

**Incorporating sales tools into marketing programs is one of the most important aspects of generating qualified sales leads, and database marketing has been proven to boost prospecting results by double-digit percentages.**



# Prospecting With Database Marketing

by Greg Buschman • Verde Document Solutions

**I**ncorporating sales tools into marketing programs is one of the most important aspects of generating qualified sales leads. In my years spent in corporate management, I was always amazed at the gap between field sales and marketing regarding the responsibility of providing sales tools. Field sales claimed that marketing should provide sales tools. Marketing claimed they were not salespeople; therefore, all sales tools should come from sales management. In today's business environment, both sales and marketing management must become aware of convergent sales tools, such as database marketing. Database marketing is one of the hottest topics among well-informed sales and marketing executives leveraging business intelligence (BI). Database marketing has proved

to boost prospecting results by double-digit percentages. It requires sales and marketing management to co-sponsor sales tools and should be a high-priority action item for every marketing director and VP of sales.

Two of the most wasteful marketing and sales techniques are static direct mailers and using inexperienced sales representatives to blind cold call. The response rate of customers is how to measure the success of an advertisement, marketing program or sales blitz. In a static direct mail campaign, the average number of prospects responding is 1 percent. That means if a dealership has a sales force of 10 representatives, and each one is required to make three sales per month, a dealer's sales and marketing

**Statistics from companies implementing database marketing programs**

Program	Results
Agfa Full Point One Program	11 percent response rate
IBM Scrapbook of Dreams	15 percent response rate
BMA Insurance	180 percent increase in revenue from targeted account
Dynamic Mutual Funds Newsletter	15 percent response rate
Carolina Ford Dealership Demo Follow-up	10 to 13 percent response rates, of which 7 to 9 percent purchased
Mission Pharmaceutical	5 to 20 percent response rate; response time improved by 40 percent
Novartis Seed Catalog	19 to 21 percent increase in sales versus 0.7 percent
Quality Stores ThankQ Promotion	51 percent increase in sales per name mailed; 18 percent incremental lift in average dollars spent per customer
Valassis Personalized Shopping List	Highest usage rate achieved was 65 percent

Source: PODi, the Digital Printing Initiative, www.podi.org

program would have to reach 30,000 potential clients per month to generate enough leads to support the dealership's sales quota.

I remember when I first started in the industry, my sales manager handed me a stack of 50 "write-in-your-name" business cards and said, "Don't return until you have 50 prospects' names, phone numbers and addresses." Then he walked me to the front door and sent me on my way to go cold calling. After all,

wasn't a salesperson's base salary really considered market development funds anyway? This still happens far too often because of sales and marketing management who use strategies developed when sales was 100 percent commission and machines were analog. Placing precious financial capital and your business's reputation in the hands of inexperienced sales representatives is the most risky and least effective way of using resources and marketing funds.



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Database marketing provides low risk and high returns on marketing dollars and sales resources. Instead of churning at sales people, why not reduce the size of the sales force by the two lowest-producing sales representatives and invest their salaries in technology that is proven to bring results? Database marketing can improve response rates on prospecting activities by as much as 10 to 30 percent. If a database-marketing program increases a company's lead-generation response rate to 10 percent, only 3,000 prospects would need to be reached, compared with 30,000 in traditional programs. The table on the facing page shows statistics from companies that have implemented database-marketing programs.

Another common lead-generating technique is cold phone calls. My first branch manager was a big fan of cold phone calls. In my first sales meeting, he pontificated about how cold phone calls were the best way to set appointments and meet quotas. Using his own appointment-setting statistics, he inadvertently proved that it was impossible to make enough phone calls per day to meet quota. As he realized this, he reacted in the only way he knew how: by throwing the dry-erase marker at the wall and telling us to get out into the field and go "sell something." What is a new sales representative left to do but fail, find another job or look for better ways to prospect?

Let me be clear: I'm not suggesting you should throw out cold calling or phone calls. I am suggesting that you find a better way to make them count!

