

ComputerWeekly.com

Guide to buying Telemarketing services



**How to choose the right telemarketing
supplier for your business**

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INTRODUCTION

When implemented correctly, telemarketing can fulfil a vital role in the marketing of your business. In a society accustomed to online communication and transactions, telemarketing provides a personal outlet for your marketing strategy. It prompts immediate response, thereby closing sales. It is also an effective solution to an expanding company's inability to keep up with its marketing and services to clients.

When implemented incorrectly, this marketing tool will most likely lose you both customers and money. The mere term may evoke irritation and wariness in many consumers as a result of previous ill-considered and unethical telemarketing experiences. Your choice of telemarketing company is thus crucial, and the following steps and suggestions will help you to select a company that successfully and positively extends your marketing reach.

Is Telemarketing For You?

Unless you are a small business whose requirements are too minor to be considered by a telemarketing firm, it is recommended that you outsource your campaign to professionals who have the infrastructure, experience and latest technology to deal with your campaign efficiently.

There are two main types of telemarketing functions: outbound and inbound. **Outbound telemarketing** refers to calls made to consumers on your behalf, and inbound telemarketing refers to calls made by consumers to your business for assistance or services. This article focuses on outbound telemarketing, but much of the information is also applicable to the inbound category.

Before you start to research companies, establish the desired functions of your campaign – whether it will involve direct selling, surveys, lead generation, information verification or a combination of

these. Will it be a business-to-consumer campaign, or a business-to-business campaign? Assess whether you will need assistance with aspects of the campaign, e.g. the creation of scripts, or whether your company is independently capable of this. Realistically consider the volume of calls that you expect to be handled, as this will be a decisive factor in the pricing of your campaign. Determine also the standards by which you will gauge the campaign's success.

Keep in mind that telemarketing will simply be an extension of your existing marketing campaign, and that it should therefore adhere to your existing marketing campaign's goals and strategies.

BENEFITS OF TELEMARKETING

There are a number of marketing methods that you can employ to generate new business or to create 'leads'. In fact, the ways of generating new business are almost endless. But what is it that distinguishes telemarketing from other popular methods?

Key Performance Indicators

One of the great benefits of telemarketing as a way of developing business leads is that it's incredibly easy to keep track of how effectively your campaign is being managed. Unlike direct mail and email marketing, the results are measurable on a day to day basis. How many calls are made and the relationship of calls to appointments, sales or hot leads is very clear. This has a range of benefits but most importantly it means that problems can be identified very early on. It's not unusual for marketing scripts or material to need fine-tuning from time to time, but with a direct or email campaign, as you only get one shot at the copy, getting it wrong can be disastrous. Because of the human aspect in telemarketing though, you are able to get instant feedback on how the script is working and experiment to find out what works best. This ability to make running repairs means you can increase your campaigns' efficiency and therefore save money.

Keeping Abreast of Market Conditions

This relates to the feedback issue discussed in the previous section but more precisely, people usually see marketing as a one way street. Telemarketing companies, however, are able to gather a great deal of information about your sales prospects. So, rather than blindly sending out material and hoping for a reply, a good telemarketing agency will can help you judge the market conditions. Often the best way of doing this is by questioning prospects who refuse the service, with just a few questions at the end of the script, such as "Which supplier do you use?" or "What deal have you been offered by your existing supplier?" Doing this allows you to better

target and refine your marketing strategy, making you more attractive to future business prospects and helping you to keep on top of market trends.

Psychological Appeal

It's impossible to develop a relationship with junk mail. This is not a particularly contentious statement but it is also not true of telemarketing. Especially in business telemarketing, smart telemarketers develop a rapport with the prospect and this is beneficial in its own right, regardless of whether it turns into an immediate sale or not. Psychologically speaking, people are much more receptive to salesmanship if they have, or at least feel that they have, a relationship with the prospective company. In a great many industries, it's untenable to expect prospects to switch suppliers or make a big purchase immediately, which ultimately means that the point of sale is naturally a little way down the road. A great residual effect of telemarketing then, is that where marketing material (even if it's a great introductory offer) is easily forgotten, a well developed rapport is not. So when the time to reassess suppliers or replace equipment does eventually come, you can pretty much count on the prospect remembering a person rather than a flyer or email.

