



Is it time to cleanse
your mailing lists?

What's in a Name?

Chuck Romans

Creating the right universe of customers and prospect names—those with the greatest potential to respond—requires detailed research and data analysis. Each of these universes has its own unique values and challenges. Customer names represent the present and pay the bills, and prospect names represent growth and the future of the business.

The customer is always #1, but customers are not always the same.

Customers drive the majority of the opens, click throughs, direct responses, and orders for your campaigns. They know your brand, products, and service, so they are the easiest to sell. Typically customer names outperform prospect names by a factor of 3x to 5x and sometimes even better.

All customers are important to your business, but they are not all equal. Some segments outperform and are extremely profitable; other segments underperform to such a degree that they are unprofitable and are a drag on the customer return on investment.

Ranking Customers

There are a number of ways to rank the value of customer names such as recency of purchase, frequency of purchase, amount purchased, and the lifetime value. Some marketers use a combination of these metrics such as RFM (recency, frequency and monetary) to score customer name value.

However the single most important factor in determining response is recency. Your direct mail promotions or email messages are much more likely to get through to recent customers who have purchased in the past few months or the past school year.

For email campaigns, those who opened or clicked through your previous messages are by far the hottest prospects you can target with another email, catalog, or telephone

call. However, strike while the contact is hot—the longer you wait to reach this group of names, the lower the response rate.

In the education market, some products may be purchased only once a year. Even if that is the case, it does not mean you should wait a year to promote your products after a purchase. Recent buyers should be included in all marketing efforts. After all, you want them to be thinking of you during the next purchase cycle.

To Include or Not to Include

Not all customer names offer the same potential or opportunity. In fact, some segments of the customer file are absolutely unprofitable should not be included in marketing efforts. The question is when should customer names be excluded? Is it after 24 months, 36 months, or 48 months of inactivity?

Customer names should be excluded when the segment becomes unprofitable. In many markets this metric is fairly easy to determine and apply; that's not the case in education. Names in the customer files of education marketers often are not direct users or buyers. They can be names of influencers or those who make purchasing recommendations but do not show up on purchase orders.

One way to remove unprofitable segments is to flag the names of people who are no longer at the institution. Once an educator leaves the school or district, brochures and catalogs will be forwarded for a short time, but their email becomes undeliverable so you need to rely on reaching their replacement through a prospecting campaign. Finding those potential buyers as quickly as possible will help ensure your products stay in that school or district.

Chuck Romans is leader of product development for Market Data Retrieval. This article is excerpted with permission from the April 22, 2011 *EdNet News Alert*. Copyright 2011.