

Offer Strategy

THE RULES FOR GETTING IT RIGHT



1215 4th Avenue Suite 2100
Seattle, Washington 98161-1018
t 206.805.1500 f 206.805.1599
<http://www.hackergroup.com>

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EFFECTIVE OFFER STRATEGY IS SO MUCH MORE THAN CHOOSING WHETHER TO OFFER A PEN OR A DOZEN TITLEISTS

- When are discounts truly effective?
- When do you want to stay away from them?
- What offers can you use cost-effectively if you don't have an established brand?

Choosing the right offer for your company, your specific sales organization and your specific product isn't as subjective as you might think. Like everything in direct marketing, there are rules.

Follow them and you are on the pathway to success.

Break them and you are cursed by the sales team, you become the laughing stock of your DM colleagues and, worse yet, your response rate suffers.

The following information was developed for a leading computer hardware company selling at multiple levels inside mid-size companies. The lessons applied here work, no matter what you sell and to whom.

FIRST, LET'S DEFINE WHAT AN OFFER IS:

Think, "Do this, get that."

It's the 'that.'

For DMers, it's what you give away to a prospect or client in return for doing something you want, like buying a product or service or taking a sales presentation.

It can be a tchotchke (gift), a consultation, a discount, free information or an experience.

Or it can be related to your product, brand or industry — or it can be something completely different.

There are pluses and minuses to both, and we'll talk about that.

THE RULES

Let's get into the rules:

- 1 Talk to me like you know me.** You must make as honest and accurate of an assessment as you can about the consumer knowledge of you and your product. (*Hint:* If you don't know, the safe assumption is that they don't know about you and they don't care about your product.) Knowing where you are in the prospect's mind allows you to adjust the aggressiveness of your offer accordingly, since your offer may be the one thing that tips the scale in your favor.
- 2 Keep your friends close — and the competition closer.** In a highly competitive market (think long-distance phone service) you must know what the competition is offering. You'll need to sweeten the pot or go with a completely different kind of offer or marketing tack in order to command the market.

- 3 Be a people person — make people-friendly offers.** The best offers have personal appeal. We know from executing thousands of tests in B-to-B and B-to-C sales situations that businesses don't buy from businesses; *people buy from people* for reasons that are personal. This has been evidenced time and time again in instances where CEOs of top-tier companies will respond to offers for pens, calculators, GPS devices and a plethora of other things that they could easily afford. Done right, the offer is perceived as a double win by the recipient. They get something they may have always secretly wanted, and they are serving their company or otherwise gaining value by taking a sales presentation.
- 4 No focus groups of one.** You must be careful of offers that are personally appealing to you. Don't get hung up on giving away Lance Armstrong posters just because you are a cyclist — lots of other people won't think it's as cool as you do. When I worked in high tech, a CEO of a well-known systems integrator forced his marketing department to use remote-controlled racecars as offers because he (the CEO) was personally into racing. Whether it worked or didn't is immaterial (although it didn't); the CEO didn't follow the rules for developing his offer — he followed his heart. Remember, your offer is just a tool to get someone you don't know to extend you a little time or trust until you can earn some more or close a sale. If the tool doesn't work, pitch it.
- 5 If they don't know it — they won't try it.** A trial of something with unknown benefit is worthless (see rule #1). This holds true even if you think the trial should be a good fit with your audience. How would you personally feel if you were offered a 30-day, no-obligation trial of a high-speed fizzle-widget? Not sure? How about a 60-day free trial? The point is, because you have no idea what a fizzle-widget is, you can't make an educated decision about trying it. And because you are probably a busy person, you aren't going to spend too much time trying to figure it out. It is very rare to be successful when you are relying on personal or professional curiosity to make your DM work.
- 6 Too much can really be too much.** An offer must be believable. One land program broke simply because the stated offer went from a \$325 value to a \$650 value. It was a great offer too — a 3-day getaway to a highly rated ski resort. In a well-intentioned effort to generate more interest and drive the value up from \$325 to \$650, more extras were piled on top of the basic vacation. Was it a great deal? Sure! Did it work? Nope. The offer simply became too rich. The consumer didn't believe that any company would provide so much in return for taking the sales presentation. The lesson: The audience believed \$325. They didn't believe \$650, and the program tanked. Performance returned when we removed the extras and changed the stated offer value back to \$325.
- 7 Too big can also be too much.** An offer must be fulfillable — think size, availability, cost of shipping and all the other logistical details that might turn an interested prospect into a disgruntled non-buyer. If you can't fulfill the offer in a timely, professional manner, don't offer it. The effort will be wasted. How often have any of us requested information and waited WEEKS to get it. Human nature being what it is, if it has taken too long, we've either found an alternative solution or moved on to some other need.
- 8 An offer must be legal — 'nuff said.**
- 9 Don't be rude!** An offer must not embarrass — trust me, all publicity is not good.
- 10 Keep 'em on track.** An offer must be aligned with sales. An offer, no matter how rich, rarely allows you to skip steps in the sales cycle. An offer can lubricate the sales interaction, but it cannot replace the process. Therefore, be sure to ask the prospect to do the same thing the salesperson would do if he or she were walking the prospect through the first step

