

InfoTrak:

Integrated Communications Build Stronger Customer Relationships

THE AMERICAN MARKETING ASSOCIATION DEFINES INTEGRATED MARKETING AS “A PLANNING PROCESS DESIGNED TO ASSURE THAT ALL BRAND CONTACTS RECEIVED BY A CUSTOMER OR PROSPECT FOR A PRODUCT, SERVICE, OR ORGANIZATION ARE RELEVANT TO THAT PERSON AND CONSISTENT OVER TIME.”

Integrated marketing is so-called because it uses prospect and customer data to refine target lists, personalize communications and implement marketing campaigns to reach consumers through multiple channels in a sequenced and consistent manner. Studies show that companies using integrated marketing communications get better results and position themselves to capture greater market share.

The concept of integrated marketing originated in the 1990s, as businesses realized the financial benefits of focusing less on making one-time sales and more on building customer relationships. This trend has continued in the interim, driven by factors such as:

- **Growing competition**, which raises the cost to acquire new customers – an expense that is estimated at anywhere from six to 10 times higher than the cost of selling to an existing customer.
- **Government regulations**, such as “do not call,” “junk fax” and “can spam” legislation. Consumers view unwanted, irrelevant communications as intrusions on their lives. Using customer data to personalize communications, coordinate communication channels and build good will helps marketers get better results and avoid possible penalties.
- **The development of new marketing channels**, such as search engine optimization, pay-per-click programs, affiliate marketing, email, banner ads, webinars, blogs, RSS, podcasts and internet radio and TV, have augmented traditional marketing channels.
- **Advances in database and personalization technologies**, making it both feasible and more economical to market on a one-to-one basis.

At least one study indicates that customers of multi-channel companies spend 30% more than customers of single-channel companies. Multi-channel retailers also report that 46% of their online customers purchase offline, and 17% of their offline customers purchase online.

A JC Penney study found that Internet-only shoppers spent an average of \$121 per year; retail-only shoppers spent an average of \$194 per year, and catalog-only shoppers spent an average of \$242 per year. But customers who shopped all three channels spent over \$1000 per year.

According to ComScore, 63% of all purchases that start with an online search occur offline. Customers are using the Internet more to research products before they make their purchase at a local store.

Source: “Profiting from the Multi-channel Marketing Phenomenon,” eBusiness News, March 25, 2008; online at: <http://www.ebusinessnews.info/?action=read&article=336>

START WITH YOUR BRAND

Integrated marketing campaigns, like any marketing initiative, should build from your brand, says Steve Trollinger, executive vice president at the J. Schmidt & Associates direct marketing agency. Trollinger defines brand as “a set of promises you make to your customers each and every time they interact with you — on the phone, on your website, at your store, in your catalog, through email.”¹ He recommends exploring three basic (but not simple) questions before launching an integrated marketing campaign:

- 1. Who are you?** This goes well beyond answers like, “we’re a financial services company,” to address issues such as what you offer that your competitors don’t. According to Trollinger, it should be an exercise similar to what your company would go through to develop its tag line.
- 2. What do you sell?** Again, this encompasses more than products and services. What do you offer that makes you stand out? An example: Home improvement chains like Lowe’s and Home Depot don’t just sell paint, lumber and hardware. They provide knowledge, experience and assistance in creating a comfortable, beautiful home their customers are proud to own.
- 3. What does it matter?** This question goes to the heart of relevance – to the question, “why us?” As Trollinger explains, “If you’ve done the work right, your answer isn’t ‘Because we have great service’ or ‘Because we have great prices.’ The deeper answer helps you get, keep, and escalate customers.”

THE IMPORTANCE OF DATA AND REAL-TIME DATA EXCHANGE

As with any successful marketing initiative, integrated marketing relies on good prospect and customer data. The more information you have about your target markets, the better your ability to determine which offers prospects should receive, as well as how to tailor messaging to each segment or individual.

Notes Tom Herrman, EVP, Mailnet Services, you also need to ask some basic questions about customer behavior in order to build really robust customer profiles.² For instance, where do they shop; what are their spending habits; and, what is their most preferred means for making purchases? Do your customers or prospects prefer to shop by catalog, online or in person? Can you glean data from how your customers prefer to interact with you? For example, do customer service contacts occur more frequently by phone, fax, mail or email?

IBM’s Tom Lesica believes what differentiates a successful company’s approach to integration is how it takes advantage of data, how it processes and leverages that data across the enterprise, and how its end user experiences that.³ Ideally, companies should strive for a 360-degree view of the customer. This requires gathering critical customer data from sales, marketing, customer service, finance and other systems and making it available to everyone who interacts with the customer, no matter what channel they use. And it’s an ongoing process, whereby data is expanded and/or refined with each interaction.

