
A Guide to Database Marketing



How To Sell More To Customers You Already Have Using Database Marketing

A Whitepaper by Chris Slater & Lori Feldman

Got customers?

Then you're perfectly positioned to grow your business with one of the easiest, low-cost, no-risk marketing strategies available—leveraging your customer database.

If you've ever said, "I wish I had 100 more customers just like X," then you intuitively understand the principle of **database marketing**.

Think about it:

- Your customers listen to you, don't they?
Prospects start out sceptical
- Customers regard you as an authority; prospects think you're "just a salesperson trying to sell something."
- Customers return your phone calls; prospects...well you get the picture.

You've heard the truism that it's 10 times easier to sell to an existing customer than to find a new one. And you know the *Pareto Principle* that says 20% of your clients are responsible for 80% of your sales. Then doesn't it make sense to do everything in your power to sell even more of your products and services to customers who already trust you, and then convert their happiness into word-of-mouth referral business that doesn't cost a penny?

Besides increasing sales, selling more to customers you already have has other payoffs as well, such as

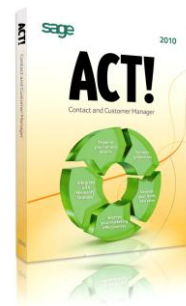
- The opportunity to decrease overhead expenses by making your marketing spend more efficient with a higher Return on Investment..

- Freeing up time previously wasted on low quality "Suspects" that can now be spent more productively,
- Increasing job satisfaction of your current sales force because you're giving them an easy way to build stronger relationships with their customers with no extra effort on their part

To make a fortune with your mailing list, several key ingredients are required. Here are our 12 steps to get you started.

1. Invest in a true marketing database, like ACT! Software,

where you enter your "entire world". This includes customers, prospects, suppliers, friends and family. Make it easy to find who you need, when you need them.



Did you know that according to productivity experts, your IQ drops 10 points with multi-tasking! What's even worse is that, on average, executives waste six weeks per year searching for lost documents.

With only one database, you instantly simplify your life because no matter what you want to find out, you've only got one place to look. No more searching in Outlook folders, desktop piles, digging through your purse or briefcase or reading Post-It Notes plastered all over your monitor in order to find relevant customer data that all staff members need access to. Now, with everyone in the company putting everything in a single database, you'll be able to transfer up-to-date database information daily to your handheld device, like a Pocket PC, Palm Pilot, Blackberry or iPhone.

Imagine arriving at the office and having your day, your business, and your life under control...

- Your computer displays a list of your calls and “to-dos” scheduled for the day
- With a simple mouse click, you instantly see detailed information and notes about your first customer meeting and then...the computer dials the number for you!
- While you’re on the phone, you make notes about your conversation and delegate a follow-up “to do” for your assistant. You’re confident it will be done (and you have a way to verify that it has been).
- Next you click on a single icon and create a pre-written confirmation letter to the customer you just spoke with. Two more clicks, and you’ve printed, faxed or emailed a letter to her, directly from your computer. (By the way, a record of your conversation has been automatically inserted in the client’s record.)
- Your customer is amazed at how much you remembered about her (and her problem) from the last call, not to mention how impressed she is by how quickly you have followed up with her request.
- Next you send a personalized mail-merged email message to 15 new prospects and a separate V.I.P. presale announcement to your top 10 customers.
- Your first call has been made, you've scheduled your next action, sent out a confirmation letter and emailed 15 prospects—and your first cup of coffee isn’t even cold yet Now, that’s profiting from your database!
- At 9:25, an alarm pops up on your screen to remind you about a scheduled phone call for 9:30. The call-back was scheduled for you by a co-worker who took the call while you were out. With one click they pulled up your quote and answered basic questions. Then they scheduled a follow-up

call for you for this morning to negotiate the price changes they were looking for.