CHOOSING A TELEMARKETING COMPANY

Once you have a clear outline of your telemarketing requirements, it is time to make first contact with companies. Company listings are available on the web or in regular directories, or you may want to ask others for recommendations. In this initial selection of companies, obviously look out for firms that match the needs that you have outlined for your campaign, and opt for companies that are experienced in the general telemarketing field and familiar with your particular industry.

Phone a number of firms, explaining your requirements and listen to their proposals for your campaign, as well as the types of services (including speciality services) they offer. Take this opportunity to get an initial impression of their expertise and service, and take note of their approach to you and your campaign. You will want to work in partnership with a company that operates as an extension of your marketing strategy, and not as a separate entity. Your customers and prospects should be valued as their own. You will obviously not be able to get a complete picture of their services at this stage, so you will have to trust your gut reaction to some extent.

Use this phase of the process to narrow down your selection to about three or four firms from whom you can subsequently request a written proposal and quotation for your campaign.

Evaluating their services and quotation

From the written proposal and quotation, you will be able to judge whether the firm offers the services that you need, and get a clear idea of the costs involved. Although price should not be the ultimate deciding factor in selecting a telemarketing firm, it must be noted that hiring an offshore firm should be substantially cheaper than hiring a local firm. If you opt for an offshore company, be aware of potential problems of communication with regards to cultural differences and accents, as well as the fact that a segment of your target market may not support your employment of foreign services.

Costing methods differ from company to company. Most will charge a setup cost and an hourly rate for the amount of time that your campaign demands. Some companies charge a relatively low basic rate together with commission, which can promote productivity and sales.

Evaluate the written proposal in combination with a personal on-site assessment of the company in order to make the final selection.

Arranging an on-site meeting

An on-site meeting with a potential telemarketing company is absolutely essential. This will give you the most direct and honest assessment of their professionalism and suitability. Consider especially the following aspects of the firm:

The Telephone Sales Representatives (TSRs)

TSRs are not merely communicators to consumers, but rather are personal representatives of your company and its values. It is therefore vital that you meet with the TSRs in person, and listen to their telephone conversations, in order to gauge their level of training, expertise and general attitude towards their jobs, and consequently your business. You may even enquire as to their work conditions in order to evaluate this aspect. A long tenure generally suggests job commitment, but be advised that the telemarketing industry on the whole has a high turnover of employees.

The leaders/management

Strong leaders will inspire a workforce. Look for qualities of commitment, enthusiasm and openness in their interaction with both you and their staff.

Range of services

The majority of firms will be able to handle the basic telemarketing functions. Find out about extra services on offer that may help to streamline your campaign. Speciality services range from multiple language support to services that allow you to monitor calls unassisted and at any time. Look at sample scripts if you are going to need script development assistance.

Reporting methods

Note the methods employed in the reporting of campaign results, as well as the quality and frequency of reports. Make sure that the presentation of data can be easily configured to your own systems and programs.

Work ethic

The general work ethic of the firm will directly affect your campaign. Make sure that the company follows legal and ethical telemarketing practice (this should be stated in the contract) including confidentiality around your campaign strategy and information obtained through your campaign. A healthy work ethic will also directly influence the TSRs, promoting productivity and genuine enthusiasm. You will be able to ascertain much about the company's work ethic by the way in which you are treated.

Current and former clients

Request references and contact them to find out whether the firm delivered in terms of campaign goals and general service. This is a great way to assess a company as you will get an honest opinion about what they are like to work with in practice.

