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Marketing Success

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TOP STORY



Marketing is one of the hardest and most disappointing business processes there is. You can pour your heart and soul into a campaign, and break your back executing it, only to come across abysmally low response rates.

Surprisingly, this kind of disappointment is the norm even for big and successful companies. Take Intel, whose partner-based marketing campaigns have tended to be under the 1 percent range.

That kind of response rate is fine when dealing with millions and millions of consumers, but Intel markets to a limited set of companies. For example, in programs designed to publicize the products of its independent software vendor (ISV) partners, Intel reaches out to a few thousand executives at best. The small size of the audience raises the stakes, and Intel spent much of the last year trying to improve its demand generation approach.

Just a few months ago, Intel struck gold: a 3.5 percent response rate to a campaign within six weeks, no less than *four times* better than its previous average performances. Behind this amazing result is a fascinating account of how new e-business tools, supported by the right people and processes, have the potential to revolutionize marketing in the same way that customer relationship management (CRM) revolutionized the sales function.

Intel

Intel works with hundreds of independent software vendor (ISV) partners to market ISV product on Intel hardware. This summer, Intel mounted a campaign with business performance management (BPM) software provider Hyperion that demonstrates the success of the new e-marketing approach.

For the Hyperion campaign, Intel hooked up with marketing partner The Mahoney Group. John Mahoney, President of The Mahoney Group, decided to support the campaign with special marketing technology from niche vendor L2, a company with which he had long been familiar.

The high-level plan was to go after 2,239 leads distributed across two verticals (healthcare and financial services) and four roles (CEO, CIO, CFO, and IT director) in four waves (twice by e-mail, twice by direct mail). "The C-levels got a corrugated box with personalized messages inside," relates Mahoney. "The messaging was different by job function."

Personalization, long a part of the consumer Internet experience through sites like Amazon, has not been as often or as thoroughly employed for the purpose of marketing to other businesses. But Intel knew that the effectiveness of its campaign would increase in step with the focus of its messages. In the Hyperion campaign, IT directors were given functionalist-specific messages

(e.g. about Hyperion's ability to synchronize data and metadata) while CEOs got business-level messages. The messaging and creative elements were carefully crafted by The Mahoney Group with the cooperation of Intel (which has a lot of in-house healthcare expertise) and Hyperion (which contributed financial services messaging).

The end result was a personalized series of messages to the campaign targets. But the personalization of messages was only the beginning. The L2 product, Fuse, created personal URLs for *each* of the mail recipients. On visiting these sites, you were greeted by your first name and role-specific messaging. It was a continuation of the personalization that began with the direct mail, and was effective enough to convert plenty of viewers into customers.

But this is just where the value of Fuse began. "Even more than the response rates, Intel liked the granularity of information," Mahoney says, referring to the way L2 can offer precise reports on the behavior of website visitors.

Dan Johnson, Strategic Relationship Manager for Intel, explains further. "You can understand that a healthcare CFO downloaded a specific white paper, clicked on this link, stayed on the site for x minutes, and asked to be contacted" he says. "You can slice and dice anything you want."

So, in addition to pushing demand generation along by personalizing websites, the L2 functionality offered Intel and Hyperion a way to ramp up the conversion process. Hot leads derived from L2 plug right into Oracle-powered Intel customer relationship management (CRM) system, where sales people can see just what prospects are doing and target their own pitches accordingly.

L2 does more than connect software applications. Wrich Printz, L2 CEO, says that Fuse allows partners in an ecosystem to connect to each other in rules-based ways that other software products are not necessarily designed to support. "When working with partners and vendors, you typically do not want to share some of the proprietary data on your CRM system," Printz says. "Our workflow gives partners access to the same system while letting you cordon off what you do not want them to see." L2 can thus power dashboards that allow different participants in the marketing process to get personalized insight into a campaign as it unfolds. The simplicity of the interface, and its ability to handle back-end complexity on its own, means that IT folks need not get involved.

Intel made extensive use of the dashboard facility, Johnson says. "We could see if our message was resonating or not in real time. If we thought it was not resonating, we tweaked it."

This is a perfect illustration of the power of dashboards. If you know just what kind of results you are getting, you can fine-tune your performance accordingly; otherwise, the only kind of insight you will get is in a post mortem campaign analysis, when it is too late to change anything.

Intel works with a large ecosystem of partners, which has the potential to create plenty of complexity around issues like shared costs, pricing, and incentives. However, L2 offered Line56 a product demonstration that highlighted the cost control and management features within Fuse. A simple drop-down interface offered credit accounting plus the options to centralize incentives to partners out of a single budget or apply custom pricing and discounts to partners.

Portola Plaza

The Intel/Hyperion campaign shows how marketing software can improve response and conversion rates in the business-to-business (B2B) arena, but the technology is just as applicable to business-to-consumer (B2C).

Take L2 customer Portola Plaza (formerly the Monterey DoubleTree), a 380-room hotel and convention center in Monterey, CA. Over the summer, Portola ran a marketing campaign designed to ask customers about hotel services, determine what would build customer loyalty, *and*

strengthen the brand image. But the main goal was to grow revenue. "We had a lot of inventory in June and July that we needed to get rid of," says Wade Bryant, Director of Marketing for Portola Plaza.