Many firms outsource lead generating to expert third-party companies. Why? Let's take a closer look at response rates for prospecting activities. If a sales rep needs to close three sales a month and closes 30 percent of his deals, he will need at least 10 qualified sales opportunities. Qualified opportunities are different from sales leads. To find 10 qualified sales opportunities, it typically takes generating an average of 30 sales leads. The question is, what type of activity is required to generate those 30 sales leads? Using a 1 percent prospecting response rate, it will take 3,000 cold calls, phone calls or mailers per sales representative to find these leads. The time and expense involved generating these leads doesn't include the sales activities required to propose, negotiate and close the deals.

One of the factors contributing to sales turnover rates that historically hover above 40 percent is the

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Sales & Marketing ● ● ● ●

gap between marketing and field sales. For a company of 25 employees with a 30 percent annual turnover rate, the annual cost can be as high as \$625,000! What could a dealership do with an extra \$625,000 in market development funds?

So what's the answer? Marketing and sales managers should be required to understand the principles of building successful database-marketing programs to provide qualified sales leads to their sales forces. The tactics and technology needed are easy to understand, inexpensive and easy to use. Database marketing analyzes the needs, wants and must-haves and combines them with the timing and buying criteria of prospects. Designing a successful marketing program based on what people want to buy and reaching them when they are ready to start the buying process is key.

**Farming with database marketing**

Most businesses possess the information needed to find, identify and reach prospects that are most likely to buy. These are current customers. Extracting the data needed from existing information systems can be accomplished by simply contracting a local database expert. The database expert can extract all data or targeted data, clean it up by removing duplicate and bad records, and then organize the data into useful information. The name and address information is then verified through an automated CASS and PAVE certification system with the United States Postal Service. Once this is complete, the data is ready for business intelligence (BI) use. BI strategies are those that leverage the power of electronic data to analyze and predict business outcomes. In the case of database marketing, customers' buying habits and characteristics are analyzed, providing your sales force with a competitive advantage.

Good sales managers and representatives are already doing this, but in a long, slow manual process that isolates the information from use by marketing. For instance, a sales manager may print out a list of accounts that are coming off lease or ask their leasing company to provide a list of preapproved businesses listed by ZIP code and business size. BI applications automate this process and make the information available to marketing for use in personalized sales collateral, advertising, product show invitations and other dealer-driven push-marketing applications.

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## Hunting with database marketing

One of the best ways to leverage the power of database marketing is to generate new net sales. A proven tactic is to create a targeted questionnaire for non-customers. Many companies in a variety of industries use this technique to drive customer activity. The process is simple: A questionnaire is created and used as a cold calling tool. The questionnaire is a great way to break the ice, disarm gatekeepers and engage decision makers. Adding some form of tangible or intangible reward for participating will help drive new prospects to participate. A good survey topic is, "How sustainable is your company?" or survey their "green" initiatives. Include questions on recycling programs for items such as toner bottles, ink cartridges, plastics, paper, etc. The key to these surveys is to mix general business questions with sales questions you want answered. Once the information is gathered, it is organized to provide compelling information for appointment-setting. A smart way to do this is to use an Adobe PDF form sent via e-mail or on a sales representative's laptop. This information is extractable straight into the database. Armed with this information, representatives can pick up the phone, call a prospective client, and have pertinent, interesting information to discuss with a decision maker. To increase customer turnout at revenue-producing events, this same information can be used by marketing for open houses, "lunch and learns," and other event invitations and advertisements.

Mixing database marketing with field sales techniques can lead to significantly improved sales revenue and higher returns on marketing dollars. In today's information-driven world, marketing directors and senior sales management must sit down together to discuss co-creating and the use of new sales tools that leverage the power of information and technology. Valuable customer information is sitting on servers in back rooms filled with technology. By extracting and repurposing the information for use with business intelligence strategies, you can help provide an edge for your sales force and dealership to make it through this time of economic recovery.

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