

Stop the Insanity - Fine Tune Customer Acquisition Programs with a Simple Self-Audit

Don't make the mistake of committing marketing dollars to acquisition and then loading responses into a database without any plan to use them.

In a slow economy, existing customers are spending less and companies are relying more on customer acquisition programs to increase sales. Whether the delivery mechanisms are postal mail, email, pay per click (PPC), organic search or events, customer acquisition programs that bring in a high volume of new customers at the right cost are a top priority. However, most companies are not getting the desired results. Usually, it's because there's a significant disconnect between the objective and the actual programs in place. Unless acquisition programs are finely tuned and accompanied by strong metrics, many end up as expensive experiments with results far below expectations.

Given all the effort spent developing and executing customer acquisition programs, poor performance is enough to drive any marketer crazy. How do you stay sane and pull the pieces of the puzzle together with challenges like these? An audit of your company's current customer acquisition programs can simplify your life by providing a unified road map to improve results. The following is a step-by-step guide for how to proceed.

STEP 1 – PLAN THE AUDIT

Choose an experienced person to ask the questions and review results. Your auditor should be a senior executive such as a director of marketing or senior marketing manager. Your auditor should meet with anyone who “touches” your customer such as your Web development team, telemarketing, customer service staff and sales people of all levels. In addition, your auditor should meet with marketing staff from VPs down to program manager level – anyone who conducts outbound communication on behalf of your company. Interviews should be conducted in person or on the phone and the auditor should plan to conduct anywhere from 10-30 interviews depending on the size of your organization. Don't use an email questionnaire to gather information. The most interesting information comes from the dialogue in live conversation. While this may seem like a large commitment of time, the results will be well worth it. The following steps (and the sample questionnaire at the end of this document) outline the recommended areas of questioning.

STEP 2 – DEFINE YOUR TARGET SEGMENT AND WHAT IT COSTS TO GET THEM

First, define your perfect customer -- without this information, your company is not ready to acquire new customers at all. Gather

detailed information about a perfect customer, focusing on details that are easily quantifiable such as age, gender, income, geographic location, industry, size of business, etc. Good sources for this information are your Web analytics, PPC data, CRM system data, landing page data and market research. Validate this data in conversations with those who have the most contact with your customers. Once you define your perfect customer, the definition will serve as the brief for many efforts: media buys, creative development, event participation, landing page form fields, etc.

At this time, it is also important to calculate the cost your company can reasonably spend to acquire a customer. Determine what you are spending now and relate this cost to the resulting customer revenue you can expect. If you have an accurate number, it's ideal. If you don't, use a round figure for annual revenue from a single customer. Even better, a lifetime value per customer will give you a metric to determine what you can spend to generate leads.

STEP 3 - CREATIVE REVIEW

Now that you know your target customer and what you can spend, review your company's voice in speaking to potential customers. Review current creative executions for customer acquisition. Review your marketing plan or calendar and anything that is

being distributed outward, including advertising, emails, newsletters, Website copy, postal mail, event information, brochures, collateral and calling scripts. Make sure it is all in the right tone and execution for the defined target segments and that you are buying the right media to reach them at the right time in their decision making process. Put yourself in the shoes of your perfect customer – is this what you'd want to see? Is the offer meaningful to you? Would you open or read it? Would you respond? Is it clear and understandable?

For example, if your company markets sporting goods over the Web, review your site from the point of view of a particular customer segment. Could a snowboarder easily find relevant products on your Website? Are the emails he receives segmented by product interest or does he have to wade through paragraphs of copy about products that don't interest him? Do your company's emails speak to him as if there is a relationship – special offers on parkas, snowboards and gloves in November? Or is he receiving generic offers of whatever your company is promoting right now?

STEP 4 – REVIEW ANALYTICS, ACQUISITION SOURCES AND RESULTS

Now that you've completed a review of the creative, take a microscope to your analytics. Review every customer acquisition source to see if it is bringing in your target segment. Review responses from marketing, events, the Web, search, outbound telemarketing, etc. Make sure you are getting the right respondents and identify upgrades that will motivate more of the prospects you need.

