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White Paper

Marketing for Impact in an Uncertain Economy **What's Working and Why**

Public Relations

Advertising

Internet Marketing

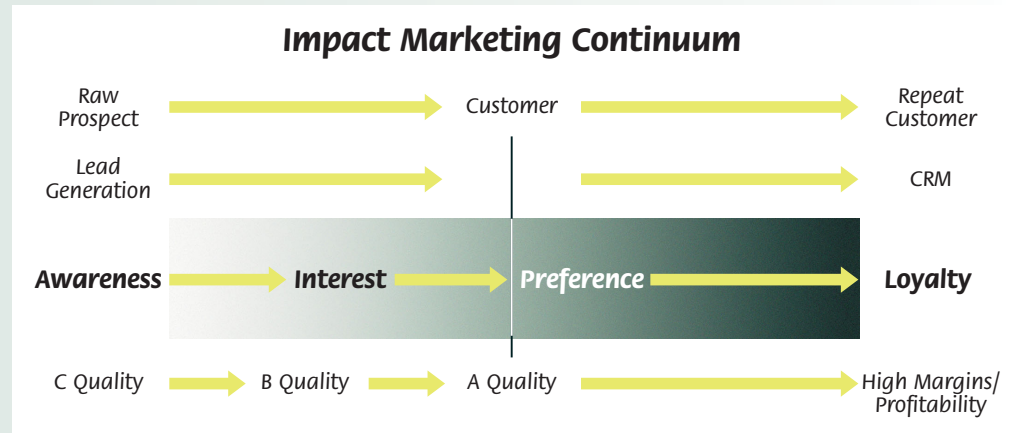
Graphic Design

Direct Marketing



The current economy represents the greatest era of business uncertainty marketers have faced in a generation. Beginning with the collapse of the tech bubble in mid-2000, business-to-business companies have struggled for more than two years now to make sense of their markets, their sales channels, and their business strategies going forward.

We left a time when everything seemed to work for the marketer, to a time when all the rules have changed – and are still in the process of being re-written. To be successful, we see emerging a new philosophy we call *Impact Marketing*, which can be described visually in this manner:



This chart describes the action plans being implemented for today's situation by the effective Impact Marketer:

1. Lead Generation is the primary objective for today's business-to-business programs. Yet the focus has shifted away from increasing lead flow, to one that seeks to increase "A" quality lead flow within clearly-defined profitable market niches. Impact Marketers are being more rigorous about allocating resources only to reach these niche "sweet spots," the points at which sales cycle times are shortest and customers are most profitable.
2. The progression from prospect-to-customer-to-loyal customer depends on organized and structured lead qualification and customer loyalty programs. Both initiatives have become a "lost art" and are no longer functioning today in many organizations.
3. Brand differentiation has suffered in recent years, as too many corporate brands have migrated to "me-too" messages that carry little compelling separation from their competitors.
4. In addition, brand strength has diminished as companies no longer have fully-funded brand image advertising programs to articulate their companies' positions. Impact Marketers are relying on new, more effective techniques for getting noticed and building a profile within their niches.

The stakes are particularly high at this moment, since economic conditions point to improvement in business conditions. The strategies launched now will determine who

picks up market share, who loses share, and who will return before their competitors to growth and profitability.

“A” Quality Lead Generation

Most organizations generate leads, in many cases thousands of them. And they typically spend hundreds of thousands, if not millions, of dollars to do so.

The focus today is changing away from programs seeking to generate “more” leads, to one that emphasizes generating more of the right leads, placing more value on smaller numbers of “A” quality leads rather than larger numbers of “B” and “C” quality leads. To do this, Impact Marketers spend their money only to reach the “sweet spot,” those customers that are most tightly aligned with the product/service they sell and therefore represent their ideal customer. These sweet spot customers must possess all the attributes of the ideal customer: urgent need for a solution, authority to make the purchase, and an application aligned with the company’s targets.

