

DIRECT MARKETING

When Stamps Are Free

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Imagine, for a moment, a world in which stamps were free. Then think about what that would mean for the direct marketing industry. If you think that sounds too good to be true, think again.

Throughout history there have been two kinds of media: public and private. The public media—from big character posters on Chinese walls to newspapers, radio, and television—was the only way to get to large numbers of people. And they always had (and continue to have) gatekeepers (a.k.a. “owners”) who would inevitably exact their due to let you through to “their” audiences. The private media—telephones, the mail, etc.—are one-to-one. This form of media fosters communication between you and your friend, your relative, your customer. But here too, you have gatekeepers—the phone company and the postal system.

For the third time in a century, a new electronic medium is well on its way to becoming a universal communications standard. The Internet and the World Wide Web are clearly mass media, but they are also one-to-one media. And, more to the point, they don't have a gatekeeper mediating the relationship between the communicator and the communicatee, between seller and buyer, between your customer and you!

More than fifty million Americans now use e-mail and are connected to the Internet. The World Wide Web is surfed daily by perhaps ten million fellow citizens. More are coming on board every single day. “Going online” is moving past the realm of innovative novelty and into the universe of the “normal.” So what will this mean for direct marketers?

Frequency Is Free

The oxymoron of traditional marketing was always that your prospective customers were, in fact, the property of another,

usually the United States Postal Service. We commonly understood that prospecting was expensive because we paid for access to another's print, broadcast, or mail audience. But our own customers? They were ours. Except, of course, for the intermediary role of the USPS, which charged us every time we wanted to announce a special offer, introduce a new product, or signify a price change.

E-mail and the Web have completely changed all that. Nobody runs the Internet, so there's no one to sell stamps. Sending e-mail is free, provided you have the right hardware, software, and connection.

(There's one small catch to this, however. Although unsolicited mail is commonplace in the real world, unsolicited e-mail is frowned upon as downright bad etiquette. America Online just filed a federal suit against someone for sending unsolicited junk mail, and even if they lose, the vitriol from prospects is so huge it's not worth it. People on the Net call this “spamming.” This practice is akin to cannibalism because online users realize that once it is accepted for people to bombard them with unsolicited, free junk mail, there will be no end to the deluge. So they react by attacking anyone who tries this tactic. They will tie up toll-free lines, boycott products, and generate enormous amounts of negative word of mouth. There are ways to send regularly scheduled e-mail to people and incur nobody's wrath, however, and the list of customers you can acquire is truly yours.)

We have always known the value of frequency. It was only the affordability that mattered. So in this world, where frequency is free, we, in turn, get to take advantage of something that has hitherto been unaffordable.

We have always known the difficulty of explaining complicated concepts in a single advertisement. Remember Prodigy's campaign: “You gotta get this thing!”? Since a thirty second spot couldn't possibly explain either the service or the benefit,



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the best it could do was to tease. It wasn't enough. America Online took a different path. They distributed zillions of disks, believing that enough people would try it to make the exercise worthwhile. (It obviously worked...but at a very real cost.)

But we know how to teach complicated subjects. Millions of kids are taught algebra every day. How do they do it? Simple. By breaking up the material into smaller, digestible bites. Lester Wunderman calls this approach "curriculum-marketing." His agency, Wunderman Cato Johnson, has actually executed curriculum-marketing programs. But they are very expensive using traditional vehicles like the mail. It was only applicable for those with enormous allowables...like a car company.

But now that 55 million Americans are "online," more brands and companies can (should and will) take a curriculum-marketing approach and parse complicated stories out in small, digestible bites (or is that bytes?). This is only possible when stamps are free.

Relationships Are Mandatory

When there were three television channels, it was easy to know what to watch. And if you didn't know, it was easy to "surf" the channels to find something. Today, thanks to satellite technology, the simple act of surfing the alternatives takes longer than the average show. Now, consider the Web. With more pages than people there is simply not enough time to see them all without the help of a search engine. In fact, this bewildering array of choices has made the Web's search engines the premier audience aggregators and the highest-priced advertising real estate around. Try to imagine the White Pages (or the Yellow Pages, for that matter) commanding the rates that *Seinfeld* is getting.

