

Membership and Continuity Clubs White Paper Making Telemarketing One-Time Offers Work for You

No matter the product offering or demographic, the membership club has become the cornerstone to business success. Continuity and membership programs offer a predictable demand for product along with a steady revenue stream by smoothing out seasonal fluctuations in business. By successfully building brand loyalty membership campaigns can be easily tweaked, refined and mined for other revenue opportunities at any time and with relative ease.

Person to Person Direct has over 25 years of experience in conducting one-time and continuity membership telemarketing campaigns for a wide variety of Fortune 1000 companies including Kraft-General Foods, Scholastic, Grolier Books and Reader's Digest (just to name a few). After all these years, and literally millions of one-on-one conversations, we've developed a sales-driven turnkey program designed specifically for the small to medium size club.

CASE STUDY – ONE-TIME OFFER TO MEMBERS:

A small to medium internet based wine of the month club (25,000 active members and 30,000 additional former members) frequently makes use of "one-time" special offers to generate incremental revenue from active and former members.

The club's typical approach is to provide their members with a "special purchase" offer at a small discount below the regular price. The average order is \$45 plus shipping with a product cost of \$18. The wine club's standard campaign has been using email as the primary contact method; but because of the frequency of the promotion, the response has been slipping – starting at a high of 5% and recently dropping to an unimpressive 1.9%.

Clearly, the promotion needs to be revamped; however the Marketing Manager is reluctant to commit funds to any unproven methods. Telemarketing has been discussed as an option; however the risks were deemed too high. The cost of campaign setup, reporting, scripting and IT programming alone could easily exceed \$20,000 plus the actual cost of the telemarketing activity. Additionally, there was a concern that future one-time promotions could become "telemarketing dependent" which would result in recurring calls to each member with little chance of moving customers back to the email promotion model.



PERSON TO PERSON DIRECT
 SUCCESSFULLY MANAGING CUSTOMER RELATIONSHIPS FOR OVER 25 YEARS

SOLUTION:

First, the assumption that telemarketing is not cost effective should be investigated by doing a quick ROI analysis.

Using the assumptions above, revenue comparisons between email and phone would look like this:

Sample ROI			
	E mail Results	Telemarketing Results	Combined Results
Gross Names Promoted - Active names <u>only</u> were promoted via telephone	55,000	25,000	
Email Response (1.9%)	1,045	----	1,045
Phone Response (10%)*	----	2,500	2,500
Total Sales:			3,545
Gross Revenue (\$45 per order)	\$ 47,025	\$ 112,500	\$ 159,525
Product Cost (\$18 per order)	\$ 18,810	\$ 45,000	\$ 63,810
Promotion Cost (20¢ per email, \$10 per order telemarketing)	\$ 11,000	\$ 25,000	\$ 36,000
Net Revenue	\$ 17,215	\$ 42,500	\$ 59,715
*Typical phone response is 5 to 10 times that of email or directmail			

RESULTS:

The above results illustrate the profitability of a one-time promotion and highlight the positive impact of adding telemarketing. In the sample above, the one-time telemarketing effort netted more than double the revenue of email marketing alone – and by combining the both email and telemarketing, the results more than tripled!

- Email response is never reduced by adding telemarketing because the email effort always occurs first in order to keep costs as low as possible. Let your email or direct mail effort generate the “easy” sales and save telemarketing for the harder ones.
- Telemarketing is performed on a cost per order basis – This provides a performance incentive to the telemarketing vendor and a fixed selling cost for budgeting purposes.
- Telemarketing provides an immediate positive cash flow because all sales are made on credit cards.
- Additional revenue can be generated by planning a specialized telemarketing effort geared towards “high value” segments of expired or former customers.

In summary: Even a modestly successful telemarketing effort often increases sales by 5 to 10 times above direct mail and email efforts.



Person to Person Direct can help you grow your sales and club membership.

“ONE-SHOT” DIRECT - For over 15 years, Person to Person Direct has been successfully conducting profitable one-time or “one-shot” campaigns for one of the largest gourmet coffee clubs in the world. As a result of our experience, we’ve designed a complete package which can be implemented in as little as 5 business days. This promotion package includes:

- Offer/Scripting copywriting and consultation – Person to Person Direct provides real world input on what works for our other clients. We’ll write a sales script that will outline the specifics of your offer using proven techniques and industry best practices that get results.
- Integration with your existing email marketing efforts – or Person to Person Direct can conduct a low-cost email distribution campaign, complete with results tracking.
- Complete IT services which include campaign setup, order transmittal, reporting and return of all updated customer records at the close of the campaign.
- Telemarketing of your offer to your customer base (both active and non-active) by seasoned TSR’s with extensive experience in continuity and one-shot selling.

Fixed order cost – helps pinpoint your ROI and provides a performance incentive to us.

Contact Person to Person Direct today for a Free/No-obligation Consultation

Call 973-835-8112 or email sales@persontopersondirect.com