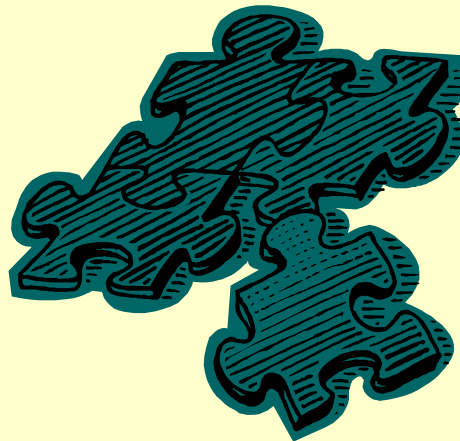


2005 Annual Catalog Conference

Alternative Prospecting Techniques for Niche Catalogers

Strategic Issues - Putting the Pieces Together



Altman Dedicated Direct
STRATEGY... TACTICS... **RESULTS**

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Shari Altman, President



**It's easy to get into
a media and
promotion "rut"**

“Reasons” for not using alternative prospecting methods

→ "If it ain't broke don't fix it"

–When current programs are working is the perfect time to test and learn something new

→ "We tried alternative media before and it didn't work"

–Re-look at what you tested previously and consider why it may not have worked, and what other approaches you can consider

→ "Why add the risk of something new?"

–Why not? It could add to sales, profits and learning for growing your business



***Why use alternative
prospecting methods?***

***What are the strategic
and tactical benefits?***

Benefits of using alternative prospecting methods

Three Types of Specific Benefits

- Diversification Benefits**
- Testing Benefits**
- Sales and Customer File Growth Benefits**

Benefits of using alternative prospecting methods *(continued)*

Testing Benefits ...

- ➔ Access to new market segments *(reached with different media)*
- ➔ Avoid alerting competition about new products and offers *(using "private" mediums)*
- ➔ Less expensive media *(allowing more testing options)*
- ➔ Faster turnaround on test results *(utilize quick turnaround electronic media)*
- ➔ Stronger reliability of test results from multiple media

Benefits of using alternative prospecting methods *(continued)*

Diversification Benefits...

- Combat challenges in media availability
 - Lists pulled off the market
- Lessen the impact of the external environment
 - Major events - anticipated and unanticipated, impact each media differently (major political campaigns, war, etc.)
 - USPS problems (postal carrier dumping, Anthrax)
- Combat cost increases
 - Postage or Paper

Benefits of using alternative prospecting methods *(continued)*

Sales and Customer File Benefits...

- ➔ Broaden prospecting for segments more responsive to other media or approaches (more impulsive, more active, etc.)
- ➔ Become more accessible and available at the moment prospect needs arise
- ➔ Different mediums may suit purchasing during different times in prospect/customer's lives, or their lifecycle with your business

Media diversification improves multi-channel effectiveness

***A Boston Consulting Group
research study of 400 retailers
concluded:***

- ➔ Multi-channel marketers acquire customers more efficiently
- ➔ Multi-channel marketers convert one-time buyers to repeat buyers more successfully.

The Myth of Cannibalization

- Utilizing two mediums to reach the same audience doesn't usually result in cannibalization. They complement and reinforce each other.
- Examples: addition of eMail with the *identical* offer to a catalog will shift response but increase sales overall. The same is true for magazine ads and catalogs mailed to the subscribers.
- Every catalog is different, but so long as the offers and message are consistent (don't confuse prospects!), and timing is not too far apart (resulting in no impact), results should be better with two or more integrated mediums than each independently.

Evaluating Media Choices

Consider: product, offer, customer characteristics

- ➔ Printed vs Electronic Media
- ➔ Impulsive vs Considered Buying Decision
- ➔ Active vs Passive Media Interaction
- ➔ Single "Hero" product vs Lead Generation
- ➔ Targeted vs Self-selection
- ➔ Public vs Private
- ➔ Short vs Long Planning and/or Response Cycle

Evaluating Media Choices

Printed vs Electronic Media

- Do your prospects feel more comfortable with traditional printed media?
- Are your prospects online or do some of your prospects favor TV or radio

