

Altman Dedicated Direct

STRATEGY... TACTICS... **RESULTS**

Publication: **Catalog Success Magazine**

Issue Month: **September 2007**

Topic: ***How to position inserts within your prospecting and retention media mix***

Few catalogers include inserts in their prospecting or retention media plans – a fact that continues to baffle those who use inserts profitably. While virtually every cataloger uses one kind of retention insert (even though they don't think of it as an insert) – the bounceback catalog -- few go beyond this “knee jerk” step to actually considering the strategic value of inserts to their retention as well as their prospecting media mix. But in fact there are many strategic benefits of including inserts in your prospecting and retention plans that can help you achieve overall business goals.

Let's examine the strategic value of inserts used for prospecting and retention separately:

Strategic Prospecting Benefits

1. **Inserts are an inexpensive way to test.** Both Jill Eastman-Vidal, Director of Third Party Marketing at 1-800 Flowers Inc. and Mike Faith, CEO and President, Headsets.com Inc. stress this point. Inserts are significantly lower cost than most other media. Inserts allow you to inexpensively test both new audiences (test the package insert before renting a list and mailing an expensive catalog) as well as testing different prospecting offers. Multiple versions of an insert whether a single offer, lead generator or mini-catalog can be tested to determine which offer or approach will work best. Insert printers can often collate the versions for you.
2. **Inserts can be an inexpensive way to acquire customers or generate leads for two-step offers.** Cheryl Bagdan, Sr. Acct Executive at brokerage Statistics Inc. concurs:” given the latest postal increase, inserts can be very cost efficient as a prospecting vehicle”. Jill Eastman-Vidal recommends if mailings with a given audience do well, seek out inserts in their package and if possible work on an exchange basis to further reduce prospecting costs.
3. **Inserts allow you to reach untapped audiences you couldn't otherwise capture profitably.** Billing statements and other venues beyond packages allow you to reach new audiences, some of which have large prospecting volume potential. Mike Faith agrees that inserts offer expanded opportunities for prospecting stating that it's important to “be open to testing new [insert] forms; you never know when you will find something that works”.
4. **Access truly hotline buyers.** Cheryl Bagdan point out that package inserts allow you to reach a hotline buyer, even before the name is on the market. If your success rate with prospecting demands hotline names, inserts should be a component of your prospecting strategy.



853 Academy ST, Rural Hall, NC 27045-9329
Tel: (336) 969-9538 E-Mail: SBates@AltmanDedicatedDirect.com
Fax: (336) 969-0187 Web: www.AltmanDedicatedDirect.com



Altman Dedicated Direct

STRATEGY... TACTICS... **RESULTS**

Strategic Retention Benefits

1. **Retain your customers while they are the “hottest”.** Just like prospecting, your own new buyers are hottest when they receive their first order. What better time to make an offer that converts that new buyer into a 2-time buyer?
2. **Test products and concepts “on the cheap”.** Mike Faith states: “Inserts in your own packages are close to free” and offer the opportunity to test anything in your own packages, easily, inexpensively and quietly. Headsets.com will even test with an inexpensive photocopied insert to gauge basic customer interest before spending more money in promoting a particular item or offer.
3. **Introduce new products to your existing customers.** Barb McCann, Marketing Specialist at Drawing Board Inc shares: "Inserts are an important element in our strategic marketing plan. We include inserts for selected products into our monthly direct mail promotions to generate add-on sales for products not featured in our catalogs such as our personalized calendar business." At Drawing Board Inc. inserts play an important role in goals for company expansion. Barb McCann continues: “ with our new web-to-print sister company, 123print.com, we utilize package inserts to drive Drawing Board and Grayarc customers to the 123print website with introductory offers specifically targeted to those customers.”
4. **Crossmarket products to different customer segments.** Inserts allow you to put your best foot forward in getting your existing customer to try another merchandising category or buy from a second catalog you publish. For example, a cataloger with both apparel and accessories catalogs can crossmarket accessories to apparel buyers by promoting the most popular “first purchase” accessory item in packages of apparel buyers. An insert will allow you to have a special offer and focus more on those most popular prospecting items which will likely be the first purchase existing customers make when expanding their buying with you to an additional category.

In order to gain the strategic benefits we’ve outlined here, you’ll need to ensure your inserts are as effective as possible. Here are tips for Maximizing Insert Results:

1. **Inserts are an impulsive medium.** Jill Eastman-Vidal notes that recipients give each insert 2-3 seconds to capture attention. Therefore merchandise offered should be uncomplicated and simple to understand. Because inserts are impulsive, complicated products do best to use inserts to generate leads and drive to a web site or a mailed catalog for all the details.
2. **Include a clear call to action.** With only 2-3 seconds to grab attention, offers need to be crystal clear. The best results from bounceback catalogs include a strong call to action as well. This is especially critical in converting new buyers to 2 times buyers – a special discount or premium only available to new buyers will grab attention and increase the rate at which new buyers become 2-time buyers.
3. **Prospecting insert opportunities come in varying sizes and shapes. Be flexible and adapt.** Mike Faith notes that in some cases Headsets.com uses a 2-step lead generation approach, other inserts they sell directly in 1-step and yet in other places his firm has best results with a mini-catalog. Headsets.com evaluates each prospecting insert program based on cost and feasibility.



Altman Dedicated Direct

STRATEGY... TACTICS... RESULTS

- 4. Prospect and retention inserts should be viewed as part of your overall brand strategy and positioning.** Cheryl Bagdan notes that package and statement inserts that are integrated into an overall multi-channel company strategy and drive traffic to catalog web sites can be very effective. Jill Eastman-Vidal notes that merchandise offered in prospecting inserts should be representative of your brand. Otherwise you may acquire a new customer who never turns into a 2 or 3 time buyer.

The bottom line is that you'll maximize results from both prospect and retention inserts by taking a proactive strategic approach. Inserts can help you achieve overall profit and sales goals more effectively and efficiently, but only when they are part of your overall media mix.

SIDEBAR – The double-edged sword of the implied endorsement! (186 words)

Inserts in packages or statements benefit from an implied endorsement of the sponsoring marketer whose package or statement the insert is riding along with. This can be a boon or a curse.

In most cases package inserts crate a positive boost with the implied endorsement – the customer is receiving merchandise they ordered, is happy to receive what they ordered, and will look more favorably upon the inserts in the package because of this. This includes those bounceback catalogs most catalogers insert in every outgoing shipment.

However beware if the customer is not happy with the merchandise in the package that implied endorsement becomes a “curse”. Jill Eastman-Vidal notes: “when the customer isn't happy with the merchandise they won't be happy with your insert. The same goes for gift purchases – if you like the gift you may order something for yourself from the insets or bounceback catalog; if you are disappointed you won't even consider ordering something. In these cases the only thing the customer or gift recipient will do with the bounceback catalog is to get the customer service number to complain or make a return.”