Set up the campaign

Once you have chosen a telemarketing company, join forces with them in the structuring of your campaign. Although they will have technical and practical expertise in this process, it is important that your marketing manager plays an integral part in the process (particularly in the training of the TSRs), to ensure that your marketing strategy and goals remain the priority. The firm should always be receptive to your suggestions, but also forthcoming with their own.

Before signing, double-check that the contract clearly states legalities around confidentiality and security of data, codes of practice, as well as issues surrounding monitoring, costing, commission, campaign success etc. You should be absolutely sure of what constitutes a successful campaign for your business, and make sure that the contract reflects this. For example, a telesales contract can stipulate that a minimum percentage of all calls should result in an appointment or a closed sale (usually about 15%).

Listen in on calls during the first few days of the campaign so that any problems can be addressed quickly and effectively.

QUESTIONS TO ASK

Ideally, the proposal request should include the following questions:

1. Do you understand the primary objectives of the work required?
2. Could you give me an indication of the sorts of results I should expect following the campaign? How many positive results should I expect per volume of calls?
3. In your experience, what would be the optimum time to hold the telemarketing campaign? Is there a specific time of day, or even month in the year that would be more favourable? Have you done any research on this issue?
4. Telemarketing involves a lot of cold calling. How do you compensate for this and leave the customer with a warm feeling afterwards? How does the Telephone Preference Service (see below) affect my campaign?

The answers given to these questions should identify how pro-active the agency is and the extent to which it is able to customise its service for you. This brings us round to another set of questions to consider, focusing in on the agency itself. Bear in mind that many telemarketing agencies will be offshore, so a lot of your dealings with them will be done remotely. As such, you'll also want the answers to these questions:

1. Tell me a little about the company in general, in light of the fact that your industry is growing quickly and shows no signs of slowing down. What is your length of tenure? Your manager/employee ratio? Your employee and client turnover?

2. How many clients do you have? Will I be counted as a large or small client, and will my size have any impact on any potential telemarketing campaign carried out on my behalf?
3. Do you have the appropriate technology in place to handle my campaign? How regularly is this updated, with new technologies being incorporated as they become available? Do you have IT experts on hand should anything go wrong?
4. How familiar are you with my industry? Do you have employees who specialise in my field and understand the sort of campaign that would be appropriate for it?
5. Do you have adequate training material and facilities required to educate employees about my industry, so that they can answer customer enquiries? How will the training be assessed, and will it be ongoing after the campaign is launched?

Now that you have a better picture of the kind of agency you are dealing with, it is important to establish the practical details of any collaboration, especially since the telemarketing agency could well be located in a different time zone to you.

1. How is your pricing and billing structured? Do you have a selection of models for ongoing pricing? Do you charge an hourly rate or is your pricing based on performance?
2. Will I have a single point of contact for the duration of the telemarketing campaign? Will this be with an account or client services manager who has a specialised knowledge of my industry?
3. Will my point of contact work closely with operational and technical groups to ensure all specifications are accurately documented and all requirements clearly communicated? Will

they be in daily contact with me? How quickly will the questions or requests I make be responded to and implemented?

4. What about the security of the facility? If I pay a visit to the site will any of my company's confidential documentation be easily visible? Will it be possible for any outside parties to monitor the calls without permission?

The questions outlined in this guide concentrate on three major fields: the pedigree and experience of any prospective telemarketing agency, its outlook and management skills and its level of communication with you over the course of a campaign. The answers you receive should enable you to choose the telemarketing agency that best suits your needs.

TELEMARKETING PRICING

How much you should expect to pay for your telemarketing campaign will depend on a variety of factors. There are also different pricing structures available.

Man hours required

Most telemarketing companies will charge an hourly rate. Generally this is about £15-£30 per hour, billed according to the actual amount of time spent on calls. Some firms may stipulate a minimum project size (e.g. 1,000 man hours), but obviously as the number of hours in the contract increases, the cost per hour decreases.

Number of leads you want followed up

The alternative to hourly or daily rates is to pay per contact. A rough guide is about £20-£25 per lead contacted.

