

“It is not the ship as much as the skillful sailing that assures the prosperous voyage.” – George William Curtis



Generating Revenue Through the Integration of Data-driven Marketing and Improved Channel Effectiveness

Mark S. James | November 21, 2017

Need

A Fortune 50 machinery manufacturer was looking for a way to grow its share of the \$1 billion opportunity in North America for a proprietary line of its aftermarket products. The products are sold exclusively through its dealer channel to end-user customers.

Challenge

Two key barriers to revenue growth stood in the way:

- Traditional dealer sales model was not a cost-effective option for these products (i.e., dealer sales model was primarily focus on manufacturer’s machinery)
- Aftermarket competitors had penetrated the dealer network and were eroding existing share

The challenge was to develop and implement a solution, with a positive year one ROI, to:

- Increase product awareness and loyalty among dealers
- Implement low cost sales coverage of end-user customers
- Improve market share

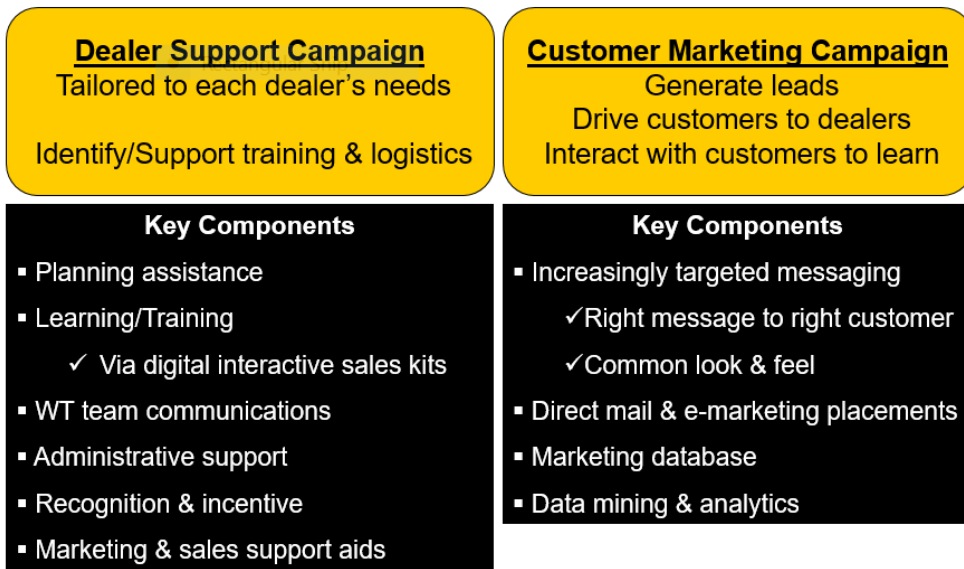
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Solution

Working with senior management and a cross-functional team comprised of stakeholders from the manufacturer’s sales and product groups and a dealer executive, I developed a strategy that integrated:

- Channel “push” campaign consisting of dealer support tactics and tools
- Highly targeted end-user marketing “pull” campaign
- Dedicated customer database and advanced analytics



Dealer Support “Push” Campaign

Dealer participation was voluntary. To gain commitment and engage dealer management in the strategy, face-to-face meetings were held with each dealer. Each meeting included:

- Illustration of the market opportunity in dealer’s territory
- Dealer specific business case for the manufacturer’s products in their territory
- Manufacturer and dealer roles and responsibilities



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- Dealer participation requirements (e.g., appoint a champion and executive sponsor to “own” the initiative, provide lists of end-user machinery owners for marketing campaign)
- Dealer Prospectus document describing the strategy, tactics, process flow, timeline, roles/responsibilities and deliverables

Once the dealer committed to participate, an orientation meeting was held with each dealer and sales and learning deliverables immediately followed to prepare dealers for incoming leads and to close more sales.