Portola began with 20,000 direct mailings sent to prior hotel guests, mainly in the Northern California area. The mail offered customers a pricing discount and featured a picture of a beach with writing in the sand welcoming the customer by first name. The fonts for this picture were developed by a Germany company. "In print, that image is even more spectacular," says Bryant.



The campaign did not rely solely on the attention-getting power of the image, though. The L2-powered personalized websites were a big part of the pitch. "It triggered curiosity," says Bryant. "When people got the direct mail with their own URLs, they wondered what could be on websites with their names on them."

Once the target audience followed the URL, they were not bombarded with a bunch of survey questions. Rather, they were given two additional promotion opportunities for which they had to answer six questions. A third of all respondents went ahead and filled out the survey to take advantage of the promotion.

The survey asked customers when they tended to stay in hotels, what was most important to them in a hotel (answer: a comfortable bed!), and other such data. Bryant finds this data extremely valuable, because it serves as a guide to future marketing efforts. "People who say they like golf and going to get a golfing image in the next campaign. People who like the spa will get a spa image. And, when someone says they cannot travel from Sunday to Thursday, they will never get mid-week promos again."

The Portola summer campaign was successful. The response rate was 7.2 percent (as against normal response rates of 1 to 2 percent), with a conversion rate of 15 percent, and the campaign ROI was over 300 percent. Bryant attributes an extra \$80,000 in revenue to the campaign, which cost around \$25,000.

While technology played an important part in the success of the Portola campaigns, the corporate approach also exemplifies the importance of processes. For Portola, campaign-based marketing is merely the extension of a relationship that begins in the hotel and on the website, where

promotions and brochure request forms serve incipient marketing functions while messaging reinforces Portola's brand as an extension of the Monterey experience. In other words, the campaign and website messaging are the same, and the marketing itself is not limited to the campaign. It is part of a single experience.

Too many companies approach marketing campaigns in the same way that negligent students "cram" for an exam for which they ought to have spent their entire academic careers preparing. Brute force at campaign time cannot make up for all the time you did not spend courting customers, building loyalty, strengthening the brand, and crafting a unified experience for your customers.

Armed with more detailed information about the preferences and behavior of their customers, Portola intends to personalize its campaigns more and more. In addition to anchoring mail around interest-specific images and promotions, Portola will work in a geographical angle as well. "Once that is in place, we can send mail to all the customers in Marin County who are just interested in spa promotions," says Bryant, by way of example. "We can do a bunch of these targeted campaigns at the same time. Mahoney and L2 will take care of it with one drop date, one stock of paper."

The Importance of Marketing

The response and conversion rates achieved by Portola and Intel are all the more remarkable given dwindling consumer willingness to corporate messaging. Irvine Clarke III, writing in the *Journal of Consumer Marketing*, notes that "E-mail glut has created a world where recipients are more selective and now delete in excess of 77 percent of commercial e-mails without reading the message." This glut also exists in the B2B arena, where executives are exposed to an average of 15 campaigns a week (according to a recent survey from KnowledgeStorm and SiriusDecisions).

Whereas sales and service organizations may have more than one opportunity to win the ear, and preferably the trust, of a consumer, the existence of information overload means marketing does not have that luxury: "e-mail marketers must get it right the first time," Clarke III concludes.

If you are still not convinced that this is the time to take advantage of new online technology to sharpen your marketing campaigns, consider the following thought from economist Thomas Palley: "For the last 20 years demand growth has been generated by an increasingly unsustainable process that rests on rising stock prices [Palley was writing in 2001], rising household debt, mortgage refinancing driven by disinflation, and falling household savings rates..."

The macroeconomic context, according to Palley and other Keynesians, is that "a mass-production economy needs mass-consumption markets to support it. Behind this claim lies the implicit belief that robust mass-consumption markets rest on a healthy distribution of income." That distribution, in the U.S., is askew, with the rich getting richer at the expense of all other segments of the population. Palley argues that the stock and housing booms, plus cheap and easy credit, have served as an artificial impetus to demand generation. Now that those booms are over, consumer debt is becoming unsustainable, and energy costs are rising, the Keynesian argument is that demand will plummet: "Consequently, the U.S. economy now confronts the risk of systemic demand shortage."

There is not much that individual companies can do to change the macroeconomic conditions in the U.S. However, companies can mitigate some of the demand generation risk by paying increased attention to marketing.

"It is getting tougher and tougher to attract customers," says Bryant of Portola. "And tougher to retain them. One way to do that through marketing is to talk to John and Demir instead of Past

Guest."

As the income distribution figures also suggest, American consumers have less and less money to spend, and therefore need to be courted more aggressively. Marketing is the essence of this courting process, and the essence of marketing is the kind of personalization that can only be guaranteed by the kind of online approach taken by Intel and Portola. As Johnson of Intel concludes, "This is all about getting the right message to the right person at the right time."

Action Recommendations

Personalization-oriented marketing campaign technology is currently both cheap and underused. Strategically, this means that adopters of such technology can gain a competitive advantage over rivals who remain unaware of it. Tactically, the low cost of running a campaign lowers the risk barriers that would ordinarily prevent companies from tweaking their incumbent marketing strategies. Portola spent \$25,000 to market to 20,000 people using L2, which Bryant estimates is a savings of 51 percent over an in-house approach.

Given a macroeconomic picture in which demand generation is only going to be a bigger challenge, and a competitive scenario in which many companies will end up adopting and refining personalized marketing tools, this is the right time to find out more about the technology, if you have not done so already.

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