Lesica admits it’s not easy to integrate siloed information spread across different systems, databases and applications. But, done correctly, he notes, it can add tremendous value to an organization.

To illustrate his point, Lesica cites a simple example in which a customer calls his cable provider to report a service interruption. The customer will expect the call center representative to quickly look up his account information and set up an appointment for a service technician to fix the problem. If it takes too long or he is handed off to someone else, the customer may become dissatisfied enough to switch providers. However, if his expectations for prompt, knowledgeable service are met, the customer will be satisfied – and may even be open to a pitch to sign up for additional services, like cable internet access. Thus, the ability to access customer history

and preferences in real-time can not only solve a customer service problem, but also provide a more efficient cross-selling opportunity than placing a separate sales call at another time.

Chris McAllister, senior director of product management for GoldenGate Software, sums up the importance of data in today's business environment this way:

"Globalization has created a 24/7/365 world, in which customers demand more immediate access to information and services – from currency exchange rates to account balances and user authentication, help desks, marketing promotions, supply chain, patient care, and sales and manufacturing. In this business climate, real-time data is no longer a luxury. Corporations need real-time data to meet customer expectations as well as to meet organizational needs for analytics and business intelligence."⁴

By creating a unique, relevant, and enduring brand position and developing a solid understanding of your customers' purchasing behaviors, you give yourself perhaps the most important tool of all: a fighting chance. The role of the catalog may be shifting, but the opportunity for the multi-channel merchant is as strong as ever when integrated with brand and executed through a complete understanding of the data.

Steve Trollinger, J. Schmidt & Associates

SELECTING COMMUNICATION CHANNELS

The next critical component to effective multi-channel marketing is selecting and coordinating multiple marketing channels. When marketers can sequence communications and "hit" prospective customers with consistent communications through various media channels, the effectiveness of campaigns increases greatly. A study by AMR Research found that email followed by other coordinated communications increased response rates 5% to 15%.

Denise Cox of Newsweaver, one of Europe's leading email newsletter software providers, says channel selection depends on your business strategy and what you want your marketing communications to achieve (e.g., drive more sales, launch new products, protect current revenue, sell into new markets or grow sales to existing customers).⁵ Different types of communication channels tend to lend themselves better to different objectives. She believes direct marketing's strength is in promoting offers, whereas advertising is particularly suited for brand building and email is good for one-to-one relationship building.

Jack Aaronson, CEO of the Aaronson Group and a frequent lecturer on customer loyalty, profitability and multi-channel solutions, recommends developing a channel acquisition strategy by using scoring techniques similar to those used to determine which customers are most likely to buy a particular product. However, it's critical not to let channels become siloed, he says. Instead, they should present a unified user experience in terms of functionality, voice, look and feel.⁶

"Rely on the strengths each channel brings to your campaign but be consistent," says Tom Herrmann. "If you send an email and follow it with a direct mail piece, keep the pitch and call-to-action the same. If you support a direct marketing campaign with traditional print or electronic advertising, look for elements that can establish consistency between off-line, online and on-air. The use of similar design, layout, color and fonts also should be factors."

Herrmann says repetition is another critical factor in multi-channel campaigns. But he's not talking about sending one direct mail piece after another. "Your prospects may respond best to direct mail, but you can

pre-announce any direct mail offer with an initial email or follow-up on an advertising offer with a postcard,” he writes. “The goal of repetition is top-of-mind awareness of your offer or message with customers and prospects, but the challenge lies in preventing prospect annoyance.”

In most cases, a printed piece is best for your initial contact. Some 60% of consumers still prefer mail to email, especially if they’re not familiar with you or your products and services. Mail is seen as less intrusive than uninvited phone calls or potentially virus-infected emails. Additionally, the prevalence of email filters makes it highly unlikely that an unexpected email message will even reach its intended target. Once you’ve made contact, you can follow up with email (if you have a valid email address) because the recipient is more likely to recognize who it’s from and at least open it. The chance of that happening rises if your recipients opt in to your emails or otherwise tells you this is their preferred mode of communication.

Additionally, take advantage of less obvious channels to communicate with and cross-sell to customers. For example, because recipients generally open an invoice or account statement quickly and read it thoroughly – and because those statements are already personalized – it makes sense to use what you know about the customer’s interests to include a promotional offer. This can be digitally printed right on the statement itself, or enclosed as a separate piece of collateral in the envelope. Use pop-ups or similar tactics for customers who receive invoices and statements online.

Each response or sale will provide new data to refine your campaign’s metrics. Tracking channel response rates, as well as the highest and lowest performing customers within each, enables you to adjust other channel strategies or plan for future campaigns.

Ultimately, as Denise Cox asserts, “the key to success is not in using one channel over another, but the integration of a number of channels to help achieve your goals (where the same message is used across the different channels, based on the profile of each customer or target segment).”

