




# REWIRING THE LINES OF COMMUNICATION

A computer maker discovers that linking e-mail and direct mail marketing is a challenge – but worth the effort.

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Since the inception of e-mail marketing, countless businesses have tried to make this communications platform harmonize with direct mail. Bringing the two together certainly makes sense, but as many companies have discovered over the years, combining them is easier said than done.

"E-mail and direct mail are two different beasts," says Scott Testa, professor of marketing at St. Joseph's University in Philadelphia. "Managing the two together is hard. You need to mail effectively. And with e-mail, if you send too often, your spam complaints will jump, possibly getting your e-mails blocked or filtered."

Few companies embody the struggle to strike the right communications balance more than computer maker Dell. Even as a household name with 20 years of marketing experience under its Texas-sized belt, Dell only recently integrated its direct mail and e-mail marketing efforts, with great success.

But as recently as two years ago, the company still maintained separate databases for the two channels. "We were locally optimizing e-mail and direct mail, but we weren't globally optimizing our communications with customers by putting them together," says David Zucker, Dell director of global marketing analytics and CRM.

In 2006, Dell began wondering how bringing e-mail and direct mail under one roof could allow the company to wring more efficiency out of its marketing dollars and enable better customer targeting. "By putting the data together we could understand when we had an e-mail and a direct mail address. We could then start to test what customers were receptive to the different forms of communication and when to better optimize how we use each vehicle," says Zucker.

Dell faced some considerable challenges to its integration plans. The first was the legacy marketing systems. "E-mail marketing started historically as a separate function — in a lot of cases it was closely associated with IT," says Scott Cone, vice president and client group leader at Merkle Inc., a database-marketing agency based in Baltimore, which works with Dell.

The second challenge was metrics. The success of e-mail marketing has long been based on behavioral activity (did the customer click through to the site?) rather than revenue-producing activity (did the customer order from the catalog she received Tuesday?). So the metrics used to determine success in each medium have historically been quite different. And while those metrics are beginning to shift and coalesce, their differences still have the potential to stymie integration efforts.

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— Scott Cone, VP and client group leader at Merkle Inc.

The third complicating factor is infrastructure. In many companies, separate vendors handle direct mail and e-mail marketing, so bringing them together involves complex negotiation and logistical maneuvering. And finally, there's instinct. "A lot of companies just think, 'Direct mail is expensive; I need to focus on e-mail,'" says Cone. "But they don't take the time to figure out what they're leaving behind if they do that."

In Dell's case, its longtime relationship with Merkle, which has handled the company's direct mail database since 2000, was the key to its integration efforts. A separate vendor handled Dell's e-mail database. "The e-mail vendor had the data, but we weren't using it the way you'd expect or hope an advanced direct marketer would be using it, by tying it to offline data," says Zucker.

So they set out to answer a few questions: Did they have overlap between the direct mail and e-mail databases? If so, how much? And by combining the two sets of customer data, could they more effectively reach each customer segment?

## Try This at Home



**1 GET BUY-IN.** The first step is to make sure that senior management understands the importance and complexity of the integration process. Your supervisors might even mistakenly think you've already tried combining the two channels, have failed at it and need to be convinced not to do it again. "Senior executives often assume that you understand how e-mail and direct mail work together," says Scott Cone, vice president and client group leader at Merkle.



**2 REMOVE THE SILOS.** In many organizations, the direct mail and e-mail functions exist separately, often in entirely different departments. Make your case to all affected parties and do what you can to bring the channels together organizationally.

**3 TEST.** Use the data that you derive from tests to manage the direct mail/e-mail integration process, says Cone. During the testing phase, measure the results from consumers receiving unsolicited e-mail against those from consumers receiving no e-mail at all.



E-mail and direct mail integration tips from database marketing agency Merkle Inc. **By Meg Mitchell Moore**



**4 BE GREEN.**

Consumers are increasingly concerned about environmental issues. Let your integration efforts tell you when e-mail is more appropriate and when direct mail delivers better results.

**5 LET THE CONSUMERS**

**CHOOSE.** Allow consumers to decide which channels they prefer: E-mail, direct mail, both, or neither. This not only keeps the end user happy — it also improves your ROI.



**6 PREPARE FOR PHASE TWO.** Once you've got your e-mail/direct mail act together, consider integrating those two channels with text messaging. "This is just going to get more complex," says Cone.

## TESTING, TESTING

Dell tested the channels over a nine-month period, during which Merkle performed an "ad hoc" integration of the direct mail and e-mail databases for existing and potential customers. The company also performed tests to determine the right mix of communications for each customer to receive. The tests combined customer segments and marketing vehicles, and they allowed Dell to modify and control the sequence of how it was contacting its customers.

So for a three-month period, for example, certain customers would receive only direct mail. Others from the same customer segment would receive only e-mail. Still others saw a combination of both. "So, we were able to identify where you get lift and where you don't get lift from contacting different customer groups," says Zucker. The tests also allowed Dell to discover the incremental impact of each vehicle. Merkle and Dell were able to rule out the problems of attribution — not knowing which marketing piece a customer was responding to — that plague many brand's multichannel efforts.

Based on the test results, Merkle and Dell integrated the direct mail and e-mail databases for good in 2008. Now, employing the baseline metrics from the initial testing, Merkle can help Dell control the timing and the total quantity of messages each customer segment receives.

Having learned from the testing that certain customers respond better to different combinations of media, Dell has placed its customers into three "buckets": direct mail only, e-mail only and both. This organization allows the company to better forecast its marketing needs a full year out. "We're getting much better at planning out marketing communications by looking at those three buckets on an annual basis," says Zucker.

Dell has also been forced to enhance its ability to focus campaigns jointly. "It used to be that when we pulled campaigns, e-mail and direct mail would be completely separate; even if it was a similar initiative, the two pieces wouldn't really work together," says Shirli Zelcer, senior manager of the quantitative solutions group at Merkle, which worked on the Dell integration.

Dell has tested sending e-mails to customers to alert them that a catalog is on the way. Some customers previously received frequent catalog mailings along with e-mails. "The testing identified that we don't really have to do that — we only have to send one catalog per quarter to some customers, and we supplement that with e-mail," says Zucker. For those customers, Dell has ramped up its e-mail marketing while focusing its direct mail dollars where they get the most results. "But other customers we have to send catalogs to on a pretty regular basis in order to get them to purchase," says Zucker.

## MOVING FORWARD

One of the most important lessons Dell has taken out of its integration project is that both direct mail and e-mail have an important place in the company's marketing plans. "For most companies, including Dell, we find that a combination of e-mail and direct mail — especially for the best customers — is really the right thing to do," says Cone.

And while some might expect e-mail to be the dominant driver in blended campaigns, experts contend that direct mail works better as the lead dog. "If anything," says St. Joseph professor Testa, "because of some of the technology and demographics, direct mail may be even more effective than it's ever been." □