A dedicated website was created to cost effectively deliver dealer support including:

- Campaign communications
- Lead and sales tracking tools
- Product learning library and quizzes
- Marketing library – Print collateral and dealer shared success stories
- Program administration tools
- Frequently asked questions
- Sales awards

Other key campaign components included:

- Digital Interactive Sales Kits that included product application and competitive comparison videos were distributed to dealers and end-user customers to enhance product education and awareness
- Print collateral targeting both dealer employees and customers
- Dealer sales performance was recognized through individual rewards and an annual group travel event for top performing dealer salespeople

To sustain gains in sales and market share, continuous measurement and evaluation led to identification and sharing of aftermarket best practices to improve the effectiveness in handling the business by the manufacturer and dealers. The evaluation process included identifying differences in aftermarket business practices across participating dealers (e.g., sales model and how salespeople are trained).

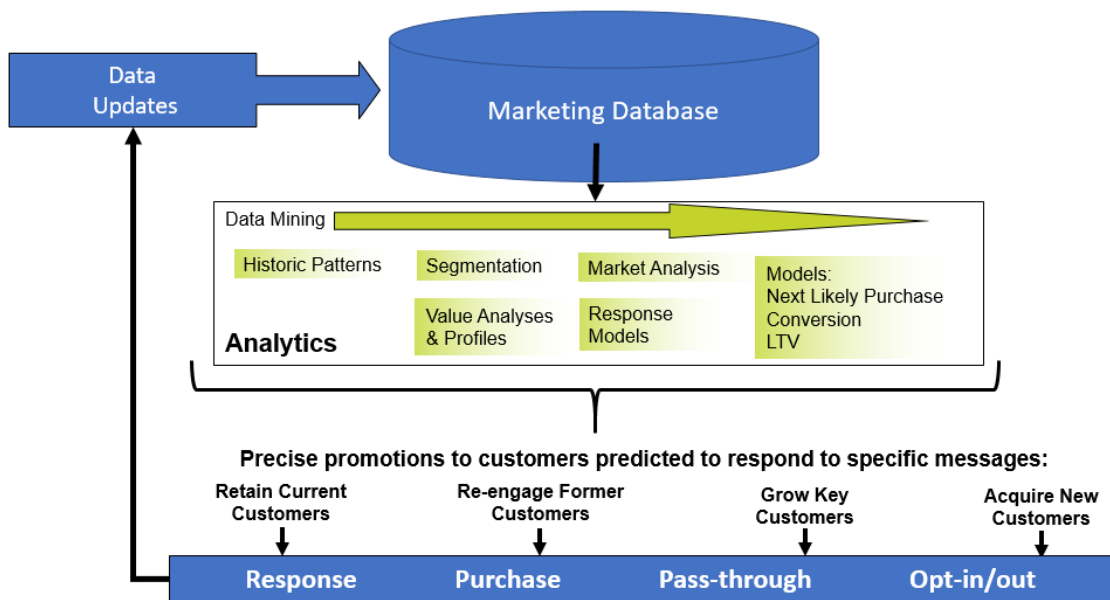
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Customer Marketing “Pull” Campaign

The campaign was designed to interact with end-user customers, drive them to the dealer and/or generate leads.

Customer Marketing Flow



Given the end-user audience, direct mail and email placements were utilized and customized as coming from the dealer. Each placement included a specific dealer contact person and their phone number (this was usually the dealer salesperson assigned to the end-user or the territory where the end-user was located).

Database and Analytics

A dedicated campaign database was developed to house all marketing data. Robust analytics were deployed to continuously measure and refine campaign messaging and targeting. The analytics evolved as knowledge of customer awareness and purchase behavior grew.

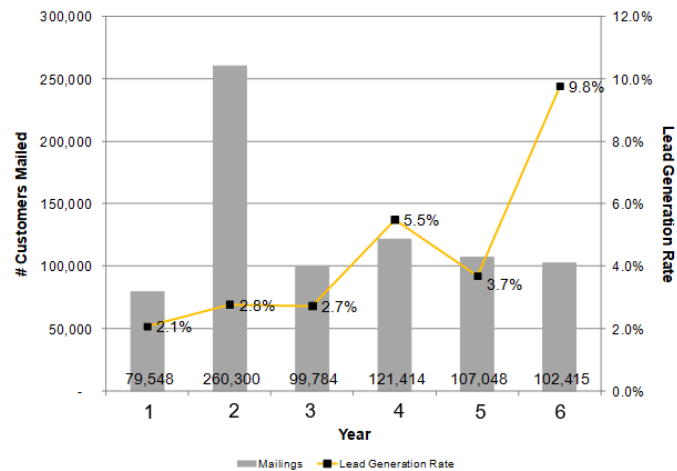
All messaging was targeted to various customer groups based on demographic and firmographic profiles. Messaging also utilized variable images and value offers relevant to each target audience.