- With another click, you print out driving directions to your client’s office for this afternoon’s meeting.
- At the end of the month, you easily produce an activity report that shows exactly how you spent your time and the “£” amount of all your sales. (Incidentally, as a manager you have access to this information across your whole team)

Finding the information you need, when you need it, is just one of the signs of a successful sales organisation. A longer-term indicator of sales accomplishment is the ability to build personal relationships with your customers so you can influence referrals.

Let’s move to Step 2 where we’ll start incorporating a method for segmenting your database to begin shifting your business from a “one-to-one” selling model to a “one-to-many.”

2. Add 3 critical data fields to your marketing database:

- Referred By/Source - To track successful advertising/networking strategies and identify how each contact got into your database
- ID/Status - To categorise contacts into marketing groups
- Last Results - To track what happened when each contact was talked to last. Now you have a way to query the database so no contact is ever lost in your follow-up plan.



3. Clean it up!

You’ve imported “your world” from all your “list sources,” such as your website inquiries, Outlook

address book, accounting records, Excel spreadsheets, and your PDAs. (You can even use a business card scanner to process all the loose business cards you've been collecting). Now that everything's in there, you're bound to have some clean-up to do. You'll need to eliminate or combine duplicates, add missing addresses and/or update movers through the Royal Mail "National Change of Address Service" (NCOA). It's just not good enough in this day and age to have less than 100% of your customers' email addresses! If you're guilty as charged, then get on the phone or hire some part-time telemarketers to get them for you. Offer customers an incentive if necessary, but your new database marketing plan requires that you have customer email addresses!

4. Identify your "top 20%" based on revenue from active customers

(within the last year or two depending on your customer life cycle). Code these customers as "A" accounts in your ID/Status database field. This is the first step in segmenting your database to make more money. Some other valuable database segments are:

- RFM—Recency (When was last purchase date?), Frequency (Who are my repeat buyers) and Monetary (Who spends the most on one order with me?)
- Referral Leads and "Referees"
- Inactive Customers and Lost Business



5. Send your "A" accounts an electronic customer survey asking them questions

designed to elicit testimonials. Use a third-party provider like Swiftpage Email, which integrates with your marketing database. You want all your marketing

tools to easily integrate with your ACT! Database or whichever database you will be using. So your email provider should also:

- Use its own proprietary ISP to deliver the messages (instead of yours)
- Comply with any SPAM laws
- Handle "opt-outs" automatically
- Be able to tally your survey answers electronically, and present them in easy to understand pie charts and spreadsheets

6. Create a "brag book" of testimonials.

Post them to your website; add them to your company bio/brochure. Hold a staff meeting to congratulate yourselves on how beloved you are by your customers and to brainstorm about your customers' suggestions and ways to improve or create new products.

7. Have each sales rep call one "A" account everyday and ask for referrals.



Let's say you have 50 top accounts. And that a top account is worth £25,000. If each customer provides just two referral opportunities, that's a £2,500,000 pipeline that didn't cost you a penny to generate. Now let's talk about the easiest way to close those referrals.

8. Assign a database marketing champion.

Remember, 70% of all sales cycles take 6 months or longer, so you must build a long-term follow-up marketing program. Many buyers will say "no" a half dozen times before agreeing to buy. That's fine! They're going to hear from you at least 12 times this year, so you'll have plenty of time to warm them up! Each message must contain valuable information and

reward future buyers with knowledge and/or an incentive for taking the time to read your messages.

As you can probably tell, effective drip marketing programs take a serious commitment in time and talent. They also require ongoing continuity to work. Starting and stopping kills the cumulative benefits you're building. So to be successful, you must appoint a highly motivated Database Administrator to champion the cause. While top management should oversee this important communication effort, the actual searching for, re-writing and new creation of usable marketing pieces can be delegated to a suitably skilled staff member or outsourced. Your Champion will start by compiling existing resources—letters that have worked for you in the past-- ads, newsletters, proposals, and then begin “repurposing” them for a variety of creative messaging.

9. Put your “A” accounts on a monthly drip-marketing plan.



The goal is to attract your customers to buy from you automatically...when they're ready...even though you may not be “there” to call on them. Hewlett Packard, the printer company, discovered that when prospects found them first, they were 87% more likely to close the sale! A consistent drip-marketing effort can have this staggering impact on sales because you “chase them till they catch you.”

