



THERE'S MORE TO MARKETING ROI (RETURN ON INVESTMENT) THAN MEETS THE EYE

All too often people look at marketing ROI in terms of response rate: in other words, "I sent out 10,000 pieces of direct mail and only got 39 responses which is terrible." This is wrong think.

When it comes to marketing ROI, you have to realize that the term means Return On Investment and the return is measured in dollars (or your local currency). Let's say you spend \$2,000 to get out a bulk mailing of 5,000 pieces and you get 10 calls as a result. Doesn't look like much. But of these 10 calls you close 6 and get immediate sales of \$12,000. *That's marketing ROI!* And that's not even taking into account the future sales to those 6 new customers. It could add up to hundreds of thousands of dollars.

The same simple mathematics apply to any other marketing efforts: radio ads, press releases or articles in magazines, print ads, yellow pages, web site, etc.

Obviously you need to keep track of response from each marketing campaign you do so that you can weed out unsuccessful campaigns and strengthen successful ones.

Case in point:

Jeff Lee, CFO of a very successful consulting company, Measurable Solutions, has adopted a successful small business marketing strategy based on direct mail marketing. Key elements are mailing out a newspaper and full color postcards. The design is done in house and the printing and mailing is done by a specialized postcard printing company. In his own words...

"We get our best response from mailing out a newspaper and back it up with postcards. Depends on the postcards. Some postcards have pulled better than others.

"The professionalism of the postcards is something that is effective: it gets attention, it keeps the image that we want to keep, it creates the reach, it creates the response and keeps our leads in a very high range.

"We probably average around 7,500 post cards per week. Out of 7,500 post cards we'll get in an average of 15-20 leads. Of the 15-20 leads at least a third of them come to our introductory seminar. So say 5 or 7 people show up and they pay \$1,700 a piece. Off of that we close a further \$30-40,000 for services.

"The money we have put into the postcards is like a drop in a bucket compared to what we get back. We know that the more promotion we send out, the more return we're going to get. It always works."

That is excellent marketing ROI. Measurable Solutions spend about \$2,275 for 7,500 full color post cards. That includes printing, postage, mailing (including the mailing list). From that they get between \$8,500 and \$11,900 in immediate response for an introductory seminar and an additional \$30-40,000 follow-up sales. Spend \$2,275, earn \$40-50,000. You don't need to have majored in advanced math and rocket science to work that one out: that is what is meant by marketing ROI!

Results of direct mail marketing vary from business to business but the principle holds and always works: if you send out enough promotion, you will make sales and maximize your marketing ROI. Don't worry about response rate if your marketing ROI is high.

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