

# Flirting AND Holding Hands With Your Customers

## HOW THE POWER OF DIRECT RELATIONSHIP MARKETING CAN HELP YOUR BUSINESS

Who ever heard of companies encouraging romance in the business world?

But for a growing number of smart marketers it, in fact, does exist on a regular long-term basis. Business-to-business romance has a familiar-sounding name: it's called **direct relationship marketing**, combining direct marketing and relationship marketing.

We've all heard of direct marketing where sellers go one on one with targeted prospects using personalized and personal communications to do the job. And some of us know about relationship marketing, the discipline that also goes one on one with customers or clients, but for a much extended period to help ensure their loyalty and repurchase decisions.

Each discipline direct marketing and relationship marketing is a powerful motivational tool. When combined, however, they become pure dynamite as direct relationship marketing.



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The magic of its synergism results from two dynamic forces working in tandem.

### **1. Flirting with your potential customers**

Direct marketing emotionally captures the attention of a prospect, often with communication that touches a vulnerable area, and plays on that for an emotional response.

### **2. Holding hands with your customers**

Once the customer is acquired, emotion continues to play a part in the business relationship's communication. With relationship marketing, you never take your customer's goodwill – or loyalty – for granted but continually (yet strategically) display your gratefulness for the business.

It's like keeping things romantic between a husband and wife to help ensure an emotionally strong, long-term relationship.

Relationship marketing had some of its early beginnings in Japan several decades ago. At car dealerships, the sales representatives would keep detailed records of personal data after each customer's purchase: his birth date, wife's and children's birthdays, wedding anniversary, etc., in a little black book. Then throughout the life of the family's car usage, congratulatory cards or gifts would arrive at appropriate times of the year from the salesperson.

Needless to say, buyer repurchase loyalty, based on the long-term application of these emotional tugs at the heartstrings, exceeded that anywhere else in the car-buying world.

The little black books were so valuable that when a Japanese car salesman retired or expired, his black book would be auctioned off for a substantial sum.

Many marketers today use the technique called *direct marketing* where targeted prospects receive customized offers to fit their presumed needs.

And many of us may have heard of *relationship marketing* that continues the selling process to existing customers with ongoing special communications to help retain the customer's loyalty and buying affinity for future purchases, like our Japanese friends.

But imagine the power of these two forces if they were *combined*.

## **DIRECT RELATIONSHIP MARKETING**

It's the closest you'll ever get to one-on-one selling on a continuing basis.

Direct relationship marketing synergistically does more than even direct marketing and relationship marketing used separately. But there's something else we learned:

*You can't just put one behind the other and expect them to work as well as when designed together.*

We have developed sophisticated integration techniques to combine these two disciplines, and they vary from company to company. There are no broad-brush answers in this unique discipline.

## A SMALL INVESTMENT BUILDS AN EMOTIONAL BOND

By maintaining contact with each individual buyer especially after a considered purchase customer affinity throughout the purchase cycle is considerably strengthened and can often lead to customer retention over many years. When compared to the cost of acquiring a new customer, direct relationship marketing is a very small investment.

Direct relationship marketing is direct marketing at its best. For big-ticket, long-repurchase-cycle products, nothing can touch it, because virtually all consumer purchase decisions are based on emotion. Research tells us that 80 percent of all industrial buying decisions are also based on emotion, making business-to-business direct relationship marketing applicable in the industrial community as well.

## TWO EXAMPLES OF HOW IT WORKS PSYCHOLOGICALLY

### *In the consumer market...*

She's thinking about buying a new refrigerator or cooking range and answers a dealer's mailer announcing a sale with discount coupon. She hasn't bought a new "fridge" or range in a long time, perhaps ten years.

The dealer knows this and thinks that when she walks out the door with the sales slip (with husband in tow), he may not see her for another decade.

But that's not true.

They also probably have a freezer, dishwasher, laundry pair, microwave, and compactor, each of which may need replacement in the not too distant future.

But the dealer kisses them goodbye, figuratively, and goes on to generate his next sale (which may cost him \$25 in related promotional costs to accomplish). However, if he were to capitalize on his direct marketing effort with relationship marketing, that next sale to her may only cost that dealer about \$5 to \$10.

Consider the customer's state of mind shortly after the purchase:

*"We'll use this appliance for a long time; have we made the right quality decision?"*

*"Did we get a good deal or spend too much?"*

*"What if it breaks down?"*

*"Would we like our money back and the appliance returned?"*

At this vulnerable point, a calming, assuring thank-you note or card from the dealer is at its most valuable. (Everybody knows you should thank a customer for buying after a considered purchase but very few retailers do it.) In fact, a "how's it doing?" letter or phone call several months after the sale can strongly help reinforce the customer confidence and pride of ownership.

But that's not the end of it. In his/her reassured state, the customer can be preconditioned by the dealer for two additional actions:

- To patronize him for the next appliance purchase when needed.
- To provide referrals to friends and relatives for added sales.

The above is an example of direct relationship marketing in its most simplified form. If conducted by a manufacturer for its

dealers, more sophisticated techniques would be applied on a turnkey basis.

