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## **6 Recession-Proof Pointers**

By Jeff Haggin

*Business is tough. We all know it. So what's an online marketer to do to stay competitive?*

In prosperous times, investing in aggressive testing yields new knowledge that quickens growth and revolutionizes business practices. But veterans of previous downturns agree that now's the time to focus on core business operations. If you want to find out how to survive this economic storm, just talk with the businesses weathering it. The following details tactics intelligent marketers use to open wallets in tough times.

### **1. Realize the promise of endless shelf space.**

Back in 1994, an absolutely giddy marketing consultant proclaimed, "The Internet is bringing us endless shelf space!" In the case of eBay, the massive online marketplace where \$1,900 in goods are sold every second, marketing has figured out how to effectively direct customers to items on the endless shelves that are most likely to appeal to them.

eBay combines rigorous data analysis of transaction history with up-to-the-minute Web technology to develop personalized URLs. Customers receive offline and online marketing that speaks directly to their interests and sends them their PURLs, which are filled with real-time, live listings related to recent purchases. This personalization provides true value and helps increase transactions.

Online marketers like eBay have figured out how to guide customers through a dizzying array of choices and ultimately deliver a superior customer experience.

### **2. Optimize contact strategies across multiple channels.**

So you've invested in a marketing database. Now what? In today's environment, a marketing database can't just be an expense line item that outputs clean lists. One way online marketers are realizing a return on their database investments is by using the data to support an optimized contact strategy that spans multiple channels.

Bob Gaito, CEO of I-Centrix, a merge/purge service bureau, has witnessed firsthand the benefits of access to detailed transactional, multichannel, customer-centric data. By providing data processing services to catalog and retail marketers, Gaito helps clients optimize their contact strategies and deliver targeted, cost-effective communication streams to each consumer.

"It is especially important to implement targeted messages and product offerings," Gaito says. "Sending an e-mail to a recent buyer that features a complementary product or related item, for example."

In the short term, the effectiveness of individual promotions is maximized. In the long term, an optimized contact strategy that considers deep transactional data can reduce overall marketing spend and deliver strong results by balancing traditional direct marketing with online touches.

### **3. Try e-mail for acquisition.**

Sales are down and costs need to be cut. Prospecting, which generally does not yield positive short-term ROI, often is the first to go. Unfortunately, cutting prospecting has serious consequences when economic conditions improve. It's tough to revive a shrinking customer base. Once the Wild West of direct marketing, e-mail marketing has come into its own as a lower-cost acquisition medium. Albert Gadbut, president/CEO of AcquireWeb, a provider of e-mail acquisition and customer management services, recently has seen very large buys from big-box retailers, telecommunications firms and automotive manufacturing companies. He believes these companies are responding to increased price pressure and decreased responsiveness by reducing marketing spend in direct marketing and television.

"The goal of these marketers has been to use e-mail to drive in-store traffic/purchases," Gadbut explains. "By matching the lists of individuals we have marketed to against [point-of-sale] data, we are finding that targeted e-mail campaigns are lowering their cost to acquire a new customer compared to other channels."

While a down market is not the time to aggressively test new initiatives, acquisition e-mail may well be worth investigating.

### **4. Drive to the Web, not the store.**

Although gas prices have been coming down, the cost of jumping in the car and driving to the local store keeps fluctuating. So for consumers, shopping online is looking more and more attractive each day.

Free shipping is consistently one of the best offers available to stimulate response. In e-mail, free shipping is the No. 1 offer that customers look for and respond to, according to a 2006 report from eROI. And, in a recent survey conducted by PayPal and comScore, it was revealed that unexpectedly high shipping fees are the No. 1 reason customers abandon online purchases.

Slightly more than 40 percent said they didn't pay for items in their shopping carts because they believed the shipping charges were too high. Online retailers who can bear the cost of free or reduced shipping are going to have a huge competitive advantage going forward.

The major carriers want your business. Now is the perfect time to pick up the phone and call your carrier. At the very least, you may learn ways to manage your shipping costs more effectively. The sooner your costs are controlled, the sooner you will be able to evaluate the role of shipping offers in your marketing efforts.

#### **5. Provide rewards and incentives to your best customers.**

A specialty retailer has experienced triple-digit ROI on its retention marketing programs for the past several years. In the first half of this year, those established programs actually delivered higher incremental customer activity and commensurate ROI despite a reduction in overall sales versus last year. Why?

The main offer — a substantial dollars-off reward card — had previously generated high response rates and was obviously of value to many customers. With discretionary consumer spending being squeezed from all sides, that same offer may have an even higher perceived value.

Don't wait to cash in on the knowledge you have accumulated over years of testing. Continue to test, monitor and improve, but also consider expanding proven ROI-positive programs to the most valuable customer segments. Recognize and reward your best customers to ensure that they are still with you when the market recovers.

#### **6. It's a matter of survival.**

Take advantage of opportunities that may exist due to the economic climate. Make that acquisition of a competitor that might have been far too expensive in 2006 or 2007. Talk to your landlord about renegotiating a lower rate for a longer time frame. Hire the level of professional staff that may not have been available at the height of prosperity.

Bottom line: It's all about surviving through tough times and coming out of this downturn better off than your competitors.

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