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Dialing for dollars still makes sense

Although under fire, telemarketing thrives because it's effective

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Telemarketer Andrea Brunetto talks with a potential customer about the benefits of the stamp machine she is selling. Her employer is Interactive Teleservices, a Columbus-based company.

Wearing a headset and pacing nervously, Douglas Breeding looks like a football coach.

In reality, he's a supervisor for Interactive Teleservices, which operates a call center in Marietta, where rows and rows of cubicles house more than 100 telemarketers.

The atmosphere is lively, with streamers hanging from the ceiling and scoreboards on the wall.

Breeding constantly works to rally the 13 salespeople in his group. Competition among groups is a prime motivator, as points are earned for each sale made. Score enough points, and your group could be the one eating free pizza at the end of the day.

"I get so into this, I can't sit still," Breeding said during his lunch break that day.

"We've got a contest going and my team is 16 points behind the leader," he said. "I can't wait to get back at it."

Welcome to the world of telemarketing - or what you will find on the other end of the line when someone calls your home with a credit-card offer or a chance to renew a magazine.

"This is what it's like, 9 a.m. to midnight, 10 to 6 on Saturdays," said call center manager Jay West, surveying the sales floor.

To hear most people talk, the Columbus-based company's callers are wasting their breath. People complain about telemarketers, buy devices or services that block the calls and insist they never, ever buy anything from them.

"I have been besieged by telemarketers, but have never bought anything from them because their calling makes me so angry," said Edie Hallam of Worthington.

Regulators and politicians have heard the complaints and are practically tripping over themselves to regulate and restrict telemarketers. Millions have signed up for the Federal Trade Commission's new do-not-call list.

The Ohio General Assembly is considering creation of its own list, something 35 states have already done.

But talk to anyone in the industry, and they provide a simple reason for why they're in the telemarketing business: It works.

Making money

Interactive Teleservices makes between 3,000 and 4,000 sales every day.

"If nobody ever bought anything off telemarketers, we wouldn't exist," said Andrew C. Jacobs, the company's president and chief executive.

Telemarketing generated \$662 billion in sales in 2001, the most recent figures available. According to the American Teleservices Association, an industry trade group, the average American household buys from telemarketers three times a year.

"I think that, over time, people forget about the times that they actually responded," said Michael King, group vice president and creative director for Grizzard Performance Group, an Atlanta-based direct marketer.

Telemarketing makes money even though only a very small percentage of calls actually results in a sale.

Of the 24 billion telemarketing calls placed every year, between 180 million and 200 million result in sales, King said. Still, every \$1 spent on telemarketing generates \$3.50 in sales.

"Companies do it because the numbers make it work," King said. "You can make money when only 2 (percent) to 3 percent of the market segment buys the product or service."

Low costs and efficiency are only part of the reason companies use telemarketing. Companies also like it because it's more interactive than other forms of marketing, such as direct mail.

"It's closer to an in-person sales call," said Ruth Stevens, a New York-based marketing consultant. "You can be more persuasive. You can adjust the sales pitch. I can say, 'If you don't like our widgets, let me tell you about our gadgets.' "

Marketing experts say there's not a particular type of person who is more likely to buy from telemarketers. Success depends on the product, the price, the call list used and how the message is delivered by the caller, experts say.

Some say it's most effective to call people who already are customers of the company for which the pitch is being made.

"If you're already a customer of, say, Bank of America and they call to pitch a product, you're much more likely to say 'How much is it?' or 'Tell me about it,' " said Lee Rattigan, executive vice president at TCIM Services, a Wilmington, Del., based company that makes telemarketing calls for Fortune 500 companies.

Companies trying to acquire new customers buy lists of people to call.

One source is "compiled" lists, gathered simply from public sources such as phone books and government records of home sales. People with unlisted numbers or who have signed up for do-not-call protection don't appear on these lists.

Another source is "response" lists. People on these rosters have taken some action in the past - such as attending a seminar on home buying or subscribing to a magazine. Response lists are considered more effective. A marketer might pay \$100 for every 1,000 names to get one, compared with \$50 per thousand for a compiled list.

"Attendance at a seminar on home-equity loans is a pretty good indicator that you're interested in a home-equity loan," King said.

Making sales

Most companies hire companies that specialize in telemarketing rather than making the calls themselves. These firms have trained professionals and can do it more efficiently, Stevens said.

Employees on telemarketing's front lines have their own ideas about how to make sale on the phone.

Breeding said how the caller sounds over the phone is the most important thing.

"I have to come across like I know the product and like I enjoy what I do," said Breeding, 38, a former construction worker. "Your smile shows through in your voice. You're not going to be selling anything if you're looking at that computer screen with a frown."

Jacque McHenry, a trainer at the center, said the telemarketer has to paint a picture for the listener.

"I can sell you a steak or I can sell you a deluxe, thick, juicy, Grade A porterhouse steak - now which one do you want to buy?" she said. "I can't hold that bottle of water up on the phone, but I can tell you that it's icy cold, pure and refreshing water."

New hires get a few days of classroom training before they're put to work on the phones. West, the center's manager, said 90 percent of the training is about sales skills and the products they'll be selling.

Motivation is a daily focus.

Streamers, stars and American flags hang from the ceiling at the center. Tic-tac-toe boards, bingo sheets and "power words" adorn the walls.

Employees making the calls are paid \$7 an hour plus commission, and supervisors get bonuses based on production by the agents who work under them.

Learning how to deal with rejection is part of the job.

McHenry recalls wanting to quit on her first day. On one of her calls, the woman who answered the phone told her that the man she asked for had died. The woman started to cry.

"I went to my supervisor and said 'I can't do this. I can't do something that makes people cry,' " McHenry said.

The supervisor talked her out of it. After all, she was just doing her job.

"You're going to upset people," McHenry said. "You've got to understand that this is going to happen. That's how you get through your day. Most people don't get up every morning saying 'I'm going to make someone mad today.' Well, we don't do that here, either."

West has employees keep a "why picture" at their work station. The photo of a spouse, a child, a grandchild or a significant other is supposed to remind them of why they work for a living.

"If someone rants at you," he said, "you look at that picture and it doesn't hurt so much."