

How To Use a Direct Mail Postcard To Build Your Seminar Marketing Data Base

by

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Many seminar/conference providers are building their internal data bases by using a combination of Google ad words, space ads, banner ads, exhibits, referrals, and clearinghouse links to drive visitor traffic to their web sites. With today's emphasis on the Internet, providers may overlook a simple direct mail postcard as an alternative for data base building.

How can seminar/conference marketers use postcard promotions to build their promotional data bases? Typically, marketers mail the postcard to a list of rented names and then capture the inquiries into the promotional data base. The added names are then included in future solicitations.

How cost effective is postcard customer-acquisition strategy? Below are some potential results from a postcard mailing with direct mail follow-up.

In this case, postcards were mailed to 20,000 rented names and promoted a product line containing fifty seminars/conferences. Other information such as in-house training, consulting, and the process to order seminar workbooks was also listed on the postcard.

As indicated by Line 1 in Table 1 (page 4), 20,000 postcards were mailed at a cost of \$300 per thousand for a total cost of \$6,000. The postcard produced 1,000 telephone and on-line inquiries with half of the respondents already on the mailing list. Existing customers were on the list rented and mailed since a pre-mailing merge/purge was not allowed by the list owner. As indicated by Line 2 in the table, 500 new names were added to the data base.

A follow-up thank you direct mail letter plus a brochure was sent to all 1,000 respondents (The 500 existing names were thanked for their continuing interest in the product line.) As indicated by Line 3, this fulfillment cost was \$500. In addition, it is assumed that the 500 new names received fifty different direct mail seminar and conference brochures during the year. (In practice, many providers would substitute email promotions for many of the direct mail promotions. By assuming all direct mail in this analysis, the most costly scenario is shown.) As shown in Line 6, the average conference price was \$500. The average response rate for the new names was two attendees per 1,000 brochures per promotion.

As shown in Line 7, an additional 25,000 promotional packages were mailed as a result of soliciting the 500 new names fifty times. With a response rate of two per thousand, fifty additional attendees participated during the year. Multiplying the fifty additional attendees times \$500 yields \$25,000 in added gross revenue as shown in Line 9.

The promotional cost per thousand to send the solicitation packages was \$400. Multiplying the promotional cost per thousand, times 25,000 yields incremental promotional costs of \$10,000 (Line 11).

The variable costs per attendee (lunches, breaks, training materials, and socials) were \$100 per person. With fifty additional attendees, variable costs or direct attendee expenses for the fifty programs offered increased by \$5,000 during the year (Line 13).

On Line 14 in the table, all costs associated with acquiring and soliciting the 500 new names are summed to \$21,500. Subtracting the incremental cost of \$21,500 from the incremental revenue of \$25,000 gives a net gain of \$3,500 during the first year (Line 15).

Some of the 500 new names added during the first year will drop out of the data base during year two. Change of addresses, job changes, and retirement are some of the reasons. Still, additional profit will result from having the additional names in the data base.

Suppose, for example, that twenty percent or 100 of the new names decay in the second year, leaving 400 prospects for solicitation fifty times. Mailing 20,000 additional invitations at \$400 per thousand would result in \$8,000 of added promotional costs. At a response rate of two per thousand, forty additional attendees or \$20,000 (40 x \$500) in added revenue would result.

The added variable cost for forty attendees would be \$4,000. Combining the added promotional and variable costs would result in a \$12,000 additional cost in year two. Subtracting the added cost of \$12,000 from the added revenue of \$20,000 gives a net gain of \$8,000 in year two.

In year three, another twenty percent of the names might be lost. If so, 320 additional prospects/customers would be in the data base. The same analysis made above could again be applied to calculate the net gain in year three.

Perhaps by the fourth or fifth year, well over half of the new prospects/customers will have dropped out of the data base. Keeping the price and cost variables as shown, the total net gain from the postcard mailing will depend upon the list-decay rate. A number of factors affect the decay rate. Some of the more important ones include: (a) the mobility of the prospects, (b) job title, (c) job function, (d) industries represented by the prospects, (e) number of job promotions, and (f) the type of list-cleaning strategy used to drop prospects.

In addition to increasing seminar/conference profits, the new prospects might also contribute in other ways. Some of the new prospects will purchase public seminars/conferences for on-site presentations. Others may purchase conference proceedings. Another segment may purchase exhibit space or become sponsors at upcoming meetings. All of these added gains need to be included in the total profitability analysis.

Lastly, customers and prospects acquired through the postcard solicitation strategy can be rented. Typically, data base customers and prospects produce from one to three dollars per name per year in rental income. Adding an additional \$500 to \$1,500 per year in list-rental income makes the postcard an even more profitable tool.

Using the same kind of analysis given above, providers can evaluate the feasibility of using a postcard and direct mail for on-going customer/prospect development. Each provider can plug his/her own variables into the analysis and calculate the postcard profitability. Providers that have any questions about the analysis or its application should call me at 864.710.2815.

TABLE 1: Economics of a Postcard Mailing To Build a Seminar/Conference Marketing Data Base

1. 20,000 @ \$300/1,000 = \$6,000
2. One-Half or 500 New Names Added
3. Letter + Brochure to 1,000 Respondents = \$500
4. Promotion of 50 Conferences/Year
5. Average Response Rate/1,000 = 2
6. Average Conference Price = \$500
7. 50 Conferences x 500 Names = 25,000 Pieces
8. Added Attendance: 25,000 x 2/1,000 = 50
9. Total Added Revenue First Year: 50 x \$500 = \$25,000
10. Promotional Cost/Thousand = \$400/1,000
11. Added Promotional Cost: 25,000 x \$400/1,000 = \$10,000
12. Variable Cost/Attendee = \$100
13. Added Variable Cost: 50 Attendees x 100 = \$5,000
14. Total Added Cost First Year: (#1, #3, #11, #13) = \$21,500
15. Net Gain: First Year (#9 - #14) = \$3,500

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