So what's a poor marketer to do? Build real relationships. Know the customer. Create genuine incentives, great promotions that are individually tailored and will entice people to come back. Add fresh, exciting content to keep them interested in revisiting you and you're on your way to a successful marketing campaign.

Building relationships where stamps and frequency are free doesn't require more money. Only more creativity.

KPMG Peat Marwick and their agency, Bernard Hodes, are using a game we created for them to build relationships with a rather narrow group of potential employees: students at major universities. They hope to get their pick from among this June's graduates. Instead of competing for time and attention during the highly cluttered interviews and recruitment sessions on campus, KPMG has opted for an unfair advantage. They are building relationships with these students now! In the privacy of dorm rooms and apartments. One at a time.

Relationships are the underpinning of successful businesses. Young & Rubicam is doing pioneering work in quantifying the real DNA of brands. They have now quantified the value of profound understanding of points of difference and of a deep appreciation of the character of a brand. And they've been able to correlate it to profitability, to share of market, and even to share price. They have proven that relationships are critical. The only question is how to build them. Affordably and accountably.

The Power of Play

As the best marketers realized long ago, shopping is theater. The great retailers regularly re-merchandise their floors so that even the most frequent shopper is constantly greeted with a new look. The mega-malls install amusement parks to make themselves a destination worth visiting just for the fun of it. They know how to attract incremental business and impulse shoppers as well as their customers with pre-planned necessary trips. Although marketers have long understood (and exploited) the compelling nature of games and entertainment, more and more of them are now learning to use "entertainment opportunities" in cyberspace.

Seventy years ago, a fledgling medium called "radio" got a huge boost. Game shows—cheap to produce, addictive to listen to—rescued radio from sagging ratings and transformed it into a national pastime. Twenty years later, game shows made the transition from radio to television. Suddenly this new technology had a core product. *The \$64,000 Question*, *To Tell the Truth*, *Password*, and even *Wheel of Fortune* became mainstays of the broadcast dial. By the 1960s, the prosaic game show had become elevated to high art. *Password*, *What's My Line*, *The Match Game*, and *Hollywood Squares* were created by the geniuses who taught all of us to play along with the television.



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We have learned to use games on the Internet as "Trojan Horses" that allow a marketer to slip in under the ad-zapping radar to find a place within a prospect's or customer's life...even for just a short time. Sweepstakes and games of skill are, of course, used as marketing techniques in the traditional media, and many of the same rules that make those games work also apply in cyberspace.

The Rules of the Games

The first rule is that the games must be "sticky"; they must cause a player to return—again and again—to the ad, or the store, or, in the case of cyberspace, the Web site.

Our new sweepstakes model has actually re-invented the genre by making lemonade out of lemons. We know that people will enter a sweepstakes multiply in order to increase their odds of winning. Traditional sweepstakes accept that fact and have to deal with the resulting piles of useless letters and postcards. We actually encourage multiple entries and incentivize them, because each entry means that the entrant has visited a particular Web site or page within a site. For GNN and their Webcrawler search engine we created a sweepstakes that generated over 3,000,000 entries. GNN brought two dozen sponsors on board, each of whom benefited from very low cost/high volume traffic to the various pages of their individual sites.

The second rule is that since no one quits a game when they are tied for first place, the games must be designed to allow the greatest number of players to enjoy the greatest amount of success for the longest possible amount of time.

Working with United Media and HarperCollins behind the release of *The Dilbert Principle*, we created an e-mail trivia game played by more than 35,000 fans. All the answers came from the book. Most of the players bought it. The book went to number one on the New York Times Best Sellers List. Coincidence? Not at all. We still had 3,000 players in the third round of tie-breaker questions! All of whom had bought and devoured that book.

The third rule is that people will come back if you remind them to. To make an online game sticky, it's necessary to use e-mail to tell them, "Hey come back and play some more. There's new stuff! New prizes!"

During the GNN Webcrawler Sweepstakes we sent frequent e-

mail reminders to the players. We told them about new sign-up sites (i.e. new sponsors). We told them how good the odds were. And they responded. Since we were measuring impact literally down to the minute, we watched how long it took for our outbound e-mail to result in inbound traffic. Not very long at all.

