

# Four points to consider before setting up a direct marketing capability

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12 Feb 2016

The insurance and banking industries have led the way in disrupting the face-to-face (broker) sales processes by building very strong internal direct sales capabilities.

They've done this using call centres and online platforms to acquire large volumes of new clients. The retail sector, other financial services and subscriptions businesses are all looking to replicate this model for themselves, with the aim being to acquire new clients at a much lower cost.

Below are four key points to consider before building a direct marketing capability within your business:

## 1. Products that can easily be sold over the phone and/or online

If you plan to sell your products online or in a call centre, the sales process must be short and straightforward. There should only be a few questions required and you should be able to collect banking details easily or enable a simple online checkout process, as well as including any disclosures.

Agents should not be spending 30 minutes or more on a phone call trying to sell your products. The best direct insurers have these sales calls down to 15-20 minutes; allowing their agents be more productive and close more deals.

## 2. Know your Cost per Acquisition targets before you start

Your finance team should be able to tell you upfront what you can spend to acquire a new client. Your Cost per Acquisition (CPA) is made up of your marketing cost and sales cost. If you can only spend R1000 to acquire a new client, the minute you start spending R1001, your business model is not working. Anything under R1000 and your ability to access more budget should be an easy sell internally.

## 3. Discipline in measuring your metrics

I can't emphasize how important this is. Your entire marketing and sales organisation must align to the business metrics and CPA targets set. This means aligning all their KPIs and performance measures to these metrics. Ideally you should be measuring the return on marketing activities in real time. There are technology platforms available that can manage and measure all your marketing activities and returns in real time. Use them!

## 4. Strike a balance between operations and marketing

There is no point in overwhelming your call centre with potential new clients when they do not have the capacity to manage them. If an agent can only call 20 clients per day and you're providing them with 21, the sales made will not increase and the agent will start becoming inefficient. The same can be said for providing too few clients to your agents. Your marketing and sales teams need to plan together carefully and map out the operational capability against the marketing plan for the whole year or two ahead.

Getting these basic building blocks right can mean a rapid increase in new clients and will allow for scale in a sustainable and well controlled manner.

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