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COST-EFFECTIVELY REACH YOUR DEALERS AND CUSTOMERS WITH A DEDICATED MESSAGE THROUGH CUSTOMIZED DATABASE MARKETING (CDM)

For years, the desire to market specific information relevant to each customer segment in a highly organized, frequent and cost effective manner has eluded construction equipment manufacturers. Two critical factors have prevented this from happening – the lack of communication technology to make it possible and effectively reaching the end users often known only through a company's various distribution channels and their willingness to share this information.

During the past few years the technology has arrived and been perfected. Through a combination of database management, digital printing and software advances, it is now possible to break down customers and prospects into groups as small as 50 or less in a geographic zone or that have a common profile and communicate corporate, equipment, dealer and other information specific to them as a part of a larger on-going marketing effort.

Response Rates Climb 5% To 15%

Given information on a consistent basis about specific equipment models and services right for their businesses, the response naturally climbs when compared to the more generic information shared today. Highly customizable, database direct marketing programs underway today in various construction equipment segments are averaging a 5% to 15% response each time a group is approached. Traditional marketing with blanket information or one-time or infrequent contact is considered a major success at 3%, although the response rate is typically 1% to 1.5%. Cost-effective database marketing has finally arrived and it's proving to be a powerful tool.

Now that the technology makes customizable database marketing very doable, building and maintaining the database and tying in the distribution channels become the other critical factors. Dealer channels have always been reluctant to share their customers and prospects with manufacturers for fear of losing them to direct efforts by construction equipment manufacturers willing to sell direct. With Web technology, that fear has become even more of a reality for some dealers.

Tying In Distribution Channels Critical

A manufacturer's customizable database marketing effort with the intent to tie-in the dealer and his business has proven to be the most effective. Even dealers who are reluctant at first to provide their customer list can still participate by receiving leads generated through databases developed by the manufacturer, but the real power behind customizable database marketing is accurate and up to date customer and prospect list. Once most dealers understood that they will be promoted as the primary contact, right down to specific salespeople if desired, customized database marketing becomes a joint effort even though it is driven by the manufacturer.

CDM Quickly Becomes A Core Marketing Strategy

BMG has been pioneering this database marketing effort in the construction equipment industry with some of its clients and has labeled this new capability "Customizable Database Marketing™" (CDM). Based on its capabilities and success, CDM has quickly become one of the core marketing strategies and tactics for these manufacturers approached during the early stages.

CDM is a powerful solution for manufacturers that face one or more of the following challenges:

1. Successfully communicate the benefits of one or more product lines to a variety of different markets, applications, distribution and end users.
2. Must reach various levels of decision makers and influence with different messages at the same time.
3. Must promote through a variety of distribution channels serving different customer segments within each territory.
4. Need to tie-in distribution to gain strong support and involvement from distribution.
5. Need to communicate/market on a regular, consistent basis ever-changing information.
6. Need to find a cost-effective, organized marketing strategy that achieves the above in a cost-effective, yet powerful tool.

CDM has proven its value to these challenges and works equally well for heavy equipment and traditional dealer networks and for light equipment sold through the rental channels.

Reality For A Canadian Manufacturer

BMG has been developing and executing a 6,300 monthly contact CDM program for a manufacturer of aggregate equipment that sells through dealers and direct in specific territories throughout North America. The program is now in its second year and has produced a response rate on the portion of the program set up to be tracked of 11%. This 11% has generated enough tracked sales to pay for the program and does not include results from producer contact direct with their local dealer or manufacturer's territory manager.

Total

company sales in 2004 were up 18% and it was determined that a more aggressive sales effort and the CDM program significantly contributed to this growth generated by dealer sales. The CDM program is a monthly, highly customizable direct mailing program that has had as many as 90 different versions of the same mailing piece at times. These versions included:

1. Specific customer segments received case studies that are similar to the products they produce.
2. Specific groups of customers without dealer support were given the choice to discuss their needs with factory sales people and purchase direct.
3. New dealers and specific dealer salespeople are introduced to customers and prospects within their territory.
4. Relevant product information is customized for three different customer bases.
5. Customers receive specific contact names and telephone numbers of their local dealer or even their specific dealer representative.
6. More advanced markets receive a higher level of application experience shared while less advanced markets receive more basic or simple application solution information.
7. Every recipient had their name on the front of the mailer as well as the inside.
8. Customers who purchased in the month received a thank you right on the front of the next mailer.
9. Dealers are now providing specific information regarding their related services and application experiences for the mailers, including logos, open house announcements, etc.

The vast majority of dealers have provided their databases, especially after experiencing the results of early efforts by the manufacturer. Today, it is a requirement for new dealers with few exceptions. However, a version or versions can be created and the contact names left for the dealers to add.

Customizable Database Marketing – A Powerful Strategy & Tool

BMG is currently developing CDM programs for other construction equipment manufacturers that include some strong in the rental channel with products that sell for less than \$1,000.00 and others that sell equipment that begins at \$400,000 and tops out in the millions.

The overriding excitement to CDM has been its customization capabilities, relative ease and cost per contact, and its ability to solving the age old marketing challenge of reaching numerous audiences with specific, relevant messages on an on-going basis.

BMG is a hands-on sales development, research and marketing firm with a focus on manufacturers selling equipment and services into the construction, mining & aggregate, environmental & recycling and agriculture markets worldwide.

For more information contact BMG: phone 260.422.4100; e-mail bmg@barlowmktg.com or visit our Web site at www.barlowmktg.com.