WORKSHEET: Secrets of Accurately Measuring the Full Impact of Direct Marketing

This worksheet was created to support the Secrets of Accurately Measuring the Full Impact of Direct Marketing workshop. The probing questions should help you follow along with the workshop and apply what you've learned to current or future campaigns. For additional support, contact Deluxe Marketing Solutions to learn how we can support you with a full-service marketing solution that encompasses data, analytics, technology, execution, and of course, measurement.

Section 1: Control Group Methodology in Direct Mail

Control groups offer a clean baseline so you can see the impact of a campaign on a stimulated group of consumers or businesses. By leveraging control groups, you can measure almost any metric you can track. As we walk through our process of using control groups, these questions will help you explore your campaigns and measurement tactics you are currently using.

1. Are you using direct marketing in your omni-channel marketing efforts today? If no, what is keeping you from adding to your campaigns? If yes, how effective have you been with measuring the success of your efforts?

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2. Do you use control groups to assist in measuring campaign success? Do you find them to be effective in measuring your campaign success? Do you use the same control group for all campaigns or does each campaign get a unique group? Why?

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3. Have you run multiple, simultaneous campaigns before? If so, how have you structured your control groups? Jot notes about how you might do this differently based on what you learned in the webinar today.

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Section 2: Measuring the Profitability of Direct Mail

Understanding how to effectively measure the profitability of of direct mail can be challenging. You cannot only count if the consumer or business opens the product you contacted them about. Look for the effect of the stimulus across all products.

Here are some probing questions to ask yourself as we talk through this process and look at what we do at Deluxe and First Manhatten Consulting Group with many of our clients.

1. Do you measure profit on a marginal or fully loaded basis? Why?

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2. Do you calculate the lifetime value of all products acquired?

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Lifetime Value (LTV) is calculated using a standard present value formula

$$LTV = \frac{(C \times M)}{i} \times \left[1 - \frac{1}{(1+i)^n}\right]$$

Calculating ROMI based on Lifetime Value

$$ROMI = \frac{V - Z}{Z}$$

C = Utilized / funded account balance from client account opening files

M = client net income margins

i = Discount rate (10%)

n = Account lifespan

V = Lifetime value

Z = Costs

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