What makes e-mail games an even more powerful tool, however, is that the players are not anonymous. Since each player must register with an e-mail address in order to play, it's possible to compile a perfectly auditable list of unique, individual customers.

The Value of Getting People to Pay Attention

Yoyodyne Entertainment was the first company to use online e-mail games as a marketing tool. Using traditional media as well as web advertising, we designed a variety of games that invited users to become players, competing for a car, a million dollars, or a trip to the Caribbean, by using their e-mail.

Although users discourage unsolicited e-mail (and we strongly support the privacy initiatives of the DMA, the Electronic Frontier Foundation, and others), we have found that online game shows attract customers. Once the players send us e-mail telling us that they want to play, we are free to market to them. Remember, the games are Trojan Horses, attracting players with big prizes and then using e-mail to hammer home a message.

For Arrid XX™ antiperspirant's "Get a Little Closer" campaign, Yoyodyne created a game that offered players a chance to win an all-expense-paid trip to the Caribbean. Players found out about it through Arrid's traditional print advertising as well as through banners on the Web. We quickly found 20,000 players and soon grew the game to more than 30,000. Remember each of these players volunteered to be included.

The average player in the Arrid game received 24 direct e-mail pieces over the course of the game. Unlike traditional direct mail, these letters were actually read because players needed to read them if they wanted to win the game.

At the completion of the game—some 600,000 pieces of e-mail later—Arrid discovered that the likelihood of purchase had doubled within their target audience, from 25 percent to 49 percent. They also found that an astonishing 25 percent of



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all players had actually gone out and purchased Arrid during the game. Stop for a second and extrapolate those results to traditional media. If an ad in *Sports Illustrated* could double the likelihood that someone would consider the brand, the waiting list for these ads would be out the door!

What's more, the cost of follow-up was very low. Unlike a traditional sweepstakes, game, or contest, with an e-mail campaign you can follow up with every entrant at the touch of a button. Arrid did exactly that. Instead of letting a contest lapse, we went right back to every player and invited them to participate in another game. More than 85 percent of the players did.

This relationship-building is the real secret to promoting yourself by product. If the relationship is worth \$5 (probably true for an inexpensive brand-name product), or \$100 (a credit card, for instance), or thousands (a car or a truck?), you can take that number and work in this medium to produce enough profitable relationships to make it very worthwhile. The campaign for Arrid was so successful that we are now creating our fourth online game for them.

Twenty-five years ago, we were working on the waning edge of the era of the "mass." *Life*, *Look*, *The Saturday Evening Post*, *The Reader's Digest*, and *TV Guide*, NBC, CBS, and a still nascent ABC defined the world. Segmentation and niche marketing took us into an era of multiplicity. New narrow-cast magazines are born every 12 seconds. Cable networks are also multiplying to fill the demand for a more individuated programming grid. And now we have, inexorably, entered a new world of one-to-one marketing. E-mail may well be the unglamorous-but-indefatigable secret weapon for the next generation of direct marketers. Whether the game is e-mail-based only or used in combination with a broadcast, print, or web-based promotion, it affords advertisers a low-cost, auditable, one-to-one relationship with their customers that offers results.

Beyond Technology

The Ford Motor Company has just produced its 250,000,000th car. Since 1903 those vehicles have completely transformed the American (indeed the world's) landscape. But, by the 1950's the biggest part of the revolution was over. With automatic transmissions, air conditioning, and the completion of the interstate highway system, everything that followed was refinement.

In the world of computers and communication, we have similarly gone through this process. From the first dots and dashes of the telegraph, to the rotary dial phone, to ISDN lines, we have been marching inexorably forward. And now all the key technological elements for the next 25 years are in place. No one will secure great advantage from the kind of engineering breakthroughs that have characterized the last several decades. From now on, the advantage will come from the application of those technologies to marketing and from using all that power and speed to know more about customers and prospects and act on it in an intelligent fashion.

The big ideas and dreams of our technologically impaired past are now potential realities. All they take is a little vision and a little imagination. With an emphasis on the latter.