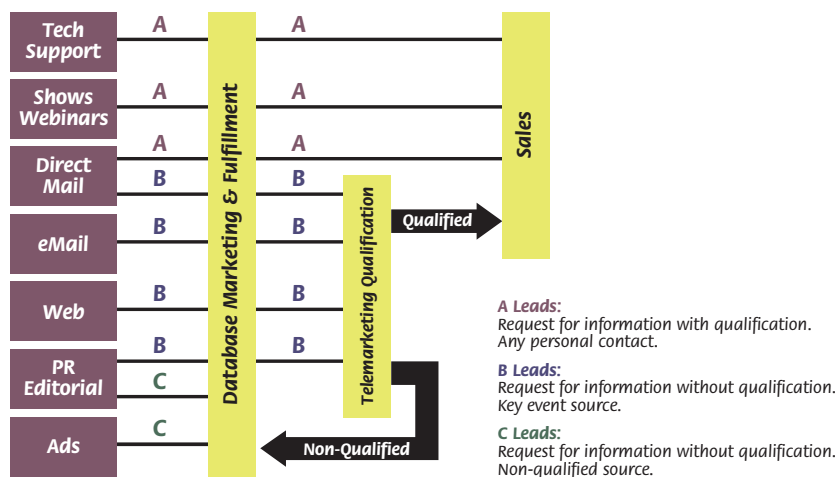
The Lost Art of Lead Qualification

Impact Marketers create efficient, effective lead management programs that “encircle that audience” throughout the buying cycle and afterward as they become customers. Rather than relying on one tactic to reach them, such as advertising, well-rounded programs create balanced initiatives that reach customers at multiple points.

With the decline of sales lead flow, many companies have dismantled their lead qualification programs, or no longer have staff on hand who know how to build and manage lead handling systems. Certainly, the source of leads has changed from print advertising to now come from more efficient targeted marketing and web programs. Yet, that makes it even more critical for companies to install a process to track, qualify and measure the quality of the leads they generate:



Lead Management



A common mistake seen often today is that companies without lead management systems in place send every lead they generate, qualified as well as cold leads, to a sales force that has little time and less inclination to sift through the data to uncover opportunities worth their time. The end result is predictable: a sales force that doesn't value leads sent to them from marketing; and a marketing department wondering why the leads they generate don't receive much attention from the sales force.

Database Marketing Works

The task at hand is to develop an automated, database marketing system. Such a system efficiently sifts through to find the A quality leads and directs those immediately to the sales force. The remaining leads fall into either a B or C quality bucket, in that they only have a few of the essential "needs" (proper industry, targeted job function, product interest, and purchase plans within 6 months). The lead qualification process is called upon to discern the Bs from the Cs. Repetitive marketing qualification programs, built to be inexpensive, move leads up from B to A or C to B quality. This approach devotes expensive sales force time only on A leads, and allocates inexpensive internal time and mailing/email costs to Bs and Cs.

While companies have struggled to build elaborate CRM, or customer relationship management systems, the need for constant and regular contact and feedback circles with customers remains unchanged. Companies are missing an opportunity to reinforce customer loyalty by communicating regularly with – and selling to – their existing customers. Even more critical, these customers are not tapped often enough as an outline for generating referrals. Email distribution technologies foster those referrals via email campaigns directed to existing customers.

Breaking Out of Me-Too Branding

Brand differentiation has suffered in recent years, as too many corporate brands have migrated to "me-too" messages that carry little compelling separation from their competitors.

Once the sweet spot is identified, Impact Marketers then work to articulate a message that focuses on what's compelling. They link their message to a burning need, something their target customers truly must have and care deeply about. Articulated correctly, the compelling message is comparative: it goes beyond describing what you do, but describes what you do BETTER than the competition. This is required to ensure your brand does not fall into "me-too" branding.

Example: a technology manufacturer of low-technology computer boards competed against several companies much larger in size. Product technologies were similar, and pricing differences were not significant enough to provide a competitive advantage. However, this client won several large contracts and experienced explosive growth in part due to a focused message and new company-wide philosophy that emphasized ultimate reliability as the true "product" they were selling. By recognizing their customers wanted more than the product, but a product that shipped on time, and worked every time, the reliability message resonated with customers.



