

PEAK PERFORMANCE: Putting science back into marketing

Ever feel like marketing is less science and more art? You are not alone. Big marketers have the budget to approach marketing as a science by testing different marketing tactics and messages; analyzing the returns on these marketing investments; and segmenting their house lists to achieve greater levels of efficiency. Smaller companies tend to rely on gut instinct, in part because with a limited marketing budget every dollar you spend on analysis is a dollar you can't spend on brand awareness or sales initiatives. Call this the quantity over quality phenomenon.

Quantity over quality becomes even more pervasive with electronic marketing because there is no increase in direct costs for sending an email to 1,000 versus 100 households. Though there may be no direct cost to blasting 900 additional households, it has very real indirect costs. Those households that got an off-target email are now less-likely to view your company favorably or respond to subsequent efforts.

So what is a company with a limited marketing and technology budget to do? Tools that can help you track, test and segment are now within reach thanks to technologies available through PEAK 15.

Tracking— Without tracking, you are shooting in the dark. With a good system you will be able to compare how many inquiries and, more importantly, what sales are attributed to each marketing initiative. The sample report below illustrates the type of reports generated by PEAK 15. In this hypothetical situation, a \$1000 January investment in Google AdWords generated 66 new inquiries

Source Name	Investment	Inquiries	Sales	ROI*
	1/1/2006 1/31/2006	1/1/2006 1/31/2006	1/1/2006 6/30/2006	
Google	1,000	66	5,625	6
New York Times - ad	10,000	6	0	0

which over 6 months converted into \$5,625 in sales. Compared to a \$10,000 investment in a NY Times Sophisticated Traveler ad campaign, it is abundantly clear which marketing investment yields a superior return.

Testing— Experts agree that there is no substitute for testing. Take a representative sample of your list, split it in two or more segments; send out different versions of your pitch to the sample groups. Track the campaign when it hits and zoom in on the initiative that generates the higher response rate for your main mailing.

Segmenting— What works for one group doesn't work for everyone. PEAK 15 automatically segments prospects and clients based on how recently and frequently they have inquired or booked. Clearly someone who inquired once over 4 years ago is a different type of prospect than someone who inquired twice in the last year. What is truly revealing is to look at how different segments responded to previous marketing efforts so you can better target subsequent efforts. For example, the hypothetical report below shows that clients who had only traveled with you once ("Single Buyer") and last traveled with you three years ago ("Recency 3") had the highest response rate to last year's catalogue mail-

Type	Segment	Recency	% Conversion	Sales	ROI
Client	Single Buyer	1	0.0%	0	0
	Single Buyer	2	20.6%	208,632	195
	Single Buyer	3	60.9%	2,234,946.1	647.8
	Single Buyer	4+	0.3%	155,651.7	3.8

ing. Based on this information, you would want to make darn sure that you "touch" this segment again. In contrast, you might not send a catalogue to those households who traveled with your company last year since that segment's response rate was so low. Instead you might send them an email that highlights regions other than where they traveled and prompts them to request a catalogue.

These are just a few of the powerful, yet affordable tools available from PEAK 15 that can help you put more science into your marketing efforts. Don't get trapped in the quantity over quality game. Small investments in tracking, testing, segmenting and analysis will make every dollar you do spend on marketing that much more effective.

Contact us today to learn more about these tools and how they can be put into practice at your company.

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