Also review how much you are spending per acquisition to ensure you are spending a reasonable amount. Identify which programs bring in the most return and which you can eliminate. If you don't have this information, even through a manual tally, stop any acquisition programs until you do – any programs without tracking could be cost-inefficient. Implement tracking before you continue, so you have the tools to rate and prioritize your marketing spending.

It's also a good time to review secondary analytics, such as spam complaints and email deliverability. If some email campaigns seem like they should be performing and aren't, try to identify ways to refine them to bring in better results. Maybe your emails are not being delivered or are getting caught in spam filters. Look for tools to help identify spam complaints, reduce them and increase deliverability to give these email programs a fighting chance to perform.

Lastly, examine any relationship or "refer a friend" programs you are using. Make sure they are performing well. And if your company isn't taking advantage of this high potential source of new customers, consider testing some programs.

STEP 5 – REVIEW THE POST-CUSTOMER RESPONSE PROCESS

Your company may be getting qualified responses at an appropriate cost, but you should make sure you have a well-defined follow-up process. Don't make the mistake of committing marketing dollars to acquisition and then loading responses into a database without any plan to use them. Make sure you understand your company's follow-up plan. Is it a phone call? An email? A postal response or catalog? A multi-tiered approach? If your response path includes a salesperson follow-up, make sure the responses are distributed and the sales team acts quickly on any responses received. This is also a good time to review the schedules of any conditional emails to test how well your automated process works.

The best test is to respond to one of your campaigns yourself and see what actually happens. You can also sit with a telesales or sales representative as they follow up leads. You learn a lot that way.

If your company is not following up appropriately, think about tools and solutions that would allow you to segment respondents by source and set up a customized response path. An ideal path has a customized process designed for each target segment. If someone buys something, your company should have a process to sell them something again -- or up-sell or cross-sell.

Today, many outreach programs are designed to generate leads or acquire new names. They don't always generate a completed sale or a live conversation. That doesn't mean the respondent is not valuable. Make sure your company has defined the path for these "future customers" including the type and number of follow-up contacts. Set up this path before any outreach is executed. Your plan should first identify buyers, then eliminate unqualified respondents from future follow up, and finally include a plan for those who have expressed an interest but have not yet purchased. This last group will likely be your largest category and will include hot prospects. Consider setting up an automated path for follow-up outreach based on actual customer behavior.

For example, if a customer responds to an offer for a free dog training booklet via PPC, an appropriate follow-up would be an email offer for dog food, leashes or other dog supplies. If the information gathered from the customer included breed of dog, subsequent emails could be automated to offer "Best Food for Labrador Retrievers" or even seasonal emails offering large sized

dog coats or water toys. And any landing pages should be personalized to reflect this customer's particular interest. The company could even market to a segment of non-buyers and automate a "drip" email campaign promoting Labrador-appropriate pet supplies with increasingly rich offers until responses come in.

STEP 6 – CHECK COMMUNICATION BETWEEN DEPARTMENTS

Check how well your Web and marketing teams work together on customer acquisition. Make sure your teams are not working in a vacuum and they regularly share information before campaigns are executed and results after they are done. Check how often they meet – if they are together in person or on the phone frequently, it's a good sign. If they only communicate via email, or worse, not at all, you have a coordination opportunity.

See what kind of information they share – before a campaign deploys, both teams should review the offer and the creative. Once results are in, they should be sharing both analytics and anecdotal feedback. Ideally, your team is working on an easy-to-use technology platform – one that prominently displays a marketing calendar and that coordinates email campaigns, events, Web updates and specials for best results. If your company keeps the calendar and results in a spreadsheet maintained manually, it becomes more difficult to share results and to refine programs for maximum return on investment.

STEP 7 – AUDIT EVALUATION AND NEXT STEPS

Once your audit is complete, you will have a clear list of things to fix. Sometimes, fixes are easy. Other times, entire programs need an overhaul. The final step in an audit is to present findings to the Web team, marketing and senior management and highlight any recommendations for refining programs in the future.

