

The personal touch

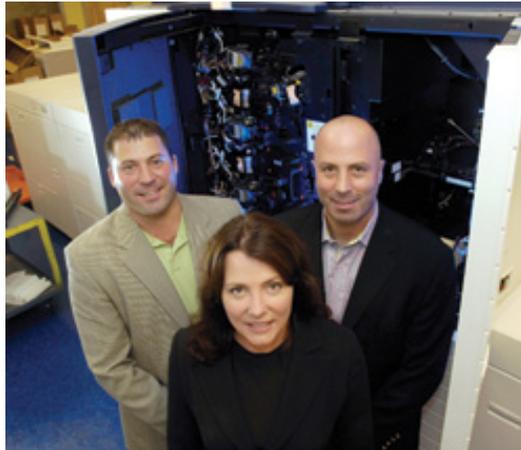
Direct marketing firms use cheaper technology and better data to zero in on potential customers

BY WHIT RICHARDSON

Willy Ledoux, owner of The Food Guy, a restaurant and catering business in Scarborough, has never been a big believer in advertising. "It's tough to spend money when you don't know if you're throwing it into a hole," he says.

But this past spring Ledoux became a convert.

It started during lunch. DMM, a family-owned business that offers direct marketing services, has its headquarters not far from Ledoux's restaurant, and DMM employees often would have lunch at The Food Guy. On one of these occasions Ledoux got into a conversation with John Cloutier, DMM's CEO. Ledoux was looking forward to the catering rush during high school graduation season and was convinced by Cloutier to give advertising another shot. In the past, Ledoux had included his business in a few coupon books mailed to area residents and ran a few ads in local papers, but DMM introduced him to what marketing professionals say is a more innovative advertising technique: One-to-one marketing.



photo/david a. rogers

We are family: DMM CEO John Cloutier (left) stands in front of the marketing firm's iGen3 press with siblings Theresa Cloutier, senior vice president, and Mark Cloutier, vice president of the company's One-2-One division

DMM acquired a mailing list compiled from U.S. Census data from AccuData Integrated Marketing in Scahumberg, Ill., which included the names and addresses of South Portland and Scarborough residents with a junior or senior in high school. The company sent 3,000 pieces of mail to the people on the list, addressing them by their first names and touting The Food Guy as the catering business of choice for the slew of upcoming high school graduation parties. The piece of mail also included a coupon offering 10% off the catering service.

The campaign cost Ledoux \$3,000. By tracking the coupons, Ledoux says his catering business received a 20% jolt during May and June and probably netted him an additional \$15,000-\$20,000 during the graduation party season. "It was wildly successful — more than I ever would have imagined," says Ledoux, adding that he's now planning a similar campaign to market his catering services for the upcoming holiday-party season.

Business owners like Ledoux are realizing that targeting and custom-tailoring material for a specific audience — in Ledoux's case, parents of high school juniors and seniors — can have a big impact in a marketing campaign's effectiveness.

Last year, 96 billion pieces of direct mail were sent in the United States, from oversized postcards announcing a retail sale to booklets of coupons advertising a variety of local businesses. But the effectiveness of these traditional, one-size-fits-all approaches to direct marketing has been waning in recent years. These days, a company can expect an average response rate of 0.5% to one percent with a generic piece of direct mail, says Theresa Cloutier, senior vice president of DMM. "The days of spray-and-pray are over," she says, talking about the practice of bombarding a generic mailing list with a generic message and hoping someone responds.

The direct effect

Companies also are finding it harder to attract potential customers' attention as eyes glaze over after so much junk mail, e-mail servers filter out spam and Web browsers become adept at blocking pop-up ads. "There's a lot of clutter out there and people don't want to be bombarded," says Cliff Allen, a Los Angeles-based marketing consultant and co-author of One-to-One Web Marketing. With one-to-one marketing, "marketers can speak to consumers fewer times but say things that are more relevant and more compelling."

One-to-one marketing is "targeting the right message to the right person at the right time with the right medium," says Mark Cloutier, vice president of DMM's One-2-One Solutions Division and Theresa's brother. The term can mean many things, from personalizing a piece of marketing material, like in Ledoux's case, or when online retailer Amazon.com uses a person's browsing history to recommend other products it thinks the customer would like.

