

How to increase your sales to schools by 10% in three months

Part 1: The current situation

A substantial number of the firms which call Hamilton House for the first time suggest to my colleagues and me that, at the moment, their response rates are down on last year.

However, it is a fact that this apparent downturn is not affecting everyone. Some people find that response rates are holding up or even growing. What we've done in the past six months is undertake a detailed study into how these two contradictory effects can be happening simultaneously.

The thinking was simple: if we could find the tactics which were being employed by all the companies reporting higher sales, then we'd know what was happening in the market.

We were not looking at specific campaigns or adverts. Rather we went searching for underlying activity. In other words, we were asking: what do the successful firms in the education sector all have in common?

The good news is that we found the answer. Even better news is that we've found a way to apply that answer quickly to any company that wants to join the process.

Part 2: The answer

Most of the companies that are continuing to grow their sales are utilising at least three (and sometimes all six) of the positive factors below:

- **Positive Factor 1.** They are undertaking trial promotions and measuring results.
- **Positive Factor 2.** They are changing their style of writing and promoting, recognising that the "look and feel" of successful advertisements has changed in the past five years.
- **Positive Factor 3.** They are aware of the new media and are experimenting with them.
- **Positive Factor 4.** They have not given up on the older media, but are looking at different ways of using them.
- **Positive Factor 5.** They have a list of recent customers and enquirers and they use it successfully.
- **Positive Factor 6.** They engage in simple low-cost research to find out what the schools are buying and where they have problems.

As for the firms that approach us with declining response rates and/or stagnant sales, they too tend to fall into certain categories:

- **Negative Factor 1.** Rather than undertake trials, these companies tend to take "a view" which often suggests that an idea simply won't work. This contrasts with companies

where execs will say, “we’ve tried it and it didn’t work, but maybe we didn’t get it quite right”.

- **Negative Factor 2.** They have a resistance to changing their advertising “voice” and “image” – often saying, “I don’t think we could do it like that – people have come to see us like this – they’d wonder what was going on if we changed.”
- **Negative Factor 3.** They tend to have an overview of the media, rather than see it as an ever-evolving set of options. So we are sometimes told, “No one reads emails – I get hundreds and delete them all.” The alternative approach (“How are these companies making email marketing work?”) does not come into the picture.
- **Negative Factor 4.** A decline in response rates from the old media leads to a search for lower prices for marketing to compensate for this, rather than a search for a way of taking the response rate back up.
- **Negative Factor 5.** They don’t have a list of current and recent customers and enquirers or, if they do, they don’t email them regularly, or just email them sale offers. They assume (and will assert) that “our customers are very loyal” and do little to repay that assumed loyalty.
- **Negative Factor 6.** There is no research, usually on the basis that “we couldn’t afford it” or “statistics can tell you anything” or “we asked them what they wanted, built it, and then no one wanted to buy it.”

Part 3: The Positive Factors in Detail.

Positive Factor 1: The Trials

A trial (that is to say a test run using a particular advert via a specific medium) should not cost more than £300 and can sometimes cost as little as £100. Each trial should be set up to generate clear results – and it is rare (although I must admit, not completely unknown) for a well-thought through trial not to recover some of the money spent. Obviously, what we are looking for is a trial that recovers all the money and moves into profit.

Let’s consider a product that (for the sake of argument) makes you £50 gross profit when you get a sale. The £50 comes after manufacturing costs and despatch.

Now let’s imagine you are doing various types of promotion (costs and assumed sales figures are rough examples):

- **Promotion A: Solo mail** – cost per 100 is £45. If you get 1 sale per 200 you are into a decent profit. A reasonable trial mailing might be 300. Trial cost: £135
- **Promotion B: Shared mail** – cost per 100 is £7. Even if you only get 1 sale per 400 you are into profit. A reasonable trial mailing might be 3500. Trial cost: £250
- **Promotion C:** Subscription email (people who actively want to receive emails) – cost per 100 is £20. If you get 1 sale per 200 you are into profit. A reasonable trial mailing might be 800. Trial cost: £160
- **Promotion D:** Generic email (sent whether the person has asked for it or not) – cost per 100 is £5. At only 1 sale per 500 you are into profit. A reasonable trial mailing might be 3500. Trial cost £175.

(Note: the trial costs are approximate – sometimes the trials need to be taken in larger runs to meet the list owners’ requirements or to benefit from discounts).

That's what these successful firms do – they test, using small amounts of money, and they monitor every response until they find a promotion that works. Then they take that up to the full level. With a promotion that fails, they don't just set it aside – they use that failure as positive information, and work out why it failed and how to turn it around.

Positive Factor 2. The changing style of writing and promoting.

Every now and then the style of advertising changes. If you don't believe me, take a look at a TV advert from ten years ago and compare it with the adverts you see nowadays.

Direct mail and email marketing have been stuck in something of a time warp in this regard – and this has been caused by the companies that send out billions of adverts via email (if you have ever seen an advert for pharmaceuticals you'll know what I mean) and companies that promoted credit cards and loans through direct mail prior to the financial crash of 2008.

For different reasons these companies had no reason to change their style or approach, and because of their dominant position this caused some people to ignore the fact that successful advertisers were now writing their adverts in a totally different way.

The topic of the “voice” and “image” in advertising relates very much to each individual product and company so can't be debated here (although I am more than willing to discuss it with you specifically in relation to the product or service you supply if you'd like to give me a call) but if you want one key point of guidance try this: never write to someone in a way that you would not talk to them. If you genuinely would walk up to a potential customer and say, “NEW!” then do continue to write that way. If at a trade show you would hand over a catalogue to a visitor to your stand and say, “I have great pleasure in giving you this catalogue” then you can use that phrase in your direct mail. Otherwise, change your style.

