
Bob Hacker

Why High-Tech Will Come To Love Low-Tech Direct Marketing

Bob Hacker started The Hacker Group, Ltd. in 1986. Since then, they have become the largest full-service direct marketing project house in the Pacific Northwest. They currently serve over 100 clients, both in the US and abroad. Their client base is concentrated in financial services, travel, real estate, high-technology, telecommunications, sports marketing, broadcasting and fundraising. Bob is on the editorial board of *Target Marketing* magazine and a frequent writer and speaker on direct marketing issues. Bob is a graduate of The Harvard Business School and the University of Washington.



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ABSTRACT

Bob Hacker discusses the difference between the Feature, Advantage, and Benefits (FAB) approach to marketing and the classic offer-driven approach to direct marketing. In this article he includes numerous examples and a case study to make his point.

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Introduction

This article by ISSM Charter Senior Fellow Bob Hacker discusses how high- and low-tech solutions to database marketing problems compare.

Today, many high-technology clients frankly hate classic -- low-tech -- direct marketing.

When presented with aggressive, offer-driven packages, the response is often rejection and moral indignation. The typical push-back is “this isn’t professional, just tell them about the product, it will sell itself” or, “high-tech is new and different, we have to sell it in new and different ways.”

For some, that may have been true in the past. But, as has been true for every other industry, those days are fast coming to an end.

Let me give you just one example. For years, a Seattle-based software company pulled a consistent 20% to 25% on every upgrade mailing. In their last effort, using the same offers and copy structures, they pulled less than 5%! They were very surprised, but shouldn’t have been. The warning signs were there, if someone had only seen them.

First, let’s define the essence of my argument by providing simple definition to a complex set of issues. Here’s one way to look at the high-tech vs. low-tech argument:

Most High-Tech Clients Love . . .
FAB strategy and structure: The copy is features, advantages and benefits-driven (FAB). Copy platforms focus on the company and its products. The platforms are more rational, less emotional. The art direction integrates well into the company’s advertising and corporate image standards. The underlying assumption is “the product is so good, it will sell itself,” thus selling is not necessary and perhaps demeaning.

Many High-Tech Clients Hate . . .
Direct marketing strategy and structure: The copy is offer or deal-driven. Copy platforms focus on the recipient, not the product. Benefits and features are the reason to take advantage of the offer. The key drivers are emotional – greed, fear, guilt, anger, exclusivity and salvation. The art direction is purposefully interruptive and intrusive. The underlying assumption is that the product must be sold, and the harder we sell, the more we’ll sell.

Direct marketers have been testing FAB packages against offer-driven packages since Gutenberg. We’ve proven to ourselves time and time again that offer-driven packages usually outperform FAB-driven ones. Even when a FAB approach works, FAB augmented with a strong offer works even better.

But high-tech clients counter that FAB-oriented packages have been working well, at least until now, and they don’t have to mail packages they hate to get the results they need. For many, these days are over. Here’s why.

In the first place, the industry whether it be high technology or low technology is not the key determinant of direct marketing strategy. Based on years of testing, direct marketers know the following are the key drivers of direct marketing:

Basic human behavior, most often driven by self-interest, which hasn't changed much in the past few hundred years.

Since human behavior is not rational, direct marketing is an emotional medium, not a rational one.

Specific product attributes rather than industry attributes, drive strategy.

Let me show you how it works, using the FAB vs. offer-driven model described above. As you'll see, a FAB approach makes sense for some products, but as products mature, there will be a shift toward more aggressive, offer-driven packages.

When To Use a Features, Advantages and Benefits Approach
<u>A new product</u> . The early adapters may have been waiting for the solution, so there's often pent-up demand.
Clear <u>feature superiority</u> over the competition.
<u>Major product upgrade</u> with significant product performance improvement over previous version.
The product is <u>truly high-tech</u> .
It is a <u>considered purchase</u> , typically based on specification and price.
The <u>product solves major software or hardware problems</u> .

When To Use a Classic Direct Marketing Approach
<u>A mature product</u> . The easy sales have all been made. In order to penetrate deeper, more aggressive offers are required to convert marginal buyers.
<u>Feature parity</u> with competitive products. (In some instances, the value of the offer must exceed the cost of the product sold to close a sale!)
<u>Minor upgrade</u> , new version is at parity or only marginally better than previous version.
The product has become a <u>consumer product</u> . (Is a word processing program still high-tech, or is it now a consumer product?)
The product is <u>bought on impulse</u> .
The <u>product is nice, but not necessary</u> .

This is where all high-tech companies began.

And this is where nearly all are going.

The more your product attributes resemble those listed in the right hand column, the more you'll be forced to shift toward offer-driven packages.

Earlier, there was an example of a client's upgrade mailings which had been pulling 20% to 25% and then suddenly fell to 5%. In their case, all of the following had happened:

At one time they owned the category. They now had one, strong direct competitor and few lesser ones, with parity or better product attributes.

You had to have the product in the DOS desktop environment. With the introduction of Windows 3.x, it became less necessary and Windows 95 could diminish its value even more.

The upgrade was only marginally better than the previous version.

It was all there to see, if only someone had taken the time to notice.

CASE STUDY

We've shifted from FAB-oriented packages to offer driven packages for many of our clients, particularly those who find themselves turning from high-technology to consumer products companies. The letter is offer-driven, supported with strong benefit statements. The response device is offer-driven. Features are shifted to the brochure to support the benefit promises.

See the NetManage ECCO example to the <directional>. The underlying assumption was that nobody "had" to buy the product since the previous version was state-of-the-art. With a limited universe, which is typical with upgrade mailings, we had to generate high response rates in order to maximize profit potential from the file.

As you can see, we used a very offer-driven structure, combining a discount with value-added offer. The value-added offer (a video) merchandised the value of the product and helped train people on how to use the increased feature set. Did it work? You bet it did! The response rate was 57%!

If your response rates are low or declining, you must test offer-driven platforms. It's the only sure way to increase program performance. Don't rely on personal opinion or a guess. Test, and let the market decide.

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