A necessary part of one-to-one marketing is data, whether it's been collected by a company about its customers or purchased from a list broker. One-to-one marketers like DMM and Working Words & Graphics in Gorham use what's known as "variable data printing" — sending a piece of direct mail that addresses the recipient by his or her first name, and includes images and language tailored to the recipient's age, sex, spending patterns or race, for example. "The more intimate you are with a customer, the more authentic they think you are," Theresa Cloutier says.

One-to-one marketing used to be the realm of giant credit card companies and corporations with advertising budgets ranging into the hundreds of millions. But Mark Cloutier says that new technology introduced in the last few years has made this type of marketing available to small-business owners like Willy Ledoux.

DMM, which has conducted one-to-one marketing campaigns with large Maine clients like DeLorme in Yarmouth, as well as national clients like Babies "R" Us, is at the forefront of the one-to-one marketing boom, says Mark Cloutier. In the past three years, the family-owned business has doubled its annual revenue to \$12 million, half of which is generated from its one-to-one division. The company, which employs roughly 125 at its Scarborough headquarters, expects to double its revenue again by 2010, with 65% of that growth fueled by demand for one-to-one marketing.

On a recent afternoon, Mark Cloutier stands in DMM's headquarters next to a \$750,000 iGen3 digital color printer from Xerox that stretches 23 feet across the room. DMM bought the machine because each of the 6,600 brochures, pamphlets or postcards it spits out every hour can be unique. A series of pamphlets that DMM recently printed for the Maine Office of Tourism lay on the iGen3. They're about the size of a postcard, have a blue background and show a series of Maine-themed photos including a boat-filled harbor and kids eating a lakeside lobster dinner. Two pamphlets on display, for "Stan" and "Toni," are completely different, custom-made following their visits to Maine Office of Tourism's website, where they requested information. Stan's pamphlet, for example, has information on Maine's scenic byways and hiking opportunities, while Toni's interests lie with shopping, romantic getaways and whale watching.

Using data to better target potential customers can dramatically increase response rates, says James Lockman, owner of Working Words & Graphics in Gorham. Three years ago

roughly five percent of Working Word's revenue came from variable data printing. That percentage has increased to between 35% and 40% of total revenue, which Lockman expects to be \$500,000 this year.

Digging into data

The most important piece of these one-to-one marketing campaigns is the data, Mark Cloutier says, because "the more you know about a client the better you'll be able to target them."

This data can come from one of several companies like AccuData, Focus USA in New Jersey, or Tower Publishing in Standish, which compile and sell mailing lists. But the most powerful data, says Mark Cloutier, is the kind that comes from a company's customer relationship management database. That information can provide a glimpse of a customer's spending patterns and product preferences. "That's where the real power of one-to-one marketing comes from," he says.

Sometimes, a company comes to DMM with data it has already purchased. Case in point: Last February, Rob Soucy, owner of Port Harbor Marine, which has four locations from South Portland to Rockport, hired DMM to create a direct mail campaign to drum up interest before a series of boat shows in March. Using a list of registered boat owners in Maine that Soucy bought from the state, DMM had owners' names, addresses and types of boats owned. DMM sent out an oversized postcard that personally engaged the recipient and specifically named the make and model of their boat. On a sample postcard addressed to "John Sample," the text said, "John, come visit us at the following boat shows in March" and listed boat shows Port Harbor Marine was planning to attend. Then it said, "John, during these shows come in and get the highest guaranteed trade in value for your 2003 Century," though it would say 2005 Boston Whaler or 2002 Chaparral depending on what type of boat the person owns.

Soucy says the campaign was a success. The first three out of four boats he sold at the Portland Boat Show at the beginning of March were with customers who had received the postcard. The campaign cost him \$3,500, and each of those boats sold in the \$75,000 to \$100,000 range. "So it more than paid for the investment," Soucy says.

One-to-one marketing will continue to grow more prevalent as technology increases and advertisers continue to look for a sure way to tap a prospective customer, says Cliff Allen, the marketing consultant in L.A., whether it's video ads on the Web that are custom-tailored to individuals based on their Web-surfing habits or just more advanced variable data printing. "You really want to have the maximum emotional impact on somebody so when you do talk to them they'll be more compelled to buy your product," he says.

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DMM 44 Manson Libby Rd., Scarborough

CEO: John Cloutier

Founded: 1983, as Direct Mail of Maine

Employees: 125

Services: Direct marketing, including one-to-one marketing solutions

Expected 2007 revenue: \$12 million

Contact: 883-6930

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