

Achieving Consensual/Opt-in Relationships is Essential

Here's how you can succeed!



Ernan Roman
President
Ernan Roman Direct Marketing



Garry Dawson
Manager, Marketing
Communications Initiatives, U.S.
Enterprise Segment
Hewlett-Packard Company

The Marketing Chasm

The chasm between marketers and customers has never been greater.

According to extensive Voice of Customer Messaging and Communication Research* findings, the major reason for this chasm is the sharp difference between:

- The customer's expectations for increasingly relevant relationships and communications, versus:
- Outdated and inefficient "spray and pray" shotgun marketing practices of most companies.

It is painfully clear to customers that, despite the banners of "CRM,"

companies are still firmly stuck in the product-centric world of: make it, sell it, and collect.

How to Bridge the Chasm

Findings from the Voice of Customer Messaging and Communication Research (VOC) have helped companies such as Hewlett-Packard, Microsoft, and IBM to understand some of the issues they must address to bridge the marketing chasm. Following are some represen-

tative customer insights from the Voice of Customer research:

- "Be respectful of my time — don't make me sort through mountains of irrelevant stuff."
- "Take the trouble to understand my individual needs."
- "The stuff you send is not relevant or targeted, yet you're asking me to make a purchase decision."
- "The fastest way to be forgotten is to buy."
- "Value (of marketing communications)? One garbage can per day — 2 feet by 16 inches."
- "E-mail may be the base of your communications with me, but I'm getting too much junk. If it's really important, send it to me by mail."
- "Mail should be specific to my role, to what I do all day long."

In addition to voicing their frustrations, customers also provided some very insightful advice:

- "You think that because I'm the CIO, you have to send all your marketing communications to me. That's not how decisions are made here."
- "You're using me as an executive mailroom, and I don't appreciate it."
- "I will tell you who you should communicate with, what information they need, when, and via what

medium.”

In short, decision makers are willing to spend the time to help marketers satisfy their needs — if we do it properly and with value to the customer!

Consensual/Opt-In Marketing

Consensual/Opt-In MarketingSM is a process that is based on the learnings from 1,600 hours of VOC research. It is a powerful process for helping marketers engage customers and for helping prospects to define their unique requirements in response to compelling value propositions presented by the marketer.

As a result of this dialogue, customers populate the Consensual database with uniquely detailed, self-profiled information.

The major difference versus “permission” marketing is that Consensual/Opt-In Marketing involves customers in actively:

- Defining their unique preferences and requirements
- Providing uniquely detailed database information

Consensual/Opt-In Marketing is vastly different from just agreeing to receive a newsletter. It’s the difference between passive acceptance versus active participation in defining the relationship between customer and marketer.

Consensual/Opt-In Marketing responds to the unique requirements of individuals by understanding:

- Who is involved, as a decision maker and as an influencer
- How their decision-making process works
- Their individual business drivers
- Their information/timing needs
- Media preferences and aversions

The results achieved by companies who have implemented Consensual/Opt-In Marketing demonstrate expo-

ponential increases in response. For example, IBM’s programs have generated the following magnitude of results:

- 80 percent increase in sales over the control group
- Consistent double-digit response rates
- 75 percent decrease in marketing waste
- 841 percent increase in qualified response
- 82 percent conversion from responses to qualified leads
- Incremental \$594 million over the control group

Innovations at Hewlett-Packard

Hewlett-Packard, like many traditional high-tech companies, has often used “vendor out” communication, which emphasizes product features and benefits. HP’s enterprise business is in the midst of a transformation to a true “customer in” approach — that is, a Consensual/Opt-In relationship. Creating this relationship is a journey, and HP has started by better optimizing product-oriented marketing, while simultaneously building towards the goal of truly personalized “one-to-one” marketing to individuals.

Phase 1 — Optimizing Product Marketing

The first step in the journey is to improve marketing at the product level. This is a good way to achieve immediate return. HP used industry research to understand who is involved in the purchase process (by title), where they go for information, and what information they need. This helps to optimize the media list targeting and offer development.

HP used both quantitative and qualitative research to understand how

to raise awareness, increase consideration rate, and build preference, purchase, and loyalty.