Positive Factor 3. The new media.

The media has changed – but it is easy to miss exactly what is going on. I have, in recent weeks, seen a firm that appears to be offering to send your advert to schools ten or twenty times a year via email – but when one looks at their contract all they are doing is adding their clients to a virtually unreadable website.

I've also seen a firm that is charging premium rates to send out four or five advertisements together by email to schools while using a mixed list that contains subject teachers in a range of subjects, heads, heads of department, thus meaning that most people will find most of the adverts irrelevant.

There's another firm that is suggesting that it sends emails direct to teachers – when in effect it is simply sending out emails to the general school address, with a note to the school administrator saying, “please forward to...”

And there are now at least four firms selling email lists on CD Roms for a fraction of a penny per address. One seems to be in the adult entertainment industry (I don't suggest there's anything wrong with that but I am not sure it gives me confidence in their ability to supply a school list), and the other has in the past sent out CDs with a note saying, “your anti-virus program might suggest there is a virus here – if so, ignore the warning – there's no virus on the disk.”

My point is that with new media there are often complex decisions to be made, and firms that buy the cheapest or the first thing that comes along can find results are not as they expect. From that point they conclude that “the new media doesn’t work” and walk away.

In essence the firms that are doing well are those that recognise that:

- a) Very cheap lists are generally highly inaccurate and may have hidden problems.
- b) It is important to be very clear as to exactly whom the mailing is going to – the more direct you can be the better the result.
- c) There is a massive difference between subscription lists and generic lists. Each has a place but you need to know which you are buying and how to use it.

Positive Factor 4. They have not given up on the older media, but are looking at different ways of using them.

It is possible to look at solo mail with its cost of £450 per thousand items mailed and a generic email list costing £50 per thousand and think “how could anyone be so stupid as to use solo mail any more?” But the successful firms are using both – because they recognise that not only do response rates differ enormously, but also that through careful trial mailings they can make both generic email and solo direct mail work. Generic email is cheap, but doesn’t bring in many sales. Solo mail is expensive, but brings in new sales and is often the way to new growth, with limited trial expenditure.

The most successful firms have also stayed with shared mail, and so are now benefitting from the lower number of items that are to be found in each shared mailing pack. They use shared mail to make enough sales to pay for the mailing, and then make their profit by selling additional items to these proven customers. (See Positive Factor 5).

Positive Factor 5. Successful firms build lists of past customers and past enquirers.

Instead of putting all their energy into getting new customers, successful firms nurture their existing customers. Email is perfect for this, for it allows you to stay in touch with your past customers for a very small cost. But the trick is not just to try to sell more and more to these customers – you need to nurture them, and that is what the most successful firms do.

Positive factor 6: Successful companies do research.

By this I don’t mean focus groups and surveys about “how much would you pay if we produced x”. Rather they simply ask their potential customers questions such as, “Do you buy x?” and “If you do buy x do you buy if from a, b or c?” Or “If you were faced by this issue in the classroom, what software would you use...?”

Such simple questionnaires tells successful companies about:

- a) their competitors
- b) the attitudes of teachers
- c) whether their advertising is doing what they think it is doing
- d) whether the assumptions behind their advertising are right.

Successful firms arm themselves with that knowledge and then use it remorselessly, counteracting the competition and grabbing ever greater market share for themselves.

Part 3: Is success guaranteed if I follow the six successful strategies?

The simple answer is no, which is disappointing, but we do believe we know why a company that appears to be doing everything right can still go wrong.

- a) The company believes it has accurate figures for its previous advertising campaigns, but doesn't. If a firm knows that its figures for sales from previous campaigns may not be 100% accurate then that's not a problem, because everything can be checked. But where a firm believes that Campaign X worked brilliantly, but the reality is that the company was undertaking several campaigns at that time, and the success came from a combination of campaigns, this can give a misleading picture, which can undermine the subsequent work that is based on a false premise.
- b) The product has gone beyond its sell-by date. This does not mean the product cannot be made to sell again – but rather that some tweaking needs to be done to the product first, before the campaign can become a success.
- c) The advertising needs to be based around an assertion that this product works better than others. Take, for example, the claim that “This approach halves the amount of time it takes KS2 children to learn French up to Level 4.” For this assertion to be believable some evidence needs to be produced – and, if that is not available, then it is sometimes difficult to carry the campaign forward around that assertion. Again, this need not be the end of the show, because it is sometimes possible to change the approach (or indeed do the research) and so take matters forward.

Part 4: I want to implement these approaches, how can I do it?

Of course you can follow some or all of these approaches yourself and make them happen.

The single biggest reason that some firms don't implement three or more of these strategies is a shortage of time. As a result, and in consultation with many firms, we've evolved a system aimed at meeting the objective of implementing these approaches and making the company grow as a result.

The programme we've evolved is called Velocity and, put simply, it involves us discussing with you your company's position vis-à-vis the factors outlined above. We then draw up a schedule which implements the points that need developing, and then with your agreement we put it into practice, step by step.

At each stage you feed back to us information on the success or otherwise of each development and we amend the strategy as we go along.

The programme includes Hamilton House undertaking the following tasks...

- Writing the advertisements for both direct mail and email
- Sending out trial emails using email lists of different types
- Analysing response rates
- Conducting research programmes
- Advising and, where possible, supporting activity in other media (blogs, websites, etc)
- Pro-active advice, consultations, etc.

The programme doesn't include graphic design, printing, webpage design or direct mail. These are obviously often part of the programme and, where required, they can be undertaken by Hamilton House (at a discount) or by your own preferred service supplier.

The cost of the Velocity programme is £350 per month. The programme can be cancelled with one month's notice at any time.

If you would like to discuss the implementation of Velocity for your company, please do call Stephen, Laura or Tony on 01536 399 000.

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