

Forget the number, just remember the name

The Australian Financial Review
21 November 2006
By Mark Fenton-Jones

What's in a name? Plenty if you are a smaller operator seeking ways to get potential customers to remember who you are and where to find you, writes Mark Fenton-Jones.

In Queensland, Southport car financier Paul Byres attributes the clever use of a phone number to increasing his business fourfold in less than a year.

Last December, Byres, the group marketing manager at Motor Finance Wizard, which offers low-cost finance to used-car purchasers through its network of dealerships in Brisbane, Sydney and Melbourne, signed a lease with Telstra PhoneWord for the telephone number 1300CarLoan (1300 227 562). The number was the central piece in an advertising campaign to boost awareness of its car financing service.

"Prior to adopting 1300CarLoan, most of our sales came from people walking into one of the three dealerships we had open at the time," Byres says. He pays about \$4000 a month for the service.

A strong selling point for a phone word service is that it makes it easier for potential customers to remember the brand name. Since December, call numbers increased from 445 a month to a peak of 10,000 in July, settling at about 7500 a month since October. The use of the 1300 phone word has dramatically changed the enquiry mix, and three-quarters now come via the phone number.

The rate of conversion to sales, Byres says, increased threefold in Brisbane and fourfold in Sydney.

MFW's reach has extended beyond the distance that people are prepared to drive to local sale yards.

"We have had customers fly down to Brisbane from places like Mount Isa in order to purchase a car through us," Byres says.

The additional demand led MFW on a path of rapid national expansion. Since the launch of the campaign, the company has opened another three outlets including its first in Melbourne, plus additional ones in Brisbane and Sydney.

Next April MFW plans to float on the Australian Stock Exchange to fund further expansion.

MFW's success is hardly surprising when marketing surveys regularly show that ads with phone names generate nearly three times more calls than ads with phone numbers.

In 2004, Jack Singleton's Phone Name Marketing Australia company tested phone names against phone numbers in TV and radio in two Australian markets.

Singleton says the ads with phone names generated nearly three times more calls (290 per cent) than the ads with phone numbers. The same result was shown in a more recent radio test conducted between October 30 and November 12 for Gerry Harvey's five-star resort at Byron Bay, which has the phone name 1300TheByron.

The phone name received over three times more calls than the phone number.

Singleton says Phone Name Marketing and Telstra PhoneWord have about 80 per cent of this market and provide each other with access to their numbers.

After names were auctioned in 2005, outfits such as Phone Name Marketing act as a licensing agent leasing 1300 and 1800 phone numbers for use as phone names to companies seeking an increased direct response to their advertising and other marketing initiatives.

Kingsleys Steak & Crabhouse has leased its phone name 1300Kingsleys from Phone Name Marketing on a negotiable success-fee basis for about two years.

"People have found it's easy to remember especially when out in the evening and thinking where they are going to go for dinner," marketing manager Alice Gruzman says.

Gruzman says reservation calls have risen 56 per cent during the past two years, and attributes the chain's expansion to its telephone success.

Telstra launched PhoneWords in 2004 but has marketed it aggressively in the past few months as it rolls out a string of products aimed at small businesses.

A typical one-year leasing contract costs about \$800 a month; three-year terms are available for almost half that.

The managing director of the entrepreneur division within the new Telstra Business division, Elizabeth Aris, says that the development of products and services by telcos for small-to-medium-sized enterprises is intensifying.

Established in July, Telstra Business has set up eight retail business outlets and eight call centres staffed with 400 sales people trained to meet the needs of SMEs.

The division underscored its tilt at SMEs with the release of a survey into the technology usage habits and attitudes of 10,000 small businesses, including how they use technology to develop their businesses.

Aris says the findings show small businesses are making greater use of technology to advertise their business and handle their mobile workforce.

According to Telstra's findings, more than 70 per cent of small businesses believe that advertising is critical to their business.

A lesser number, 57 per cent, agree that spending on advertising is critical to their success, although 41 per cent believe they do not use advertising effectively.

Among Telstra's new offerings are Advertising in a Box, which will be launched next month.

It offers online advertising and inclusion in Sensis search engines with a website for a smaller businesses to drive online customers to their websites.

Already available is Xora technology, a fleet tracking and resourcing technology that costs up to \$40 per user per month, while SMS marketing from desktop computers is scheduled for the market in March 2007.

In the mobile-phone world, telcos are also exploiting their inherent flexibility by targeting the SME sector with products that allow them to work outside the office.

In February, Vodafone made a big play for SMEs by appointing more than 200 business consultants to focus exclusively on small office/home office and SMEs.

Vodafone launched Business Caps with Mobile Office on July 17. It delivers functionality to mobiles that is similar to services accessed through office PABX systems.

Founder of Virtual Village, Dorjee Sun, agrees that mobile technology definitely improves productivity and creativity.

"If you have ever worked on a start-up, what you need is just constant stimulation and constant motivation," Sun says.

"To try to do that in a fixed environment I find is next to impossible."

Sun employs five people in Sydney and Melbourne to develop virtual villages where participants congregate and collectively build content.

"What it [mobile technology] allows us to do is when we are feeling like we are hitting the wall, we just pick up our lap tops and data cards, walk into the middle of a shopping centre, plonk down and start working."

Sun used to have an office but saw little point in fighting traffic to get to a fixed point if employees were still motivated wherever they decided to work.

"This allows people to still come together and work together but not necessarily need to book an office," he says.

Meanwhile, leasing financier Flexirent Capital believes that the recent rate rises have not discouraged SMEs from purchasing equipment. When it comes to cost, its research found only a quarter of SME owners believe the price of the product is more important than having the latest technology.