

Does Telemarketing Work?

Since Alexander Graham Bell summoned his assistant from the next room with the words **"Watson, come here I want you"**, on 10th March 1876, the telephone has grown to become vital to modern communication, and a valuable tool in the kitbag of the Direct Marketer. But in the 21st century, is telemarketing still an effective marketing tool, or is it expensive and ineffective diversion?

Telemarketing in the marketing mix

In order to answer this question, we must first look at the communication tools available to the professional marketer, and examine the pros & cons of each.

Marketing communication is all about developing a dialogue between buyer & seller. With marketing media being either one-way or two-way as set out in figure 1 below, only 3 media, (Exhibitions, Face to Face, and Telemarketing) allow true dialogue to take place, and thus cannot be ignored as they are vital tools in the marketing mix.

Medium	Focus of Communication	
	Seller to Buyer	Buyer to Seller
Advertising	X	
PR	X	
Direct Mail	X	
Market Research		X
Focus Groups		X
Exhibitions	Allow Dialogue	
Face to Face sales	Allow Dialogue	
Telemarketing	Allow Dialogue	

Figure 1:
Available Marketing Media

There is no doubt that real dialogue with the market is essential. However, when examining the best media for the job, it is always a balance between **contact cost** and **impact**. With this in mind, as marketers, we must carefully consider which dialogue tool to use.

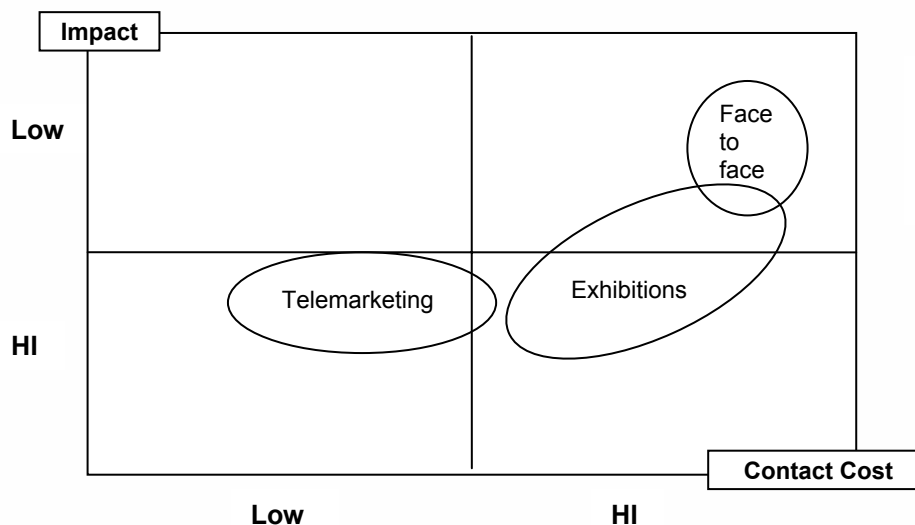


Figure 2
Impact/ contact cost relationship in direct marketing dialogue

So telemarketing is a relatively low cost solution for developing a dialogue with the market. Allowing the seller to gather information regarding the buyer's needs & wants, and to promote the offer in the most favourable context.

However in comparison to other "one-way" direct marketing media, such as direct mail & e-mail, the cost per contact is high. Thus if communications need only be one-way, then telemarketing is probably not the appropriate tool.

How can we identify when to use telemarketing?

To answer this, we must ask 3 questions:

1. Do I **need to know more** to identify if there is a FIT between my offer and individuals within the marketplace?
2. Is the contact part of an **ongoing dialogue** about a specific situation?
3. Do I have **something new** to say which may change the FIT?

If you can answer **YES** to any of these questions, then telemarketing may be an appropriate medium. If the answer to all 3 questions is **NO**, then you need to seriously question if telemarketing is appropriate, or if there is a more cost-effective communication medium.

How does this relate to real world campaigns?

If you are starting from scratch, a typical direct marketing campaign can be split into 2 phases:

Phase 1

The scenario here is typically "*I know my market, but I don't know much about individual companies within the market*"

In this situation, telemarketing is an excellent tool to move forward with the following objectives:

1. Identify the correct **point of contact**
2. Establish if/where there is a FIT **between the offer & the market**
3. Identify & qualify where there are **immediate, or specific longer term opportunities**

At the end of this phase, contacts should be split into 3 categories:

1. No FIT between offer & contact company – contact discarded
2. FIT identified, but no specific interest
3. FIT identified, with either immediate or specific medium term interest

Phase 2

Having discarded Category 1, focus now moves to keeping in touch (Category 2) & developing identified opportunities (Category 3). In this phase telemarketing needs to be used in a highly focused way.

Category 3 – Typically this represents only a few of the contacts identified, and continued dialogue is essential to develop the opportunity to a sale. Here, telemarketing & face-to-face sales contact is the appropriate way forward.

Category 2 – This represents probably the majority of contacts, and with the focus on keeping in touch, telemarketing is probably not the right approach. Here the objective is to make contact regularly in a low-key way in order to:

- Raise awareness of your offerings & core competences
- Keep your name in-front of relevant contacts
- Ensure you are top of mind, should relevant needs arise

Given that it could be months or even years before the need arises, these contacts must have low cost per contact, and thus telemarketing is probably less appropriate than a mixture of media like direct mail and e-mail. In any case, communications need to be **regular, relevant** and **well branded**.

So does telemarketing work?

There is no doubt, used in the correct way; telemarketing is a powerful tool in the business-to-business arena. To be effective it needs to be focused, targeted, and only used where there is a need for direct dialogue.

Telemarketing works when it is used:

- To qualify contacts
- To identify FIT between buyer & seller
- To identify & track specific opportunities

Telemarketing becomes an expensive and ineffective tool when it is used:

- To keep in touch with contacts where there are no specific opportunities identified
- To contact poorly targeted lists
- When it is used isolated contacts outside an ongoing marketing process

Used appropriately in connection with a comprehensive contact management database and other direct marketing media like direct mail & e-mail, telemarketing is still an essential part of the Business to Business marketing mix.