

# Energize Your Offer

Fire up response to your direct mail and ads by adding 'oomph' to the deal



**I**f you want to improve results for your promotions, your offer is one of the first places you should look to make changes.

Offers are central to direct marketing. Strip away the techniques, formats and tactics, and you're left with people accepting or rejecting offers. "Offer" is one of the three key elements that define direct response advertising:

1. Make an offer.
2. Provide sufficient information for acceptance of the offer.
3. Provide a means of easy response to act on the offer.

## A Quick Definition of Offer

When people call me for advice on improving their direct mail and ads, I always ask, "What is your offer?" Frequently, the answer is, "Oh, we really don't have an offer." This is their way of saying, "We don't have a discount or promotion."

However, an offer is much more than a discount. An offer is the combination of all the elements that make up the deal you are presenting, such as the product or service itself, price, guarantee, etc.

Offer can be defined simply as the terms of the deal. It's the entirety of what people get when they become paying customers. When you make an offer, you're saying, "When you pay us, here's what you get in exchange."

## Have a Look Under the Hood

An offer is like a car. If you want to improve performance, you pop the hood, take stock of the various parts and start tinkering with each to rev up the power. Here are a few elements that compose a typical offer:

- The product or service
- Optional features
- Price
- Presentation of price
- Unit of sale
- Trial period
- Terms
- Incentives
- Guarantee
- Time or quantity limit
- Shipping and handling
- Future obligations

List the elements of your offer, and ask questions about each. Is your price optimal? Testing a range of prices may reveal that a lower, or sometimes even a higher, price could net more revenue overall. What about the presentation of your price? If the price is \$50, would it make your offer more attractive to present it as \$49.98? What about terms?

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## A Menu of Time-Tested Offers

This is a short list of offers, each of which can also be an element within another offer. Choose, combine and test to find what works best for you.

- |                                    |                               |                           |
|------------------------------------|-------------------------------|---------------------------|
| ✓ Free Trial                       | ✓ Group Discount              | ✓ Free "Keeper" Gift      |
| ✓ Money-Back Guarantee             | ✓ Quantity Discount           | ✓ Free Gift With Payment  |
| ✓ Free Gift                        | ✓ Step-Up Discount            | ✓ Choice of Free Gifts    |
| ✓ Limited-Time                     | ✓ Early-Bird Discount         | ✓ "Stepped" Free Gifts    |
| ✓ Yes/No                           | ✓ Price Matching              | ✓ Two-Step Gift Offer     |
| ✓ Negative Option                  | ✓ Trade-In Offer              | ✓ Cumulative Incentives   |
| ✓ Sweepstakes                      | ✓ Last Chance                 | ✓ Deluxe Version          |
| ✓ Double-Your-Money-Back Guarantee | ✓ Limited Edition             | ✓ Good-Better-Best        |
| ✓ Long-Term Guarantee              | ✓ Enrollment Period           | ✓ Do-It-Yourself Offer    |
| ✓ Guaranteed Buy-Back              | ✓ Prepublication Offer        | ✓ Load Ups                |
| ✓ Guaranteed Acceptance            | ✓ Price Increase Announcement | ✓ Lifetime Membership Fee |
| ✓ Limited-Time Introduction        | ✓ Charter Membership          | ✓ Annual Membership Fee   |
| ✓ Yes/Maybe                        | ✓ Payment With Order          | ✓ Ship 'Til Forbid        |
| ✓ Dollars Off                      | ✓ Bill Me Later               | ✓ Free Information        |
| ✓ Refunds and Rebates              | ✓ Installments                | ✓ Samples                 |
| ✓ Sales                            | ✓ Positive Option             | ✓ Free Gift With Inquiry  |
| ✓ Introductory Price               | ✓ Reservation Option          | ✓ Free Needs Survey       |
| ✓ Relationship Discount            | ✓ Gift Shipment Service       | ✓ Free Cost Estimate      |
|                                    | ✓ Rush Shipping Service       | ✓ Free Subscription       |
|                                    |                               | ✓ Member-Get-a-Member     |

## DIRECT MAIL

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Do you ask for \$49.98, or could you offer three payments of \$16.66?