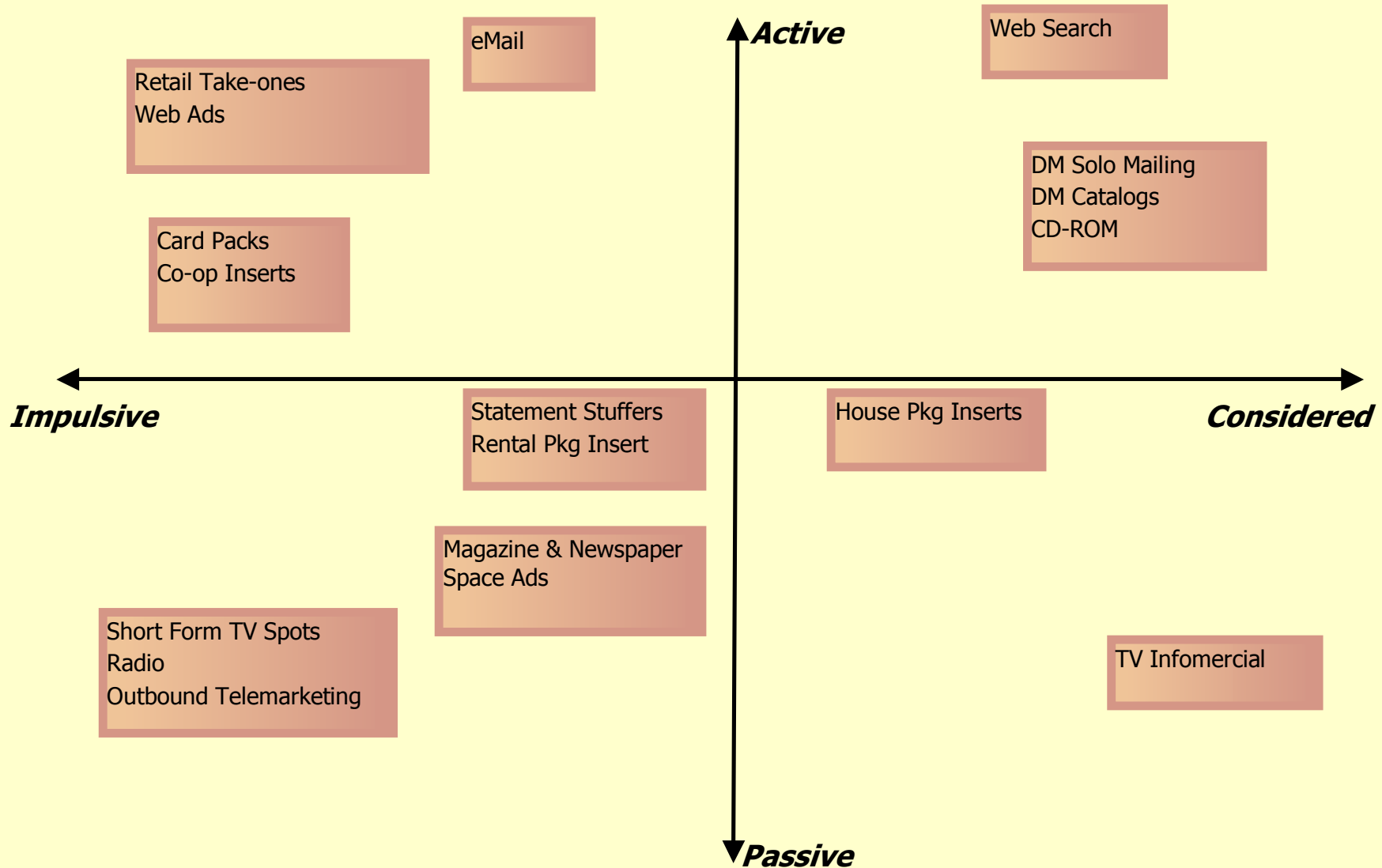
Printed Media

	<i>Strengths</i>	<i>Weaknesses</i>	<i>Acquisition or Retention?</i>
DM Solo Mailing	Unlimited selling space, unlimited formats	Long planning cycle, costly, requires strong product and offer	Both but stronger for acquisition
DM Catalogs	Welcome to consumers, offer broad product line	Longest planning cycle, costly, limited sell space for each item	Both but stronger for retention
Card Packs	Unusual format, easy for consumers	Small sell space, mail response challenging	Both, but stronger for acquisition
House Pkg Inserts	Unlimited formats, no postage, "hot" customer	Requires strong product and offer	Retention - great for testing new products
Rental Pkg Insert	Inexpensive, "hot" prospect, targeted	Limited formats	Acquisition - great for testing new audiences
Stmnt Stuffers	Limited Competition, guaranteed attention	Limited formats	Acquisition
Co-op Envelopes	Some targeting, broad reach	Lots of competition for attention, limited formats	Acquisition
Mag Space Ads	Implied editorial endorsement, targeted	Limited sell space unless using expensive inserts	Acquisition - may help support mail to mag list
Newspaper Ads	Implied editorial endorsement, short cycle	Limited use of color, limited targeting	Acquisition
Retail Take-Ones	Inexpensive way to reach broad audience	Limited formats, larger tests than other inserts	Acquisition - best for recognizable brands

Electronic Media

	<i>Strengths</i>	<i>Weaknesses</i>	<i>Acquisition or Retention?</i>
eMail	Short cycle, less formal, interactive	Limited access, consumer comfort w/eCommerce	Retention
Web Search	Pay for performance	Active mgmt required	Acquisition
Web Ads	Short cycle, targeted, negotiated rates	Limited sell space, landing page/site adds costs	Acquisition plus retention on own site
Long Form TV Infomercial	Long sell time, demonstration, fast response	Long planning cycle, expensive, A/B testing less reliable	Acquisition
Short Form TV Spots	Demonstration, large availability, fast response	Expensive, price point/payments below \$30	Acquisition
Radio	Inexpensive, short cycle, broad reach	Limited targeting, product must be easy to describe	Acquisition
Outbound Telemarketing	Pay for performance, short cycle, targeted, broad availability	Intrusive, product must be easy to describe	Retention
CD-ROM	Interactive, unlimited sell space	Expensive. Long planning cycle	Both

Impulsive/Considered and Active/Passive Media Continuums



