

Direct Response: The Key to Effective Marketing - Part 1

How small businesses get the best results from Direct Response Marketing

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There's a common philosophy among businesses when they talk about the success of their advertising efforts: "50% of my advertising works and 50% doesn't, but I don't know which 50% is which". Businesses tend to accept this as something they just have to tolerate, but I don't buy it and neither should you. If 50% of your employees were not being effective on the job, would you accept that? Absolutely not.

In my *Marketing for Profit* workshops, I typically open the session by asking, "What's the biggest form of gambling for small business?" The answer: advertising. Why? Because most small businesses spend money on media advertising (TV, radio, newspapers) without having a proper strategy or objective and without really knowing what kind of return on investment they *should* get, *will* get, or *can* get.

Now, however, businesses are beginning to question the logic (and risk) of this approach; they realize they need to measure the results of their advertising campaigns and marketing dollars spent, and they are beginning to look for alternatives that are less risky, that create the ability to measure results and therefore can provide more bang for the buck.

To better understand why traditional advertising techniques can be such a gamble for your small business, let's first look at each of the three most common approaches to marketing.

Image or Institutional Marketing

The first is known as *image marketing* or *institutional marketing*. This is the type of approach to marketing/advertising that is done by big corporations such as General Motors, Nike, and Hewlett Packard. This is the type of national ad campaign we often see in the media, focused on image-building or brand maintenance, such as Nike's "Just do it" ads. These ads basically say to the consumer: *Here we are. This is what we do. We're nice guys, so buy our products.* They are "one-way" ads, with the company pushing the image out to the consumer in an effort to cement that brand image in the mind of the consumer (marketers call this the "top of consciousness" principle), but there is no real way to measure the effectiveness of such advertising efforts. The companies never know which specific ads resulted in the actual sale of the product or service.

Don't get me wrong: image marketing does have its place, especially for big companies where creating brand loyalty is so important. But when small businesses try to copy this approach assuming it will have a similar impact, the results are usually disappointing because the small business has different advertising objectives and a different budget. There's no way for a small business to create a level playing field with this type of approach because their small budget automatically prevents them from doing the kind of brand-focused saturation advertising that is necessary for this approach to work.

Non-measurable response advertising/marketing

A step up from image marketing is when businesses advertise through local media channels (print, radio, or TV), which is how small businesses try to replicate locally what the big companies are doing nationally. This is where, for example, a store's local radio ad says "come in for our back-to-school sale" or a car dealership runs an ad in the local paper for a particular model of car to get you interested enough to come into the showroom. The ads are designed to get a "come in to our store to get the great bargain" response from the customer, but there is no way to track the effectiveness of these ads. There is no way to determine who came in for the sale based on a specific ad or media

venue, versus those customers who just happened to show up at the store for other reasons. Was it the radio ad that pulled them in, or our newspaper ad? Was it the postcard we mailed, or the sales rep's call? Was it a referral or our street sign? Sales figures alone can't tell you how effective your advertising is. This is why it's a "gamble".

Your best bet: Direct Response Marketing

For a small business, the best way to maximize your advertising efforts is through *direct response marketing*. Direct response marketing (or DRM) is two-way communication between the buyer and seller where the seller directly solicits a *response* from the buyer, a response that can then be *measured* to determine the effectiveness of the advertising strategy. In contrast, image marketing and non-measurable response marketing also involve trying to get people to come to you via passive advertising, but where there is no measurable direct communication between you and the buyer. The ability to *measure results* is the main distinction between the direct response approach and other techniques.

There are **five key elements** that must be present to distinguish a DRM ad from the more passive types of advertising.

- There must be a benefit-oriented headline.
- There must be a real marketing message involved.
- There must be an offer of some kind.
- There must be a sense of urgency, a timeline or a deadline to respond.
- There must be a response mechanism or instructions on how to respond.

Advertising guru David Ogilvy, in his book *Ogilvy on Advertising*, talks about the lessons of direct response: "Most advertisers never know for sure whether their advertisements sell. Too many other factors cloud the equation. But direct-response advertisers... know to a dollar how much each advertisement sells. I am convinced that if all advertisers were to follow the example of their direct

response brethren, they would get more sales per [advertising] dollar.”

With direct response marketing, every dollar invested in the advertising is expected to elicit a response. It is measurable and accountable. While there are appropriate situations in which to use the other two marketing approaches, for a small business direct response marketing is going to be the most consistently effective option.

Why does Direct Response work?

Are we saying that advertising is a waste of your time and money? Absolutely not! It's not *advertising* that is the issue; it is how your small business *approaches* advertising that must be fine-tuned and made measurable for the advertising to be most effective.

How, then, does the direct response approach help your business advertise “smarter”?

- It's action-oriented.
- It is targeted demographically and geographically.
- It is short-term focused; you get results immediately.
- It is measurable.
- It translates directly into revenue.
- There is a relatively small investment in creative support.
- And it's easy to replicate your best results; once you know what's working, you can do it over and over again.

I hope that this comparison of marketing approaches has already caught your attention and demonstrated how much more effective Direct Response Marketing will be for your small business. In Part II of this article, we will look at some specific examples of how the Direct Response approach can be used with a variety of media, including print, radio/TV, yellow pages ads, and even on the

Internet. I will also share a client case study where a client used a direct response sales letter with great success at a trade show.

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