

Success in a recession?

Relationship Marketing can make it happen.

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Over the past number of dreary years, marketing communications have been shifting from big brand communications to a more direct, measurable, one-to-one approach. I have heard clients, from many different industry sectors, talk a lot less about brand awareness, brand affinity and advertising recall and so much more about the bottom line, ROI, true measurability, locking in customers and building barriers to exit. This trend has paved the way for Relationship Marketing to really come of age.

Convincing The Sceptics

During my talk at An Post's final breakfast briefing of 2010, I outlined some case studies, which should go some way to allaying the fears of those who may be a bit sceptical about relationship marketing.

One of my own recent successes in RM was with An Post. During a B2B campaign, 39% of the target signed up - but the real results were in the bottom line. 11% began spending more – a clear benchmark for the success companies can enjoy using relationship marketing.

Another example was EBS - by using segmentation, profiling and modelling, the building society was able to increase the response rate to 85% by the third phase of one of their recent campaigns.

Tesco is another company greatly benefitting from RM. Their UK Clubcard programme has managed to boost sales by 100% since its inception. Indeed, their Tesco Babyclub members now spend 10% more than other customers with babies that are not signed up to the Babyclub.

Through careful segmentation, identifying customer value and spotting key triggers that influence spend; Boots has been one of the biggest RM success stories. They have managed to boost return on their RM investment by a massive 700%.

Creating A Successful RM Strategy

Not everyone is going to achieve results like this, but if companies stick to the following 7 steps, then an RM strategy will pay dividends:

1. Have clear, realistic business objectives and decide upfront how success will be measured. This will ensure all the data needed for measuring and analysing the campaign is captured.
2. Involve key staff that will benefit from the RM programme and get their buy-in.
3. Identify your customers and understand their data.
4. Differentiate your customers by building clear pictures of them – this can be done through profiling and / or modelling.

5. Communicate with your customers – making sure you are ticking the following three boxes: 1) talking to the right customer 2) with the right message 3) at the right time.
6. Measure performance – RM is one long, on-going cycle of testing. What's working, improve your data selections and put a value on your RM programme - so you are justifying spend and / or building a case for increased spend.
7. Customise your product / service and your communication – change how you treat your customers based on what you now know about them... starting the cycle again – but this time being more relevant and efficient!

RM learnings and tips

I shared some personal learnings I have gained through working on RM programmes:

- Surround yourself with good people that have RM experience. Your agency / client relationship is vital. You will need to work hard together and be real team players to succeed.
- Pilot if you can – it will pay real dividends. Test different combinations of creative and messaging to see what works best for your brand.
- Regular Analysis – systematically analyse during the campaign so you are testing the patient and not the corpse!
- Augment your data when possible – integrate with other company databases, buy in lists. This will give you further rich insights and ultimately make your programme more successful.
- Internal staff buy-in is huge. I discussed a client that tripled their numbers on their RM programme in 2010 by training staff correctly and getting them involved in selling the benefits of the programme to their customers.
- Apportion your budget correctly – 2/3s customer engagement, 1/3 set up and planning. Often programmes spend far too much on set up and the end product disappoints due to budget constraints.
- Under promise and over deliver – manage your customer expectations. You get one chance to wow your customers with your first engagement. Leverage the expectation – it should be much better than they expect.
- Listen – pick up the phone to a customer, tag along with your sales rep to get a real understanding of your customer's needs.

Getting the balance right

My closing comments focused on getting the correct balance of hard and soft measurements. If you focus too much on attitudes it will be difficult to measure results and convert into behaviour change and profits. Conversely, if you focus too much on profits it will lead to little relevance and increased customer churn and dissatisfaction. A combination of an understanding of your customer's motivations, needs and wants and what their data is telling you will give you a killer RM programme.