



Volume 1

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Welcome to the first edition of [RP Direct Tips Newsletter](#). Today I am going to talk about two different ways of thinking about Marketing Contribution. The first has to do with the classical definition of Direct Response marketing contribution and the second has more to do with how an owner should view marketing.

Marketing Contribution for any form of advertising can be calculated as long as you have some method of measuring your response results. In direct marketing, the Internet has made it more difficult to accurately measure results for any campaign or list, however you still need to follow the old rules to get any kind of read on your efforts. The calculation to determine incremental marketing contribution, which is used to determine the break-even point on prospect mailings, is as follows:

Gross Revenues

Less: Returns & Allowances (if you can track back to the campaign)

Less: Cost of Goods Sold

Less: Variable Order Processing costs

Less: Campaign costs

**Result = Marketing Contribution dollars towards overhead expenses**

How do you arrive at campaign costs? Well, for a catalog or direct marketing piece cost – take your total expenses for print, paper, inkjet, binding, postage and distribution, merge/purge and finally lists cost and you have your total. There you have it; this same formula can be applied to measuring not only the campaign but also more specifically prospect lists & pay per click campaigns.

Now my second point, many business owners view marketing as an expense rather than a profit maker. In direct response, the beauty is that marketing is measurable and therefore you can calculate the return on your investment. In these difficult economic times, there is no better investment than to outsource some or all of your marketing work yet maintains control on the important strategic decisions. Business owners I work with have found outsourcing to be far less costly than in-house employees plus they are getting many years of experience and advice at a fraction of the cost for full time help.

Access to the best vendors and being able to tap into a wealth of knowledge of what works and what doesn't work, is well worth investigating. If you want a FREE fair evaluation of how [RP Direct](#) can help you, give me a call or click on the email link below.

*"A man who stops advertising to save money is like a man who stops a clock to save time" Henry Ford 1930's Great Depression*

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