

You can read this thing over half a cup of coffee, but it offers a couple lunches worth of discussion.

## Wilhide & Company

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# OBSERVATIONS

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A Journal Of Things We Find Interesting

## By The Numbers

*Dear marketing aficionados: Those of you who like to know if advertising "works," know -- or suspect -- that people who do direct marketing have the answers. All that database research, list manipulation, testing and declaration of absolute rules seem to indicate that we know what we're talking about. It gives the appearance of science to what many (from Aristotle to the newest design school grad) think of as an art.*

I have found that knowing what you're talking about is not always persuasive -- particularly to budget-approvers in difficult times, managers who have little experience with marketing, and executives who have a friend or relative "in the business." I must also admit that advertising people -- even direct marketing people -- have been known to fudge data and use statistics like Republicans -- less to reveal truth than to conceal it.

So I try to keep track of real world data whenever I can find it. Here's some recent direct marketing data that may be of interest -- drawn from reasonably accurate and legitimate tracking of two B2B lead-generation programs over the last six months of 2002. Use it to benchmark your own efforts, or just to astound people at parties.

### **What can I expect for response from direct mail packages?**

Raw inquires range between 1% and 2%. Set your goal at 2% and test various lists, offers and package formats until you can beat it.

### **What sort of package works best?**

We've been testing this for about two years and the plain (or blind) #10 envelope is still tops. That's a #10 envelope

with a stamp and address on the front, a logo and return address on the back flap, holding a one or two page letter and a response card.

### **Really?**

Yeh. A blind #10 drew 1.55% when tested against a #10 with a window which drew 1.22%. A priority mail envelope drew 2.26% against a blind #10 (1.95%) but the priority mail package cost much more than the increase in response warranted. I'm still convinced that you should vary package formats if you mail to the same audience multiple times, and that the Cornell format is worth the extra cost, but I have less and less recent proof to offer.

Email marketing, especially in the B2B arena and especially with opt-in house lists, is starting to outperform direct mail, though it works better when you do both.

### **How many of those inquiries become qualified leads?**

We used to estimate about 1 in 5, or 20%. That seems optimistic now. One of these programs tracked conversion of raw inquiries to qualified leads (Qleads) with these results:

Conversion of leads from direct mail to Qleads: 3.3%.

leads from email to Qleads: 4.3%.

leads from ads to Qleads: 4.8%.

leads from trade shows to Qleads: 6.1%.

leads from Web site to Qleads: 8.0%.

### **What does all this mean?**

These numbers reflect a couple of specific factors of the program: the requirements for a Qlead were strengthened, and the marketplace was a high tech one

### **WE FINALLY HAVE A WEB SITE!**

It's basic and a work in progress because I'm still learning the technology. But it has some useful info and a "what's new" page I will try to update frequently. Stop by!

**[www.wilhide.com](http://www.wilhide.com)**

where qualified prospects are exceptionally scarce these days. So the figures may be a little low for B2B generally, however it seems obvious that we need to be more realistic when estimating how many inquiries are needed to generate the Qleads we need.

### **How does email stack up against direct mail?**

Pretty good, though it's becoming weaker as more and more people are using it. In the campaign noted above, the response rate for email efforts to rented lists was 0.19%, or about 1/10 of the rate for DM (interestingly, this email response rate is about the same as the benchmark response rate for ads). But the conversion rate to Qlead was higher and the cost to generate one is lower. In this campaign, cost for a Qlead from email was \$48.62. That sounds pretty good, even though a year ago it was in the \$25-\$30 range. Cost to generate a Qlead from direct mail hovers around \$80.

Another campaign that used email as the primary medium had better response rates. Emailing to an opt-in house list generated a remarkable response of 13.4%. Emailing to rented lists averaged 8%. Again, a couple qualifiers: this campaign was launching a new product and the sample was

## By the Numbers, continued

relatively small, even by B2B standards. Still, the results are quite good and the campaign produced a couple other bits of data: Response was very quick, often within minutes of the email message being sent out, and the bulk of response came within 3 days. Also, there were a surprising amount of international inquiries -- it's tough to contain an electronic campaign!

### How about Web site marketing?

This is still a good idea. Conversion of Web inquiries to Qleads was the highest in the test, beating even trade shows. This makes sense, if you think about it -- people who come to your Web site and inquire are coming to you with an interest, which gives them a jump up the qualification ladder. And driving people to your Web site through other media is a sound tactic, whether you use email, direct mail or advertising as the primary contact.