10. Put your referrals on a 6- month drip-marketing pampering plan.

Once the sales force have collected their referrals, add them to your database and assign them to a follow-up activity series. You can just “set it, and forget it” because the sales force don't need to be involved again until the last step! Trust in the system. Let your

messages compel your referrals to call you back to find out more. **Here's a sample drip-marketing series:**

1 st Touch	Email an introduction
2 nd Touch	Mail capabilities letter
3 rd Touch	Follow-up E-mail offering “Tips Sheet”
4 th Touch	Email 1st Tip
5 th Touch	Email 2nd Tip
6 th Touch	Mail postcard offering a “Free Whitepaper,” downloadable from your website
7 th Touch	Follow-up “Live” Call to request a meeting, ask for referral, remove from opportunity

Seven touches and only one of them is a live phone call requiring a salesperson to follow-up!

Congratulations! You've got 2 campaigns underway, both targeting “niche markets” with strong propensities to purchase: Customers you already have and referrals, given to you by those same customers.

Now it's time to research your top-customer profile so you can “clone” those customers with a flood of new prospects.

11. Find targeted prospects by “cloning” your top customers.

Review your customer survey again to find the reasons your best customers are buying. Surf your competitors' websites and see why their customers are buying! (Many will list their customers right on their website!) Make a spreadsheet of some basic “demographics” or “firmographics,” such as number of employees, titles of decision makers, size of company, years in business. If you sell to consumers, look at marital status, home value, type of vehicles owned, job classification. What do your customers have in common? What triggers

occur that put them in the market to buy your services now?

12. With this spreadsheet as a guide, buy a targeted prospect mailing list of 12,000,

and send out 1,000 personalized letters each month that include your testimonials. This will keep your pipeline filled as a secondary strategy. Note how much more you must invest (list, direct mail, telemarketing) when prospecting than when marketing to customers you already have!

A powerful marketing database is a foundation for a follow-up system that turns your contacts into relationships and relationships into sales results. You'll find it easy to stay on the buyer's mind, without getting on his nerves in the process--and your one-on-one presence is not even mandatory. Not only is it a proven way to make a fortune with your mailing list, it's quicker and more profitable to do this with your customer list than with prospects who don't even know you yet!

Chris Slater is Managing Director of Ceetec Solutions Ltd, a Manchester based Sage and ACT! Business Partner and Swiftpage Gold Certified E-Marketing Consultant.

Ceetec specialise in helping entrepreneurs and sales professionals write more business with customers they already have using database marketing with ACT! Software and Swiftpage e-marketing solutions.

ACT! is the world's most popular customer management software with over 4 million users worldwide and Swiftpage is the e-mail marketing solution of choice for ACT! users.

Chris was previously Northern Regional Sales Manager for Sage Software responsible for implementing the internal "crm" system for Sage's own field sales operation.

Lori Feldman is "The Database Diva" of Aviva, LLC, a U.S. based database marketing consulting firm

Lori is an international speaker on mailing lists, database marketing and CRM and is a past-president of the Direct Marketing Association of St. Louis. She is a recipient of that organization's top prize: The "Direct Marketer of the Year" Award.

Database Marketing Resources Referenced in this White Paper

ACT! Customer Database Software

Cardscan Business Card Scanner

Swiftpage Email Marketing and Survey Tool

List Grabber data capture software to create targeted mailing lists from Internet directories

SPAM Email Regulation

<http://www.businesslink.gov.uk/bdotg/action/detail?r.s=sl&r.lc=en&type=RESOURCES&itemId=1075385149>

Royal Mail "National Change of Address Service"

<http://www.royalmail.com/portal/rm/jump2?catId=11800138&mediaId=55600699>

Free Subscription to

The Database Marketing Hotwire

Subscriptions@ceetec.com



Helping businesses make more money with their customer database