

## How to Maintain High Acquisition ROI in a Down Economy

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If you are like most marketers, you probably spent the better part of 2009 scrambling to add new names to your e-mail database in order to hit revenue goals. Consumer spending has been on the decline, causing marketers to open up their purse strings to what would have been considered less desirable acquisition avenues two years ago. Why? We are desperate.

The e-mail marketing channel has proven its ROI throughout the economic downturn. As a result, the executive team is demanding more and you have had to balance generating maximum revenue from current subscribers with adding additional names to your database. In order to continue sales growth at pace prior to the downturn, it is essential to look for new avenues to increase your list size. When revenue is top of mind and spend from your current database of subscribers is flat, there is a need to bring new names to your list. While it is best practice to continue acquisition efforts in order to steadily increase your subscriber base, adding large quantities of names in an attempt to squeeze out a few extra dollars to the top line is not a sustainable practice.

### **Purchased lists don't add up**

Enhancing your list size with large quantities of unqualified leads degrades your overall program metrics. Delivery, open, and click rates will all decrease as a result and your performance from qualified leads may suffer. In the end, purchased lists may force your reputation downward and prohibit you from reaching the inboxes of your quality subscribers. These leads may be a cheaper source of acquisition but their ROI will not come close to mirroring that of an e-mail address acquired organically. So, how does a marketer garner the extra dollar to obtain valuable names during a time when most marketing budgets are either frozen or drastically reduced? Determine the lifetime value of an e-mail address.

### **Uncover the cost of an unsubscribe**

Lifetime value is a fairly simple metric to compute but many companies drop the ball when using it as a tool to monitor e-mail channel performance. Calculating lifetime value will allow you to quantify the cost of an unsubscribe, which can prove to be a very valuable tool to defend your channel from misuse for short term sales gain. Understanding this metric allows you to build a business case around re-investing this cost into smart acquisition tactics, which will over time bring in more revenue. If you know the lifetime value of an e-mail subscriber is \$25, then why not invest



\$20 as a first-time purchase discount? You've done the math and know that once you acquire them as a customer they will spend \$25 with you. Isn't it worth the upfront cost to obtain the right e-mail address versus spending \$20 to acquire 20 e-mail addresses that may or may not perform?

Smart marketers will tell you they continually monitor the lifetime value of an e-mail address; the most sophisticated marketers will tell you they are calculating lifetime value by source. Analyzing lifetime value by source of obtainment allows you to re-invest a percentage of the profit from that source into your acquisition offer. It also allows you to spend your efforts and energy acquiring the names that will make an overall impact to your bottom line and not waste your efforts on sources that do not contribute.