Here's a test: examine your company's news releases or sales literature. Many do an excellent job of describing a product's features. They do a poor job of contrasting how the product compares to previous or competitive solutions by providing a better alternative to the customer. In other words, the materials foster the impression of me-too branding and fail to position the company with a compelling message that addresses a burning need.

New Techniques To Get Noticed

Brand strength has diminished as companies no longer have fully-funded brand image advertising programs to articulate their companies' positions. Companies today are finding they must work harder than before to reach their audiences.

To make up the gap, Impact Marketers are relying on new, more effective techniques for getting noticed and building a profile within their niches. While print ads and trade shows used to be the dominant methods for brand-building, today, Impact Marketers strive to create "leveraged" programs aimed at a tighter target audience.

By leverage, we're seeing companies opt for tactics that have been altered from the typical to the unique, even if it comes at a price. Here are some examples:

- **Advertising**

Change the way your ad appears in a magazine. Ad placement has become far more important than in the past, as time-pressed customers have less time to spend with trade journals. Impact Marketers insist during negotiations that ads run only in the first few pages of a magazine, even more important than an ad that would appear in the back near an associated article or product section. Target areas would include opposite the table of contents page or editorial pages.

One advertiser created a new premium location for themselves by convincing the publisher to re-design the table of contents to create room for a 1/3 page vertical ad. This ad created far more impact than even full page ads that ran farther in the back of the magazine.

Another client opted to produce advertising inserts as a way to stand out. Because readers tend to automatically flip to these inserted ads, printed on thicker paper than the rest of the folio, these ads achieved dramatically higher visibility than a two-page spread ad would have received in the book.

- **eMail Marketing**

eMail marketing has rapidly proven itself as a Tier 1 method for generating A leads within a tightly defined niche and for building loyalty and repeat sales within an existing customer base.

With email lists available that can be tightly targeted by buying authority and title, email campaigns generate response rates averaging 5% for purchased lists, and well into double digits for in-house databases. Their interactive nature and





ease-of-forwarding make email campaigns the tactic of choice for many Impact Marketers.

One mail campaign generated an 8% response rate due to the strength of the list and an offer designed to appeal to its male-oriented engineering audience: a Dilbert calendar. Dilbert has become a cult figure within this audience segment, so offering the calendar as a way to generate a response proved tremendously effective. The client was ecstatic with the number of A lead respondents the campaign generated.

Another email campaign generated a 15% response rate, three times the typical rate for emails. The strong return was due to the engaging nature of the campaign, which challenged recipients into taking a quiz to test their knowledge. The offer proved irresistible, as did the associated White Paper offered in the email. The single campaign generated one-third of this company's total lead flow it collected for the entire year.

eNewsletters have proven to be an effective marketing tool to disseminate new product information to your customers and prospects. This is also an inexpensive way to support Customer Relationship Management (CRM) programs. Multiple offers and links can be embedded in the html newsletter to drive traffic to your web site. White papers and technical reference guides make great offers. New data analysis tools allow us to capture contact information on every visitor through this medium.

- **Internet Marketing**

Internet search engine marketing is the primary method engineers and other b-to-b prospects use to find new companies. And, since only 7% of searchers ever look beyond the first page, if you don't have a presence at the top of that first page, you don't have a presence online.

Impact Marketers are buying their way to the top of search engines by purchasing "keywords" on Google, Overture, Yahoo and other dominant search engines. Here's how it works: if you make widgets, you can buy the word widgets on a search engine, so that every time someone searches for a widget, a listing of your company appears at the top of the page. If the searcher sees your listing and decides to click on it to investigate your site, you then are charged a cost for that "click." The effectiveness of this tool is clear, since this visitor to your site has, in a sense, been double-qualified: he or she is interested in widgets, and he or she proactively made a decision to examine your company's offerings in more detail.

These programs are producing high impact results. One client traced a full 20% of their "A" quality leads as originating from these search engines.

- **Direct Marketing**

Dimensional direct mail programs (mailing an item in a box or tube, for instance, rather than just a piece of literature in an envelope) to Tier 1 audience



segments, is very effective in increasing awareness among prospects with the most profit potential.

