

Contact Strategies

Ed Higdon 1: Today we're going to talk about the basics of contact strategies, and we're going to focus today on the direct mail strategies, because it's the most expensive direct mail marketing channel there is for a retailer today.

When we talk about contact strategies, there's two things we like to look at. One is focusing on the individual customer, and just leveraging a simple rule of thumb for those customers, and what we've found is that the best practice is to talk to your customers about twice as often as they shop.

The second thing we want to talk about is looking at them from a promotional standpoint. When you have a particular promotion, a Presidents' Day promotion, a Fourth of July promotion, a Labor Day promotion, a Christmas promotion, we want to look at the way you're selecting the recipients of the list, of the direct mail.

We like to look at it in three different ways. The first section we look at is what we call the modeled list. These are the people that we've identified whose behavior will be most likely to be changed by receiving that communication. Some people are shopping with you on a regular basis, and there's really no reason to reach out to them with the direct mail piece. It's the people that will be moved that we're trying to target here. These are the people that we've identified that will give us the best response, and the best lift in our marketing efforts, and the best return on investment.

The second level that we have is what we call the safety net, and the safety net keeps us from not communicating frequently enough to that kind of middle tier of our customer base, who needs to be talked to twice as often as they shop, but who didn't fall into the modeled list for whatever reason. So, if you go three or four communications where somebody should have been spoken to on the fifth one, we want to make sure on that fifth one, the safety net catches them, and they receive the communication.

The third bucket, which is equally important as the first two, is what we call the CRM bucket. This is where we're trying to develop the customer relationship. These are things like a new customer. Often a new customer, the first time they shop with us, they don't have enough behavioral patterns to fall into the model, and to be selected in the list. They're not into the safety net yet, so we want to start forcing in our new customers. This is a great opportunity bucket for most retailers to keep them engaged and start to develop that relationship.

Another place is attrition. People that we've identified that are likely to attrit, and there's different modeling ways to do that, but people that we've identified that are likely to attrit, we want to make sure that they're receiving the communications, because if their behavior is slowing down, they're probably

not falling into the modeled list. They may not be getting caught by the safety net. We want to make sure that we're capturing those as well.

There's other things in there as well. Maybe there's a thank you program that we can leverage. Somebody that just had a very big spend with us, maybe we want to leverage a communication and put a special message on the outside that says, "Thank you for shopping with us recently."

Today's technology, with digital printing, there's all kinds of ways that you can target a communication based on these three segments of your database, and that's how we leverage contact strategies at Lift 361.