According to studies conducted by the Connecticut-based research firm of JupiterResearch:

- Coordinated multi-channel marketing increases conversion rates by 27% to 50%.
- A full 67% of online search users are driven to search by an offline channel.
- Nearly 40% of online searchers influenced by offline channels ultimately make a purchase.

THE POWER OF PERSONALIZATION

Personalization is using what you know about the recipient to create the offer, customize the message and deliver it in the preferred format.

A survey completed by YesMail, an email online relationship marketing company, revealed that response rates increase dramatically as the number of personalized elements increases from one to seven. Click-through rates more than tripled, from 4.7% to 14.8%.

In print, even simple personalization — the addition of a recipient’s name and address to a marketing message — will raise response rates 44%, according to the Rochester Institute of Technology. Adding a name and using color increases response 135%, while adding a person’s name, using color, and customizing content to the interests of the recipient raises response more than 500%.

While creating content for communications with a high level of personalization requires a greater investment on the part of sellers, an electronic content “library” of text and images gives them the

ability to reuse content across a wide range of marketing and sales activities. Sellers can also leverage variable data personalized printing to reduce the costs of collateral fulfillment by providing collateral materials “on-demand” to those who express interest.

THE ROLE OF YOUR FULFILLMENT COMPANY

Your fulfillment company can (and should) be a valuable resource in implementing and refining integrated marketing communications – first, because, no matter where or how a lead originates, your fulfillment partner can capture and promptly respond to your customer’s or prospect’s data and product/service interests. Seamless integration between your vendor’s and your own company’s systems makes it appear to your prospect that the response has come directly from your company.

The same systems capabilities make your fulfillment partner the logical choice to coordinate the multiple vendors and databases frequently involved with multi-channel marketing. For example, you may use a third-party company for direct mail lists, another for email and still another to handle telephone contacts. Your fulfillment company can integrate information from these various sources, eliminate duplicates, use the information to create personalized documents and customized collateral, and return updated or expanded information as recipients respond.

Having one consolidated data feed from diverse systems and third-party vendors greatly simplifies the job of managing the campaign, as well as reporting and analyzing your results. Your fulfillment partner can provide real-time, customized reporting to help you analyze the effectiveness of your marketing campaigns — vertically, horizontally, geographically or any other way that makes sense for you. That information, in turn, will help you refine your marketing offers and better target market segments for the next step in your current campaign or for future campaigns.

ABOUT IRON MOUNTAIN FULFILLMENT SERVICES, INC.

Iron Mountain Fulfillment Services, Inc. offers the most advanced combination of fulfillment and digital print communication solutions for targeted and personalized outreach. With 37+ years of experience in the fulfillment and digital print business, Iron Mountain partners with clients to increase customer response rates, expand market opportunities, and reduce costs. To learn more about Iron Mountain Fulfillment Services please visit <http://www.ironmountain.com/fulfillment>.

FOOTNOTES

- ¹ "Cracking the Multi-channel Code: Building an Integrated Marketing Plan," Steve Trollingier, Multi-channel Merchant, May 1, 2007
http://multichannelmerchant.com/crosschannel/crosschannel/building_integrated_marketing/
- ² "The Five Essentials of Multi-channel Marketing," Tom Herrmann, CRM Today|
<http://www.crm2day.com/library/EpVFVEEFpEiAlkskdo.php>
- ³ "The Real Value of Real-Time Data Integration," Thomas Lesica, bMighty.com, October 8, 2007
<http://www.bmighty.com/network/showArticle.jhtml?articleID=202300928&pgno=2>
- ⁴ "Key Trends Driving Real-time Data Access," Chris McAllister, Business Intelligence, January 30, 2008
http://esj.com/business_intelligence/article.aspx?EditorialID=8782
- ⁵ "B2B Multi-channel marketing: prioritise your communications effort," Denise Cox, The Marketing Leaders Magazine, November 2007
http://www.themarkingleaders.com/articles/nov07/denise_cox.html
- ⁶ "Multi-channel Marketing: Channabalism?" Jack Aaronson, ClickZ.com, May 15, 2003
<http://www.clickz.com/showPage.html?page=2205571>



745 Atlantic Avenue
Boston, Massachusetts 02111
(800) 899-IRON

© 2008 Iron Mountain Fulfillment Services, Inc. All rights reserved. Iron Mountain and the design of the mountain are registered trademarks of Iron Mountain Incorporated. All other trademarks and registered trademarks are the property of their respective owners.

Iron Mountain operates in major markets worldwide, serving thousands of customers throughout the U.S., Europe, Canada, Latin America, and the Pacific Rim. For more information, visit our website at www.ironmountain.com.