

# DMNNews

The Authority for Direct Marketers

## Adapting your acquisition strategy



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Marketers are making dramatic changes in acquisition strategy as rising costs threaten the most effective means of acquiring new buyers – direct mail.

Many struggle with paying for unmailed names due to high duplication. Marketers are therefore moving from traditional list rental towards prospect databases to optimize selects and reduce cost.

Prospect databases help marketers reach qualified prospects faster and at less cost. The result is a more profitable campaign with a higher customer acquisition rate and more robust buyer file.

Traditionally, marketers rent names using RFM selections or model scores from disparate lists sent to their list processing vendor for de-duplication and hygiene. Final counts are determined post-merge.

With a prospect database, marketers store larger volumes of names from trusted sources in a mini-marketing database. Off-cycle hotline files are uploaded as needed.

This centralized method of storing, scoring and selecting net names from a de-duplicated database significantly

reduces costs. A representative business mailer with annual circulation of 25,000,000 can save more than \$400,000 by eliminating unmailed names otherwise paid for under traditional net name arrangements.

Prospect databases give marketers greater control over the campaign process, from quick counts on strategic selection criteria or model score, to generating test cells and final output. It serves as a promotional history database to identify optimal contact times by offer and the point of diminishing payback. In addition, it streamlines list owner royalty reporting.

Prospect databases save time by reducing file transfers and processing. For each week gained in the mail, response rates have been noted to increase by 1%. These gains can easily cover the cost of maintaining the database. For a mailer with circulation of 25,000,000 names, a 2% response and \$100 average order, a one week recency gain generates \$500,000 of incremental revenue.

Another benefit is incorporating predictive modeling. In addition to past promotional variables, marketers append data to score prospects by how closely they look like their best customers – leading to better customer acquisition rates.

With a prospect database, marketers achieve higher returns through optimized targeting at lower costs, resulting in higher return on investment and faster customer growth.

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