., Dr., etc.) may be needed for a salutation. Additional transaction data related to the purpose of the communication (birthday, date of last purchase, merchandise purchased) may be needed. Care must be taken: to size data fields correctly so that information will not be truncated; to enter information accurately and correctly spelled; to apply data entry standards (such as when to use abbreviations); and to be consistent by entering data in each field that will print in the document.



questions and answers