Whether the firm offers commission to its staff

If the company you are using operates a commission-based pay structure, you can expect to pay more per hour. The positive side of this is that the operators have more incentive to make appointments and close those sales.

Whether you have the contact data

Many telemarketing companies will provide the data of prospects, but obviously if you have your own database you can significantly cut your costs.

Skills of the telephone operators.

Often you will be able to choose between various levels of operator skill and experience. It sounds simplistic, but you really do get what you pay for. By the same token, outsourcing your campaign overseas may save you money but may prove less successful than a campaign run by experienced, native-speaking professionals.

Admin/setup fees

Telemarketing companies will also charge you a one off admin fee to set up the campaign, usually around £250.

Obviously there are too many variables to give an accurate estimate of the cost of your telemarketing project, but most SMEs find themselves spending around £2,000 in total for a one off campaign, or £300-£400 per month on an ongoing basis.

THE TELEPHONE PREFERENCE SERVICE

The Telephone Preference Service (TPS) is a system allowing individuals and companies to opt out of receiving unsolicited telesales and telemarketing calls. Since 1999, it has been a legal requirement that companies do not make such calls to numbers registered on the TPS.

The key thing to note is that the service covers unsolicited calls only. If an organisation or individual has an existing relationship with a company, that company may still telephone them for sales, marketing and other purposes.

Telemarketing companies should be familiar with the TPS, the relevant legislation and how it affects your campaign. This is particularly important since consumers may place complaints about your company, or at best be left with a bad impression.

TELEMARKETING MYTHS

Telemarketing has been around for longer than most would think. It originally began to establish itself in the late 50s as telephone call charges began to drop. Since then telemarketing has been a consistent performer, and as such is a very popular lead generation format. This popularity, ironically, has been the motivation behind a lot of telemarketing's critics. Some have suggested that the telemarketing industry is saturated and that increased consumer awareness is responsible for diminishing returns on investment in the sector. Neither of these assertions, however, really stands up to scrutiny.

Let's firstly take the claim that the market's saturated. Economically speaking, a market's saturated when supply meets or exceeds demand. If we accept that this is the case, then it would no longer be sensible to set up a telemarketing company, as there would not be enough demand for your services to turn a profit. Perhaps that's true, but even if it were, it would tell us nothing about the effectiveness of existing telemarketing services. It's easy to fall foul of the market saturation argument; however, it is just another incarnation of Yogi Berra's apocryphal quote; "Nobody goes there no more, it's too crowded!" As a footnote to this point, if the proponents of the saturation argument are really suggesting that it's not the telemarketing industry that's saturated, but the population itself (i.e. people just can't take any more marketing calls), then the argument is again erroneous. Quite simply, if you're conducting a business-to-business telemarketing campaign for an industrial food processor, you won't be calling newsagents. Likewise, you wouldn't call restaurants if you were marketing a new magazine. It's just ridiculous to assume that all telemarketing companies are calling the same people. So in reality, you can pretty much guarantee that telemarketers are targeting different businesses or, in the case of business-to-consumer telemarketing, different demographics.

Secondly, let's take the argument of increased consumer awareness. This argument is palatable because it flatters us; we are all consumers as well as business people and it's natural to feel that we're just too savvy to be wooed by wily telemarketers. Well, that's not what the figures say. Fortunately for telemarketers, we're just as easy to sell to as we've always been, and there are a number of reasons why. We may actually be much more versed in dealing with telemarketing companies, but they are also more experienced at dealing with us. With more sophisticated profiling software the industry has become more efficient and telemarketing agencies are able to target more effectively those who will benefit from a given product or service. Also, telemarketing was originally seen as an in-house operation, but due to market competition and the comparative advantage of specialist telemarketing services, the industry is now mostly outsourced. This development of telemarketing specialists has done much to keep costs down and increase efficiency. What this means is that the popularity of telemarketing has actually benefitted us by making the industry more efficient, quite the reverse of the market saturation argument!