These actions to retain a customer and acquire referrals will result in a relationship that is far more productive and economical, sales-wise, than any new-business ads or promotions. However, many dealers do not have the facilities or funds to develop a full-spectrum direct relationship marketing program to a highly targeted database long before the sale occurs. Or to monitor it and forward leads to dealers as well as reports to the company's field representatives to aid them with marketing performance tools in their retail dealer recruiting efforts.

#### ***In the industrial market...***

Here is where direct relationship marketing plays a much greater role.

Take, for instance, marketing high-pressure hot water washers (the kind used to spray-clean big construction equipment and manufacturing machines).

Purchasing agents for numerous industrial companies generally have three thoughts in mind when sourcing equipment like the above:

- How does it stack up in lifetime value analysis?
- How reliable is the distributor?
- How cheaply can I get several of them?

If that distributor is applying direct relationship marketing, he would already be preconditioning the purchasing agent with ongoing mailers or sales calls that include testimonials, performance and price comparisons, and perhaps offers to test the equipment on-site.

One of the tenets of good business-to-business direct marketing is, realizing that a management person could be making the final decision, to be sure to reach key management personnel as well as the purchasing agent with specialized targeting techniques. So in this situation, the production manager is also in the communications loop.

By the time a budget allows for purchasing to begin, the emotional aspect of the selling continuum is already in force. Competitors may receive their request for bid, but our hero is already calling the purchasing agent by his first name.

Assuming the purchase order is received as expected by the distributor, his direct relationship marketing program swings into second gear:

*On the day the high-pressure hot water washers are delivered, a thank-you note appears on the purchasing agent's desk offering help starting up the equipment along with a warranty certificate, operating guide, and bounceback discount coupon for accessories. The purchasing agent is kept "in control" throughout the sale.*

Six months and a year after the purchase, small, specialized, and thematic items arrive (too inexpensive to be considered a bribe, and too substantial to be thrown away) with a reminder that service is only a phone call away.

These are called "work-stopper" gifts, thoughtfully developed to make the recipient pause during his/her workday as they

thematically create warm and fuzzy feelings about the supplier. The makings of the next sale have already begun.

### **DIRECT MARKETING RELATIONSHIPS TAKE TIME**

Some years ago, American business heads were quick to see the value of relationship marketing and tried to introduce it into their general or direct marketing plans. However, middle management's year-end bonuses were based on achieving short-term sales goals, so virtually no budgets included allocations to also invest in relationship marketing's long-term payouts.

It takes months and sometimes years to build business bonds with direct relationship marketing. Consider the fact that about 20 percent of the American populace moves every year and about the same percentage of business employees change jobs per year. The value of a strong business relationship can mean almost no loss in the sales continuum over time, regardless of changes.

It costs far less to continue to develop business out of present customers than to acquire new ones especially with direct relationship marketing's targeted persuasiveness yet many companies keep looking for that marketing Philosopher's Stone to transmute advertising into new sales.

Direct relationship marketing helps to solve that middle management problem attitude by beginning the process not after the sale but with the targeted prospect, as we have shown in the high-pressure hot water washer example, then carrying it through with affinity builders. This is the proactive, strategic alternative to lifetime value analysis, since it preempts the value analysis by perhaps months or years.

We can see a symbiotic relationship developing between direct marketing and relationship marketing. The process of relationship marketing requires a customer to be coddled, and direct marketing can use the names of prospect referrals from those coddled customers. However, bringing the two disciplines together requires different techniques for each product or service.

### **BRANDING AFFECTED BY DIRECT RELATIONSHIP MARKETING**

When customers get nice warm feelings about a product or service from the direct relationship marketing at work on them, the corporate parent's brands also benefit. The affinity developed can be seen affecting the corporation's related brands of products increasing in direct proportion to:

- Corporate brands that are new or just starting to grow.
- Brands whose advertising budgets are smaller.

## BETTER FOR SMALL-TICKET GOODS OR CONSIDERED PURCHASES?

As previously mentioned, direct relationship marketing is applied differently to different products or services, also depending on the repurchase cycle or price tag (recency, frequency, monetary).

And, as the dollar amount of the purchase increases, so does the emotion tied to that purchase decision, therefore, the increased need for the power of direct relationship marketing in and after the selling process.

## THE BOTTOM LINE?

Behind all the strategic activity of direct relationship marketing is one goal: the closest you'll ever get to one on one in selling to your customers. It's like holding their hand throughout their buying lifetime with your company. And if the direct relationship marketing program is interactive, the relationship can last much longer because you'll know when something needs fixing.

There is an old Latin saying, "Tempus omnia revelat," or "time will reveal everything". As the seller, you can wait for time to indicate how you are doing with your customers or you can play a part in creating the answer with direct relationship marketing.

If you were the buyer, wouldn't you want to deal more with someone who attracted your buying interest with personalized communications and demonstrated his or her care about keeping your company pleased once you bought? That's the essence of flirting and holding hands with your customers. And it will help lead the marketing renaissance this millennium where interpersonal selling will largely be the norm.

If you require more information on direct relationship marketing applied to your firm's products or services or would like to consider implementation, contact Wesley Day Advertising.



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