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Which tactic is most recession-proof?

May 19 2008

While experts are still debating if the US economy is officially in a downturn, many Americans — marketers included — are watching their discretionary spending.

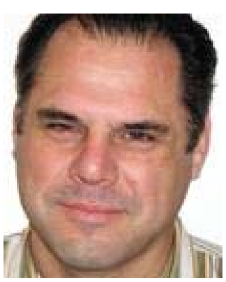
CONTENDER
John Berger
SVP of marketing services, Visant Corp.
Former SVP of marketing and business development at RR Donnelley & Sons

Direct marketing programs that use intelligent cards — acting as agents that look like gift cards — deliver compelling savings to consumers, and achieve higher than normal rates of customer acquisition and retention for marketers.

In a recession, nothing is more important to consumers than saving money. Intelligent cards embedded in direct mail typically offer consumers larger incentives than coupons or other types of discounts. It's not uncommon for retailers, financial services or telecom companies to include an incentive of a $10 to $50 discount. Because intelligent cards are activated online, consumers can also increase the value of those cards by providing marketers with a wealth of data for use in ongoing campaigns.

Campaigns with cards carrying magnetic stripes are very successful and valuable data provided by consumers are opt-in, building the foundation for long-term, interactive relationships. In our experience, intelligent cards consistently deliver double-digit response rates, compared to 2% or 3% for direct mail campaigns without an intelligent card. In one recent initiative, we achieved a 13.5% response rate and an 85% rate of repeat business.

The best time to pick up market share is in a recession, when competitors are vulnerable as budgets tighten. Self-mailers with intelligent cards pay for themselves through improved customer acquisition and retention.



CONTENDER
Mason Wiley
VP of marketing, Hydra Network
Twenty years' experience in marketing, brand-building and sales

Business inefficiencies are accepted as a cost of doing business in prosperous times. But, with a recession looming, these inefficiencies force us to reexamine conventional methods.

Advertising has always retained a lot of unnecessary waste, as illustrated in John Wanamaker's well-known quote: “Half the money I spend on advertising is wasted; the trouble is I don't know which half.” But the new cost-per-action (CPA) model offers a solution for ensuring that every ad dollar spent translates into the desired objective of that campaign.

The CPA model, in effect, guarantees that advertisers pay only for results. Advertisers determine the actions and level of engagement they want to reward, and establish how much they are willing to pay. In the traditional cost-per-thousand (CPM) ad model, no such guarantee exists. Contextual, behavioral and other targeting schemes may help minimize waste, but in the end, none of them can ensure the campaign goals are met. With costs directly tied to results, CPA ensures full accountability and control.

Under recession belt-tightening, every expense is being examined and reconsidered in an effort to deliver results with less risk. Senior management is cutting budgets and increasing pressure to ensure remaining ad dollars spent will provide a positive ROI. As the economy worsens, this pressure will certainly get more intense.

DMNews' Decision

What's more appealing — giving consumers or marketing executives an offer they can't refuse? CPA models have long been championed as a great way to gain instant control of marketing spend and slowly build a base of buyers. However there is something to be said for using deeper discounts at a time when value is top of mind for buyers.

Have your say: E-mail your view to cara.wood@dmnews.com