This is a good opportunity to present any solutions that could make your customer acquisition programs more efficient. You may find you need a new agency to develop creative, new communications platforms or new tools to gauge email deliverability and the potential for spam reporting. Or the findings may indicate you need solutions that enable segmented landing pages to support PPC or segment and automate responses in drip campaigns. Ideally, these tools will be integrated to simplify efforts and make future analysis more meaningful. Whatever the solution, additional attention to improving customer acquisition programs will definitely mean increased ROI for your company.

CUSTOMER ACQUISITION AUDIT QUESTIONS

Customer "Touch" Team – these are questions to ask anyone who touches your customer on a regular basis such as the Web, Customer Service or Sales teams:

- Do you get enough new customers from our efforts? Do you get enough good quality traffic? Too much? What is a reasonable volume?
- Who is the best customer for the product? How do you know this?
- How well do our offers and creative speak to our customer? What could be refined?
- Are you briefed about campaigns before they go live? How does this happen? Is the information useful and timely?
- What is the process once a potential customer responds to one of your campaigns? Does it vary depending on their response? Is it automated?
- How is a customer entered into our database? Is the data clean? Do you capture enough information to be useful? Anything you can stop asking for?
- How do you track a campaign? What metrics do you track? What metrics don't you track that you would like to see? Are the metrics accessible and integrated into one system?
- Ask for copies of sample metrics reports to get a visual understanding of the output that is possible today and how it correlates with the need. If appropriate, also log onto the analytics technology platform and determine if it is easy to use and if it provides the information needed.
- Who reviews metrics reports? What feedback do you get? How is the information shared with other departments?
- Is there any seasonality to purchases from our customers? Is this supported on a calendar used for executional planning?
- What do you think we do best in terms of acquiring customers?
- If you could change anything, what would it be?

CUSTOMER ACQUISITION AUDIT QUESTIONS CONTINUED

Campaign Implementation Team Questions – these are questions to ask your marketing staff:

- For a typical campaign, how do you plan it and get it approved? Can I see a sample plan?
- How do you set objectives? Are they clear and defined before campaign execution begins?
- Who is the best customer for the product? How do you know this?
- What can you spend to acquire a customer? How do you know this?
- How do you develop creative – in house, out of house, agency?
- How do you develop offers – do you test? Which offers pull the best?
- How do you execute – do you use a tool for serving email or developing landing pages?
- How do you check for deliverability and spam filter blocking?
- What is the status of the database? Do you have enough names? Are they clean?
- How do you track a campaign? What metrics do you track? What metrics don't you track that you would like to see? Are the metrics accessible and integrated into one system?
- Ask for copies of sample metrics reports to get a visual understanding of the output that is possible today and how it correlates with the need. If appropriate, also log onto the analytics technology platform and determine if it is easy to use and if it provides the information needed.
- Who reviews metrics reports? What feedback do you get? How is the information shared with other departments?
- What is the path once someone responds? Does it vary depending on their response? Is it automated?
- Do you increase the richness of offers if prospects don't respond?
- What is the path if someone buys? What if they don't? Do you have a process to eliminate unqualified respondents from your programs? How do you define unqualified?

- What media do you use most often? Are there media that aren't used because you don't have the capability? Is there a wish list of things that you need to make this happen?
- How are programs calendared to make sure you don't overlap or miss opportunities? How is this information shared with other departments?
- What vendors and resources do you use? What do you still need?
- What do you think we do best in terms of acquiring customers?
- If you could change anything, what would it be?

ABOUT LYRIS

Lyris, Inc. is the online marketing expert delivering the right mix of software technology and industry knowledge to help its customers simplify their marketing efforts and optimize campaign ROI. Through the delivery of the industry's first on-demand integrated marketing suite, Lyris HQ, and knowledge-sharing community, www.lyrishq.com, to secure and reliable on-premise solutions, including Lyris ListManager, Lyris provides customers the right tools to optimize the management, collaboration and execution of their online and mobile marketing initiatives. These sophisticated, yet easy-to-use tools provide marketers a suite of best-of-breed applications for managing email marketing campaigns, publishing and managing Web site content, creating landing pages, optimizing Web sites and search engine marketing. Lyris' solutions are available as software or as hosted applications and are used by agencies and more than 5,000 customers worldwide, from Fortune 500 corporations to fast growing startups.

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