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Continuous testing of messages, imagery and offers further enhanced insights into customer behavior and increased marketing effectiveness.

For example, response rates reached into double digits and, over time, generated more leads with fewer placements.



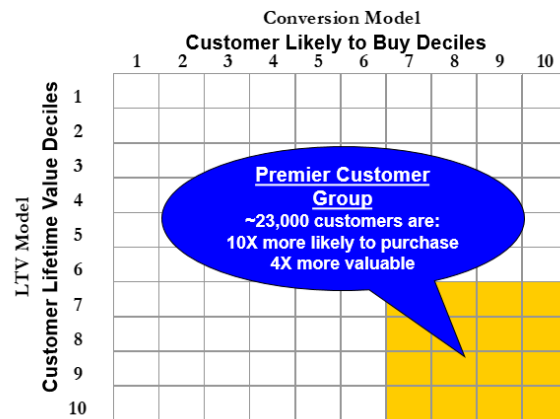
The evolution of the analytics also included statistical modeling, further enhancing targeting and customer response. This led to the addition of targeted placements to customers most likely to buy and refer others.

Additionally, cross tabulation of lifetime value and likely-to-buy models identified a premier customer group who were 10X more likely to buy and 4X more valuable.

This intelligence was then used to hyper-target messaging which resulted in a doubling of response rates and 20% revenue increase over 12 months.

Results of targeting with this model combo:

- Doubling of response rates
- 20% one-year increase in average per customer revenue



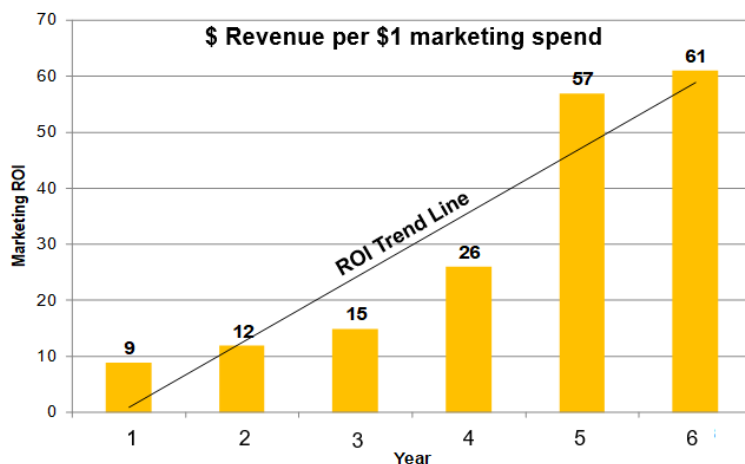
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Results

The strategy was accretive in year one. Revenue grew from \$175 million in year one to over \$400 million in year six.

The marketing campaign return grew steadily every year, reaching \$60 in reported revenue¹ for every \$1 in marketing spend in year six. The revenue-to-spend return on the overall strategy (combined marketing and dealer campaigns) was \$35 to \$1.



Other key results:

- Double digit response rates
- Responders purchased at higher rate (Over 3X vs. non-responders)
- 92.1% of responders opted-in to receive future marketing
- Over 20,000 leads were generated and distributed to dealers
- Average per dealer revenue grew 5X
- Incremental revenue vs. control groups² ranged from 43% – 87% (56.1% overall weighted average incremental gain)

¹Purchase revenue only counted if it could be exactly matched to a customer record in the database

²A control group of randomly selected customers in each segment did not receive marketing placements



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Mark James is the founder and President of Performance Advisors Group, Inc. He has over 40 years' experience in the design, deployment and measurement of business improvement programs. And, is certified in Marketing Performance Measurement by the Chief Marketing Officer (CMO) Council. Performance Advisors Group specializes in precisely matched techniques that help businesses achieve sustained growth and competitive advantage by unlocking the hearts and minds of employees, channel partners and customers.