Direct mail must break through the clutter, and dimensional mailings provide the impact to do so. One campaign produced an 8% response, far higher than typical direct mail response rates, due to the quality of the list, the message, and the dimensional nature of the campaign. Sent to hotel general managers, the campaign sought to convince the GMs to advertise online as a way to spotlight their facilities to their own customers. By including a Maglite flashlight to demonstrate the point about spotlighting, we gained their attention and generated the strong response rate.

In another application, a client created a dimensional mailing package to announce a new product to industry editors. The intent was to generate excitement for a new product that was not the first to use a breakthrough technology, but implemented it differently (and perhaps better, we advocated) than the competition. The dimensional proved very successful, with this new product generating more PR coverage than any product launch the company had made in the last four years.

Impact Marketing relies on “tiered” campaigns to stretch the impact of their dimensional programs. Few companies can afford to send high cost dimensional mailings out to a large, multi-thousand list. By segmenting the most profitable, sweet spot targets into Tier 1 and 2 categories, Impact Marketers send the elaborate dimensional to Tier 1 and a similar piece of literature to the broader target. In this manner, you’re still using the power of targeted direct marketing to reach a broader audience, while devoting resources to that portion of the target most important to you.

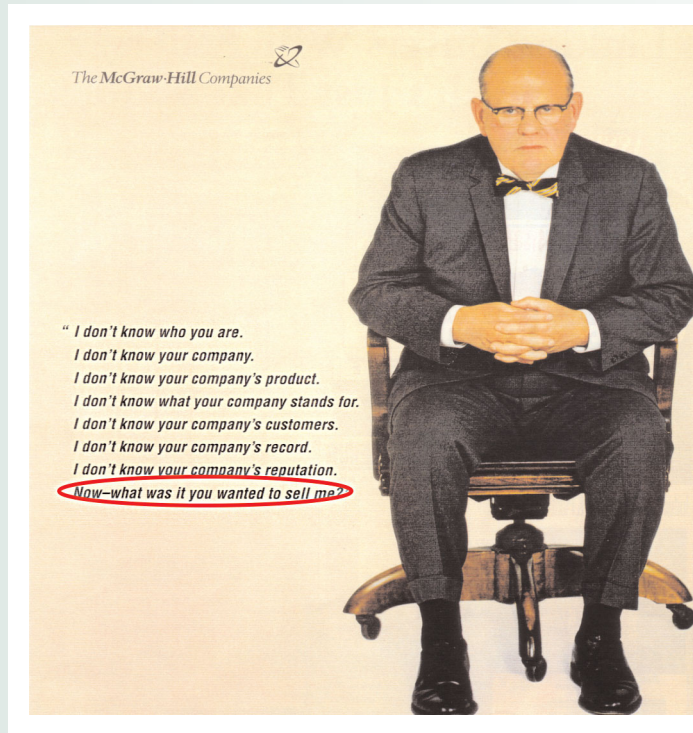
Impact Marketing

With all of these new techniques, Impact Marketers are reaching smaller audiences with more integrated programs; yet those audiences are better qualified, and more closely aligned with the “sweet spot” of true high-potential prospects.

It’s fascinating to see how few companies actually have the discipline to do the hard work involved in the above Impact Marketing principles, and how few have the discipline to stick to this proven methodology rather than to continue to search for magic bullets. All too often, companies seem to want to skip some of the basic steps, assuming interest comes before awareness, or attempting to build loyalty before preference has taken hold. As this famous ad from McGraw-Hill Publishing illustrates, marketers who attempt to skip or shortcut some of these basic steps do so at their own peril:



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Originally conceived in the 1980s, this ad rings as true some 20 years later as it did then. Marketing success depends on creative ideas, executed with precision, that are tied to measurable and specific business goals. New Impact Marketing techniques help you accomplish success more effectively.

Goldstein Group Communications, a technology b-to-b agency, brings an unusual combination of corporate communications management and engineer-level writing capability to its national client roster. With deep experience in electronics and industrial markets, the agency is able to draw on its skills to articulate with impact and clarity the technical advantages its clients bring to their customers. Unlike other agencies, staff members for the most part have built their careers on the corporate side of the desk, rather than as agency executives, a perspective that results in a higher level of accountability and measurability in the agency's programs.