Can you add optional features? Free shipping? Additional incentives? By strengthening the parts, you can energize the whole.

Keep a few things in mind:

- Making a simple offer helps people understand your offer.
- Adding something free is usually better than reducing your price.
- Building perceived product value improves the overall perception of your offer.
- Reducing perceived risk makes your offer easier to accept.
- Testing new offers is always a good idea. Don't get married to one offer.

### Consider the World's Greatest Offer

Harry Aldrich loved cedar plank-cooked salmon in fine restaurants. He and his partner wanted to sell a home version consisting of small cedar planks sold in grocery stores. So when Aldrich met with the seafood buyer for the Fred Meyer stores in Portland, Ore., he simply gave the buyer a piece of cedar plank-cooked fish and a fork. Within a week, he had lucrative orders from more than 100 stores.

The lesson? One of the best ways to sell is to let people sell themselves. In direct marketing, you can do this with a free trial.

The free trial is hands down the world's greatest direct response offer because it allows people to sample what you're selling. It comes in many flavors but is usually tied to a time period: 30 days, 90 days or more. The free trial also can be tied to a negative option, as in this example:

Try 3 free issues of *Entertainment Weekly*. If you like it, you'll get a full year for just \$38.95. If you don't, just write "cancel" on the bill. But keep the first 3 free issues as our gift to you.



A negative option is not necessary to make a free trial work. A good example

of the "positive option" free trial is Carbonite, the online computer backup service. Carbonite offers a 15-day free trial during which you can back up an unlimited amount of data at no cost, without providing a credit card number. It certainly sold me on the service.

The free trial is popular as a magazine offer, but you can configure it for just about anything: electronics, clubs, Web sites, books, software, office equipment, insurance, financial services, you name it. I have even tied it to a guarantee for a child sponsorship charity.

### Take a Hard Look at Your Guarantee

In direct marketing, people usually cannot see, hear, touch, taste or smell your product or service before they buy it. This creates perceived risk, which can lead to inertia. A guarantee helps lower this perceived risk.

To craft a strong guarantee, include these four elements:

1. Assure your customer of the quality of your product.
2. Spell out your terms and conditions clearly.
3. Specify a generous time period for evaluation.
4. State what you will do if the customer is dissatisfied.



For example:

We provide the finest widgets in the world. If you are not fully satisfied for any reason, just return your widget within 60 days for a full refund of your purchase price.



Here's a classic guarantee from the Sears, Roebuck and Co. catalog back in 1902:

We accept your order and your money, guaranteeing the goods to reach you in due time and in perfect condition, and if they are not perfectly satisfactory to you when received, you can return them to us at our expense of freight or express

charges both ways and we will immediately return your money.



### Test Into New Offers Carefully

The rules for testing offers are the same as the rules for testing anything else. First, you should do proper control testing. Change only your offer, and test your direct mail piece or ad head-to-head with the control. Then back-test to confirm the results.

Also, consider the big picture. A new offer may create more response action up front, but what about your ROI? What is your cost per customer? How about lifetime value? The better offer is not the one that generates the most response, but the one that generates the best customers.

Do you have to stick to just one offer? No. Just as you can have different controls for different lists, you can have different offers for different lists, channels and seasons. For example, you may find that while a free shipment offer works best online, a premium works best in the mail.

Finally, test sweepstakes cautiously, and think about the consequences. Many businesses have turned to sweepstakes to boost response, only to regret the move years later when they find themselves locked into a cycle of contests and giveaways.

Never forget that while retail marketing is about building a brand to aid buying decisions later, direct marketing is about making an offer to generate buying decisions now. Offers are the heart and soul of the direct marketing process.

The stronger your offer, the better your results. ■

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