

Getting More From Relationship Marketing In 2011.

As the recession bites, both customers and businesses are affected. Customers want value for money and lower prices, but companies can only cut costs and prices so low. At some point, businesses must look at other innovative ways to retain customers and grow revenue. And it is in this type of environment that Relationship Marketing can make all the difference. By developing relationships with your customers you can differentiate your brand from its competitors, crucially protecting and growing sales.

Be Aware Of Trends.

Gerard O'Neill from Amárach Research, who spoke at An Post's SME Roadshow during the summer, explored three big trends that businesses should look at in the coming year when it comes to formulating their Relationship Marketing (RM) strategy.

Firstly, where possible, target families. Ireland's birth rate is increasing and will continue to do until at least 2018. If there's a way you can make your product, service or message relevant to this market, then you already have a captive and growing audience. Companies are already succeeding in this area. EUMom and the Danone are good examples. Both companies took awards at this year's An Post Direct Marketing Awards. So, clearly there are gains to be made.

Secondly, although 75% of all wealth is held by the Over 50s demographic, just 10% of most companies' marketing spend is aimed at them. What's more, this is a demographic that has been shown to be highly responsive to DM. By devoting resources away from less lucrative audiences and into under-targeted demographics such as this, is clearly a way to leverage more from your marketing budget.

Another area businesses should be looking to is the B2B sector. Companies in the B2B sector are far more likely to have increased revenue over the last 12 months compared to those operating in the B2C sector and are more likely to increase their marketing spend next year also. Clearly, B2B companies see a real opportunity in using RM to maintain market share. The lessons to be learned are: if you're in B2B, make sure you're keeping up with your competitors when it comes to your RM strategy. And, if you're not in B2B, shouldn't you be looking at ways of using RM to retain and protect your customer base?

Strategies To Succeed In RM.

Amie Peters, a key figure in the IDMA and head of An Post's Mail Media Unit, believes that customer data will be the key for businesses that want to succeed with RM in the coming year. RM needn't be expensive, she says.

'It's not about cost. It's about effectiveness and return on investment. At its most basic, RM is simply about letting your customers know that you understand them and their needs. Demonstrating this is all about tailoring your offers and your message. Once you understand how to do that, you start to realise how RM is achievable by businesses of all sizes.'

What is becoming apparent is that, in the future, we are going to see more collaboration between direct mail and online communications. Companies are seeing that by using both synergistically, the results can be much better. Amie goes on to highlight the benefits of using the two media side by side:

'By using online communications and direct mail together, you can add more flexibility to your campaigns. Email and online interactions give you speed to respond to your customers, while DM delivers in terms of impact, value and action.'

Never Underestimate The Power Of Direct Mail.

With nearly a third of Irish businesses planning to increase spend on direct mail over the next 12 months, Amie emphasises the importance of direct mail in any marketing strategy:

'I firmly believe that there are big opportunities for agencies and brands to do more business with DM in 2011. Along with online and print, direct mail is already one of the top three most valuable growth channels in Ireland.'

'There has been the perception that direct mail was taking a back seat with the increase in online marketing, but this isn't the case at all. More than 20% more companies preferred to use direct mail over email in their last campaign.'

Some Facts About Direct Mail

The statistics speak for themselves. Direct Mail works, but it has to be relevant. Only then can you build trust and rapport with your customers.

For example, 56% of Irish consumers prefer to receive information from companies they do business with by mail. That's more than five times the preference rate for email at 9% and 82% of Irish consumers find addressed direct mail one of the most relevant forms of advertising, twice as relevant as TV at just 41%, probably, because it's a personalised experience. What's more, almost twice as many Irish consumers trust addressed DM more than email.

72% of the businesses that significantly increased their revenues in the past twelve months used direct mail and you are twice as likely to have seen your revenues increase in the past twelve months if you used DM.

And if you think the younger generation are more into online communications, you'd be wrong. RM and direct mail might appear to be more suited to older demographics, but younger consumers are actually more responsive than the average Irish adult. Overall, 1 in 6 adults make a purchase as a result of DM. In the under 25s, this increases to 1 in 4. And 74% of 18-34 year olds say they enjoy receiving direct mail.

So why does direct mail have such an impact on this digitally connected audience? Amie may have the answer.

'By focussing too much on online interaction for the younger market, some companies are missing out on the personalisation offered by DM. When the Internet is part of your everyday life, it's refreshing to receive something real, personal and tangible in the post.'

To find out more about the An Post Mail Media Unit call Emer McDonnell on 01 705 7494, or register at www.anpost.ie/mailmedia.