In one vertical industry, HP used Voice of the Customer and Voice of the Channel research to deliver a 60x return on its original investment.

Senior executives were targeted to obtain appointments for HP sales representatives, and 44 percent of the executives agreed to an appointment. The strategy focused on what customers needed, before HP talked about what products and solutions HP had to offer. This approach, implemented in several strategic programs, paved the way to begin marketing at an audience level.

Following are some critical elements that contributed to the success of this vertical industry case study:

- Form a cross-functional team that includes sales, marketing, marketing communications, and other relevant stakeholders.
- Work hard to integrate the sales team — ask what accounts they want to penetrate and who are the key contacts.
- Use VOC insights to create effective vertical content — know the “pain points” of the vertical audience.
- Put the customer’s needs first! Mandate that marketing and sales efforts lead with customer needs, rather than pitching HP’s products first.
- Tightly manage the synchronized deployment of multiple media to optimize media impact.
- Built a database for one-to-one follow-up communications — think about long-term relationships rather than “one and done” transactions.

Phase 2 — Marketing at an Audience Level

The second step in the journey —

marketing at an audience level — can begin in parallel with phase 1.

A quick and very effective “win” is to develop an opt-in newsletter for an important audience in your customer base. HP created an e-newsletter called *Technology at Work* to keep customers informed of product and solutions news. This is an opt-in vehicle that has been producing spectacular results in both demand generation and retention. Lead generation from the list of subscribers is often 500 percent greater than response from rental lists!

The real payoff from managing at an audience level is optimizing the customer touch to individuals within an audience. This sets the stage for true one-to-one communications. As many marketers know, managing “touches” involves two motions: 1) “Push” communications out to the customer; and 2) “Pull” communications, whereby the audience looks for information (e.g., Google search) about products and solutions offered by your company. An audience interacts with your brand on their terms. HP’s VOC research indicates that seven out of ten times, when a customer engages with HP, it’s a pull touch, such as going to the web, calling a sales representative, or attending a trade show.

By applying VOC-driven, audience-focused strategies in early pilots, HP has achieved the following results:

- Increased responses and leads by 300 percent
- Increased audience reach from 25 percent to 75 percent
- Increase revenue by 200 percent

It’s important to note that increasing reach is not about spending more money. Instead, optimizing your media can effectively increase reach and often lower overall expenditures due to the increased efficiency.

Key to this increased efficiency is the use of VOC research to understand:

- Who is involved in the buying process
- Where they go for information (media)
- What information is desired
- The sequence of steps people take to find information along the buying process

In short, optimize the content and message in your marketing. Be where audiences are looking for your category

The days of “spray and pray” marketing are drawing to a close. Declining response rates and increasing customer irritation should motivate all marketers to test new strategies.

ry of information, so you can dramatically reduce the waste inherent in a traditional Share of Voice (SOV) approach.

Here are some “how to” highlights for planning an audience-focused strategy:

- Map all programs to titles within targeted audiences.
- Identify the clusters of titles with common needs.
- Research pain points (with each set

of titles) where you can provide value.

- Messaging should focus on solving pain points.
- Identify where titles go for information and what they need.
- Deploy the marcom mix based on push and pull.

Finally, there are a few other critical success factors that support moving in a new direction. The organization must make a commitment to the journey. HP’s senior corporate and region management support the move to establish a consensual dialogue with the market. In addition, a cross-functional team was formed in the Americas region to pilot and test results. The team was empowered to experiment to find the best approach. Mistakes were appropriate, as long as progress was made over time.

Conclusion

The days of “spray and pray” marketing blasts are drawing to a close. Declining response rates and increasing customer irritation should motivate all marketers to test new strategies.

The logic of engaging customers in a consensual relationship is compelling. The increase in sales achieved by innovators such as Hewlett-Packard and IBM are exponential.

Isn’t it time you tested new ways of engaging your customers in a value-added relationship?

To help with your testing process, please feel free to download the 15-Step Executive Checklist for Implementing Consensual Marketing and Integrated Marketing. To do so go to www.erdm.com and click on “Downloadable Articles.” Good luck. ■

*Ernan Roman Direct Marketing has conducted 57 Voice of Customer Messaging and Communication research studies.