



Volume 6

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Subject: How to get More for Less

Welcome to RP Direct Tips 6th e-newsletter. Wouldn't it be great if we received an order to every mail piece we sent out or every time a visitor went to our website? Well we all know that getting 100% response rate is not the real world. So, what we all strive for is improving our return on our marketing investment.

Nearly every database and contact strategy I study has waste built into it. Mailing too often or to the wrong audience is commonplace. Investing in non-productive online keywords is also common. The challenge of how much to invest depends on what you can spend to acquire a customer, how fast you want to grow and the lifetime values of the buyers acquired.

Our previous newsletters covered customer segmentation, database practices and measurement disciplines which are all critical to maximizing your Marketing ROI. Now, we will discuss what is required to be efficient with your Marketing Spend.

- Data Analysis – It all starts with analyzing your customer and order data. A strong CRM database is essential to compete today. Information vital to this effort include:
- Data maintained on a customer level. If possible, I suggest at least 3 years worth of order and sales dollar data.
- Purchase Channel information – How are your customers ordering? What is your acquisition cost for each channel? What advertising channel drove the initial sale? What is the Lifetime spend for each channel after you calculate your acquisition cost?

Once you have this data, you will have a pretty good feel for your marketing returns. Now you can begin to allocate how much to invest in customer retention and customer acquisition in each marketing channel.

“*Target Marketing*”, March 2010 issue has an article covering where marketing dollars are being spent. For what it is worth, here are their findings based on 396 respondents or 2.3% of the magazines subscribers.

“The continuing need to do more with less and looking at which media provide the strongest ROI for acquisition across all respondents found that for Acquisition -- e-mail claims the top spot (24%), followed by direct mail (20%) and telemarketing third with (11%). For Customer Retention, it's even more in favor of E-mail (43%) when it comes to generating the strongest ROI, with direct mail trailing at second (25%) and telemarketing (11%). The percentages somewhat differ when you break out B2B vs. B2C.”

I agree with the customer retention part because email is cheap and it doesn't take much to generate a high ROI. I don't agree with the customer acquisition part, because most B2B acquisition campaigns I have tried just don't work with email. I would love to hear opinions on that subject from any of my readers.

Having said that, it is clear marketers are shifting their budgets from offline channels to digital media such as e-mail, mobile, SEO, SEM and social media. Most of the Marketing press these days is hyping social media and search engine marketing which have become an essential part of a marketers toolbox, but let's not get carried away and lose sight of works and continues to work. I am a firm believer in multi channel marketing, if you want to maximize your business. Each channel has a place and you need to keep testing and measuring, compare your marketing spend and allocate accordingly.

If you would like a FREE phone and email evaluation of how RP Direct can help your customer acquisition or customer retention efforts, give us a call or me at rudyp@rpdirectmarketing.com.

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PS. Please feel free to pass on this newsletter to anyone you feel would benefit from RP Direct Marketing Tips.

"Direct Marketing is an interactive system of marketing which uses one or more advertising media to effect a measurable response and/or transaction at any location."

DMA definition published in Bob Stone's Successful Direct Marketing Methods. Bob Stone is a DMA Hall of Famer that I had the pleasure of working along side with for a few years while at Baldwin Cooke.