### So -- bottom line -- how do we get the most from our direct response efforts?

Well, call me for a start. I can help you figure out what approach will be most cost-effective for your market and your marketing goals. Every campaign is "situationally determined" and needs customized attention from someone who knows how to do this stuff. And, of course, what you say and how you say it still matters -- the medium is not the message, the message is.

If I didn't know any specifics, I'd say run an integrated B2B campaign that included ads, direct mail, email and trade shows -- all of which are geared to driving people to your Web site. And if I figured out that I needed 100 qualified leads to have a shot at hitting sales goals, I'd figure how many people I needed to reach with each tactic. Based on the above numbers, I'd lead with an email effort and boost it with other media.

Using an integrated campaign usually increases response in all the media, so numbers might be higher. I'd give people a reason to go to the Web site with every tactic, which could also boost Qlead conversion rates.

And, of course, I'd make darn sure all those Qleads got close, continuing, senior management attention. One of the most unconscionable numbers in the business is that something like 3/4 of people who respond to a marketing message are never contacted. So if you're going to invest money on the front end, be sure to have a program in place for the back end.

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## On Design

The most recent issue of a publication called @issue, put out by the Corporate Design Foundation, has an interview with the new dean of Northwestern's Kellogg School of Management, Dipak Jain -- a man who clearly understands what he's about. A few interesting comments:

### On branding and customer loyalty

"...the quality differences between competing brands are diminishing because companies have access to the same technology. All the laptops seem similar, for example; variations are slight..."

"More companies are using design to differentiate their products and services... on the service side (design means) the complete process -- designing a system where the customer feels welcome, is able to interact with you, and wants to return..."

"One way (to build customer loyalty) is to reduce the customer's 'cost of thinking' and increase the customer's 'cost of switching.' That's where you gain loyalty. If a product is too complicated to use, if the instruction manual is unclear, that raises the cost of thinking. When my wife goes to her favorite store, she knows the layout, which aisle to go to for what she wants. Her cost of thinking has been reduced and her cost of switching is higher..."

### On marketing the Kellogg School

"I want to make sure our incoming students are co-creators of knowledge... so they can write cases, work with professors on research projects, write books... they should not just think that they are here just to take (courses) and get an MBA..."

"I have been focusing on the Kellogg School 'brand,' and what we stand for... On the student side, I want to promote team leadership. On the faculty side I want to promote thought leadership... On the corporate side I want to focus on market leadership... We strive for a culture of balanced excellence, one that equally appreciates rigor and relevance in all we do."

## BOOK LEARNING

One of the spiffs of teaching is that you get free books to review. The impressively titled, *Advertising and Integrated Brand Promotion* is by professors at Illinois, Cincinnati and Montana State universities. It's a bit simplistic, but it has a good selection of recent ads, and some good comments by and about copywriters.

"Effective copywriters are well-informed, astute advertising decision makers with creative talent. Copywriters are able to comprehend and then incorporate the complexities of marketing strategies, consumer behavior, and advertising strategies into a brief yet powerful communication... An astute advertiser will go to great lengths to provide copywriters with as much information as possible about the objectives of a particular advertising effort."

"...great advertising writing is disarmingly simple. It has the common touch without being or sounding patronizing. If you are writing about baloney, don't make it sound like Cornish hen, because that is the worst kind of baloney. Just make it darned good baloney." -- Leo Burnett

"Good products can be sold by honest advertising. If you don't think the product is good, you have no business to be advertising it." -- David Ogilvy

"Imagination is one of the last remaining legal means to gain an unfair advantage over your competition."

-- Tom McElligott

**Observations** is an occasional publication we put out when we feel like it. We provide creative services and consulting for marketing communications. If you have a project we could help with, please contact us. If you'd just like to shoot the breeze about some of this stuff, we usually have time for that too.

Doug and Jean Wilhide

## Time Available

We're looking for new projects now.

Need to develop a B2B campaign? Need some help with your direct marketing programs? Need copywriting for a brochure or consulting on your present or future direction?

We can help you with anything from planning a campaign to creating ads and direct mail packages to writing brochures, newsletters, white papers, etc. You'll get expertise, experience, talent and commitment -- at about half the cost most agencies charge. Call us. 612-926-3939.