Targeted vs Self-selection Mediums

Response rates are higher for targeted media, but costs are also higher. Not all markets or prospects can be reached by targeted mediums. Self-selection mediums have the broadest reach.

Targeted

- Direct Mailed Mediums
- eMail
- House & Rented Pkg Inserts
- Web Search
- Outbound telemarketing

Self-selection

- TV Mediums
- Radio
- Space Mediums
- Co-op Inserts
- Retail Take-Ones
- Web Ads

Public vs Private Mediums

If you need to test a new product or brand without alerting competition or existing customers, you need to utilize private mediums.

Public

- TV Mediums
- Radio Mediums
- Space Mediums
- Retail Take-ones

Private

- Mailed Mediums
- Web Mediums
- Telephone Medium

Summary – Putting the Pieces Together

- Determining which media to test should be based on evaluating your offer, audience, and products in light of the dynamics of each media
- Evaluate which acquisition methods your competitors use repeatedly
- What is your overall budget for creative and media?

Putting the Pieces Together

(continued)

- Communicate plans and learning throughout the organization, especially your internal web team – they see orders from every prospecting effort.
- Track results and analyze not only individual promotions, but their impact on other media
- Through analysis of prospecting results, strive to gain maximum benefit of integration among media

Integrate Multiple Prospecting Approaches

Capitalize on the opportunity for media to support one another – how can you maximize this benefit?

Examples

- Design unique web landing pages for each alternative media
- Run space ads while direct mail hits subscriber mailboxes

Utilize learning from similar media – don't reinvent the wheel

- Offers
- Creative – copy and graphics
- Web landing pages
- Identify key prospecting merchandise that all prospecting approaches lead with... even catalogs and mini-catalogs

Conclusion/Final Thoughts

1. If prospecting results are GOOD, this is the perfect time to test new media options, and gain new customers, market share and sales.
2. If prospecting results are SOFT, you need to test new media opportunities, because your existing methods are not delivering the results you seek.
3. If your business doesn't have a history of effective multi-channel marketing, begin with media diversification as a first critical step.
4. Don't let inertia or fear get in the way. Media diversity is one of the best ways to reduce your business' risk.