themselves (i.e., to motivate a person to attend an event, to make a phone call, to try the product, to buy the product, etc.).

ii Be unique. A direct mail offer should be something you can't easily get from any other channel. Otherwise the prospect will say to himself, "Sounds good, I'll check it out next time I'm in the store" or "Sounds good, maybe I'll talk to my VAR about it." But, we know *any delay costs sales*.

PUTTING THE RULES TO WORK

It is typical to test across offer types — but NOT to test sales methods.

For example, test related vs. unrelated offers. Here's what I mean . . .

Finding the right offer strategy for your company depends on two things: 1) knowing and choosing which sales method you are supporting, and 2) determining the most efficient offer type. Determining the sales method should be easy. Just ask sales — if they don't know, you've got other issues.

Knowing the right offer type means understanding how complex your sales cycle is. This is often directly related to the complexity of your value proposition.

Here's a simple grid to show you how I'm using the terminology:

Value Propositions		
	Easy to Understand	Difficult to Understand
Simple Sales Cycle	A VCR	Self-Help Books
Complex Sales Cycle	Financial Advisor	Cutting-Edge Enterprise Software

The quadrant in which your product or service fits will determine the offers you will need to be making.

However, and here's the tricky part, your product or service can move around these quadrants.

Consider (if you're old enough) the way word processing software was purchased in the mid 1980s. It was expensive, there were several competitive products, and it was unknown as to which manufacturer provided the most and easiest-to-use features. So you purchased the software by going into a store and test-driving it, and then you wrote your check for \$400 or more.

Now, you simply purchase the latest copy of Microsoft® Word.

The product went from having a difficult to understand value proposition and requiring a complex sales cycle to having an easy to understand value proposition and needing only a simple sales cycle (retail).

The following is intended to help make sure your offers are aligned with the sales process.

Aligning Your Offers with Your Sales Process				
Sales Process	Value Proposition			
	Easy			Difficult
Sell-Through <ul style="list-style-type: none"> ▪ Easy one-step transaction ▪ Known value ▪ VCRs, office supplies, memberships 	Save \$100 on your first month	When you buy today, you'll get free supplies and service for the first year — an \$XXX value!	When you buy today, you'll get free supplies and service for the first year — an \$XXX value!	Buy from Acme and your team will receive a Pizza Lunch from Pizza Hut
Appointment Setting <ul style="list-style-type: none"> ▪ Consultative sales ▪ Known value ▪ Insurance, financial products 	Book an appointment before December 31 and receive a \$50 rebate on your first month's XXXX	Book an appointment before December 31 and get a prescription drug discount card	Book an appointment before December 31 and get a free subscription to <i>Healthy Living Magazine</i>	Book an appointment before December 31 and get a free dozen Titleist Golf Balls
Lead Generation <ul style="list-style-type: none"> ▪ Consultative sales ▪ Unknown value or customized pricing ▪ Enterprise software banking services 	Call today and find out how to save 30% on all licensing fees through 2008	Call today and find out how to get a free HR module	Fill out this brief survey, and in return we'll provide you with a free Gartner report	Fill out this brief survey and get a free copy of <i>Stephen Covey's Seven Habits of Highly Effective People</i>
	Discount Offers	Value-Add Offers	Related Offers	Unrelated Offers

THE POWER OF TESTING

Testing is the answer.

Once you figure out your sales method, how do you know for sure how your market perceives your product? How rich do you need to make your offer? How do you know if your prospect base is ready for a discount offer, or if you need to keep trading tchotchkes for appointments?

You can do this on an ongoing basis by testing. Test continuously to find your control offer. Keep testing to ensure your control offer is still the most efficient way to generate quality leads and/or sales.

SUMMARY

Offers are the essential ingredient for DM success. Without a working offer, you're doomed to have mediocre or failing results. The only way to find a good offer is to test a lot of them across a wide range. *Always* keep your eyes open for the next big offer idea.