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C O M M U N I C A T I O N S

WIRELESS VOICE AND DATA FOR MOBILE AND REMOTE MISSION-CRITICAL OPERATIONS

FORMERLY

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What Does the Future Hold for Two-Way Dealers?

Dealer Strategies: Internet Marketing 101

Over 10 years ago, the very first Radius dealer's strategy of choice was to spend as much their COOP funds (and some of their own money) to purchase the biggest yellow page ad they could afford. Ideally, the size of the ad would be larger than the competition could spend, and the results purchased would be as immeasurable as possible. It seemed the more overpriced and useless the results, the better. Soon Motorola realized the problem and reduced the amount a dealer could claim on yellow page advertisements to 50% and the size of ads immediately became smaller. The remaining funds were then to be used for more effective and targeted forms of marketing, primarily direct mail, telemarketing, and printed ads.

Since then, dealers have used direct mail and telemarketing to control both their customers and prospects access to information housed in their databases. Even though initially they proved very effective, many of those customers and prospects usually considered themselves victims, rather than beneficiaries, of direct marketing campaigns. Not surprisingly, some even took the time to ask to be taken off the list, which of course means that many more wanted off as well. Today they are no longer willing to be passive targets of such campaigns. Increasingly, they're taking control, choosing which companies they will engage with and defining the terms of the interaction. As a result, the old ways of dealing with customers no longer work. Customers want to communicate with a company only when they want to and only through the channels they choose. They also expect nearly unrestricted access to all sorts of information.

Today many land mobile dealers are content with how things have always been. Many are not aware of Interactive Marketing and how well it works and therefore are easy targets for the market savvy dealer. One who recognizes the many ways that Interactive Marketing Technology can be applied to make customer service in this industry, better, faster, cheaper, and more reliable. For every land mobile dealer that has deployed this marketing technology as a weapon, another has taken it right through the heart. Nextel is much more than the "market savvy dealer", they are more like a great white shark.

In 2001 Nextel hired an Interactive Marketing Agency to formally establish their online channel as a viable medium for acquiring new customers.

There goals were:

- To drive qualified leads to an online store and/or telesales vehicle
- Generate maximum number of leads at just \$35 each
- Make use of proven site categories and creative formats (versus untested formats)
- Place multiple creative messages in the market at one time
- Optimize often

Their results were very impressive.

Nextel's cost per lead dropped from \$38 down to \$5. The amount of leads received each quarter leapt from an average of 35,000 to an average of 140,000. Total leads increased from 269,234 in 2001 to 415,422 in 2002. The campaign drove over 35,000 new prospect opt-ins to their prospect e-mail house list. It generated the highest rate of leads per dollar versus all other Nextel Corporate Marketing, beating everything from print and TV ads to in store promotions. In fact, According to Jupiter Research, they converted nearly three times as many website visitors to secure transactional pages then did the two largest U.S. wireless carriers, Verizon Wireless and Cingular Wireless (62% vs. 23% and 12% respectively). The 4,000 new customers it drove to the Nextel's e-commerce site yielded \$400,000 in unit sales and \$3,408,000 in new yearly subscription revenue.

How many of those 4000 new customers were candidates for trunking? Not just candidates but firms that would be actually better served both financially and functionally by trunking, than by using Nextel. I saw this time and time again while I was actually in the field managing the sales and marketing for a land mobile dealer. Hotels using Nextel for their on site staff, construction companies that had no need for phone service for the vast majority of their staff, delivery service companies with communication only between the driver and the dispatcher. It's all about marketing. How many of those 4000 new customers have even heard of trunking? Probably not very many and those that have don't understand it let alone know its advantages are.

Nextel is winning the Online Marketing War for new business and they have been doing it now for 2 years. Land mobile dealers need to take action to reverse this trend as soon as they can.

Alan Shark presented some statistics on customer acquisition at AMTEX from his upcoming report "The State of the SMR Industry 2003". The SMR owners that were polled showed that 64% of customer acquisitions come from the sales force,

20% from print ads, and the rest from referrals (Nextel definitely did not participate in this questionnaire or the results would be quite different). Since the sales force is clearly responsible for the vast majority of customer acquisitions it is vital for dealers to provide them with marketing tools that will enable them to have the time they need to maximize their efforts.

Changing the Role of the Land Mobile Dealer Sales Team

Michael Dell characterizes the direct business today as "different combinations of face-to-face, ear-to-ear, keyboard-to-keyboard. Each has its place. The Internet doesn't replace people. It makes them more efficient." As land mobile dealers begin to move routine interactions to the Web and enable their customers and prospects to do some things for themselves, it will free up sales reps to become true consultants instead of just sales people by providing them the time for human touch or face-to-face where it really matters – new business and large system sales.

The days of just selling black boxes are long gone. A large system used to be a Base and 10. Now a large system sale is an entire Trunked System or a Wireless Network Solution and vital to a dealership's bottom line. More time is required to sell the advanced systems that are available today. Do the dealer's sales reps have the time to do it all?

When a promotion or new product is announced, how long does it take for a dealer to contact all of their customers about it? Days, Weeks, or Possibly a Month or More?

If dealers had an email address for all their customers, it would have only taken minutes. And just as fast, all those customers can: request more information, request a demo, email them back, forward the email to a colleague, and with a click of a mouse they can also get referrals from their customers.

It's all about customer retention and maximizing the opportunities within a dealer's existing customer base. It is not sending unsolicited email promotions to a rented list of email addresses. Email Marketing combines direct marketing, newsletters, surveys, and commerce, "all-in-one" and 100% inline with the new federal CAN Spam legislation. From a marketing standpoint email marketing compared to direct mail or other print media is faster, response is immediate, costs less, it's less complicated to produce, and can be measured easily for both results and ROI. In addition, direct mail programs typically generate an average response rate of 1% to 2% and the majority of responses to a third class bulk mailing are within 4 to 5 weeks after mailing. According to Jupiter Communications, Opt-In email campaigns produce an average response rate of 4% to 6% and the best have rates routinely above 30% not to mention that 90% of the responses will be received in about 48 hours.

Interactive Marketing provides results that dealers can actually see in black and white. No more guessing games as with print ads. Unlike the traditional forms of offline marketing that dealers have used for years which all focus solely on demographic and geographic segmentation, Interactive Marketing allows dealers to leverage the use of the Web to capture, analyze and track the behavior patterns of their prospects and customers that subscribe to their Email Marketing Programs. Above and beyond the sheer speed of Email Marketing, dealers can see who their hottest prospects are with real time reporting as well as their ROI.

Print advertising is and always will be an essential part of the overall marketing mix for all land mobile dealers. Today as a means of new customer acquisition when measured by cost per sale, print advertising (specifically direct mail) still has the best results. However, if a dealer's goals are customer retention, cross-selling, and up-selling, email out-performs every other media available.

According to a survey by Forrester, by 2004, marketers will spend somewhere in the neighborhood of \$4.8 billion on email and about two-thirds of that spending will be focused on customer retention. That is a staggering statistic in today's economically conservative times. The true benefits of Email Marketing can only be achieved with the support of a fully-interactive and constantly updated website. The website is the primary response mechanism for e-campaigns of any form whether it is acquisition, retention, conversion, or a loyalty program.

It is a well known fact that websites, by their very nature are passive: They have to wait for visitors to come to them and most people only visit only a few sites per week. Email, however, allows land mobile dealers to change this dynamic by reaching out and delivering information. They can reach out to customers and prospects that may have only an occasional interest in their website but would not visit it very often, as well as to contact regular customers to visit and buy again online or offline.

I have researched land mobile dealer websites from all over the world. My primary focus, while researching these sites, was to see exactly how each of them interacts with visitors. Only 3% of the dealer sites provide any options to do so. They are mostly all static sites with no means of interactively engaging prospects or customers. Every day potential customers show up at dealers websites, click around for a few minutes and then they disappear. Getting that customer to come to their site in the first place costs the dealer a lot of money, but if they leave without telling them anything about themselves,

chances are that is the last the dealer has heard of them. They have no way to reach out and invite them back or sell them anything.

There should be key customer interaction points within every website. These are the points where dealers want their visitors to actually do something. On every page of a site there should be some form of interaction. Below is a list of interaction examples that every dealer website should have to engage customers.

- Request a quote or demo.
- Ask permission to send promotional emails.
- Offer downloads of programs or documents.
- Ask a question by email.
- Interact with a customer service agent.
- Click on the confirm purchase button.
- Dial a phone number.

Every year the Land Mobile Industry is becoming even more competitive. As a dealer's clients and prospects hire new college grads into their purchasing departments, using the Web to find the best price and or solution is their primary mode of operation. The dealers that do not recognize this trend and take immediate action will lose a great deal of market share overnight. Just like every other industry the Land Mobile Industry is also going to change due to the Internet, in fact it already has.

Winning strategies never last forever. Sooner or later, every winning strategy stops working. The competition catches up or technology changes. When that happens, one of two things occurs: either the company has enough time and enough guts to try to find a new winning strategy or it fades into extinction. Interactive Marketing, as Nextel has proven, works. In addition, it also provides sales reps with the time they need to focus on new business, while maintaining and growing their existing customer base.

Opt-in Wireless

7017 Dove Drive
Scherville, IN 46375 USA
Tel: 877-478-2440
Fax: 219-756-6228
Web: www.optinwireless.com
Email: timd@optinwireless.com

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