



## Four Metrics to Prove the Value of Mail to C-Suite Executives

Posted by Wes Sparling, August 26, 2015

C-suite executives are notoriously short on time. They tend to ask pointed questions, want data quickly and won't tolerate a lengthy explanation that's short on detail. With that in mind, we wanted to summarize four of the best metrics to express direct mail ROI. Possessing a strong grasp of what these metrics are and having the data at your fingertips will help you answer more confidently the next time your CMO or CEO turns to you in a meeting and asks, "What are we getting for our direct mail efforts?"

### 1. Response Rate

First, and perhaps most obvious, is Response Rate. We find that, for some of our clients who are part of a team solely focused on direct mail, they are charged specifically with getting the phone to ring, driving website visits, [boosting SEO or PPC performance](#), etc. An entirely different team is charged with the conversion of those leads into a sale. That isn't to say that other metrics should be completely ignored, but for some, this metric is still the primary tool for evaluating success.

We recommend looking at Gross Response Rate vs. Unique Response Rate, and diving in to understand response rate by offer, target/segment and direct mail format. For instance, is the majority of your response coming from acquisition targets vs. migration targets? Is one particular offer skewing your overall response up or down? While your CMO might appreciate the high-level nature of this stat, it's critical to understand the details under the surface that are driving this number.

### 2. Cost per Lead (CPL)

Cost per Lead is a great equalizer. Often, you can quickly increase your total response by sending a higher quantity or mailing a more robust, high-end format, but it could be costing you more than it's worth. Or, you could be leaving response on the table by sending a package that isn't compelling enough to get opened. By calculating the CPL, you can clearly see whether an increase in investment paid off and delivered higher response per dollar. We always recommend that our clients test new formats before rolling them out in full campaign so the CPL can be estimated and risk can be minimized. Remember to include all of the relevant costs – not just printing and postage, but also any design and development costs – when calculating this number.

### **3. Cost per Acquisition (CPA)**

While noted earlier that some direct marketing teams aren't specifically held responsible for conversion, it's our recommendation to take the step to understand your cost per acquisition (CPA) even if this is the case. CPA measures those that actually made a purchase rather than just those that responded in comparison to your spend. And as opposed to CPL, which simply factors in the cost of producing the direct mail itself, CPA considers the additional resources spent to convert that lead into a sale. This might include the cost of the discount or incentive offered, as well as call-center overhead, etc. This statistic can then be compared against anticipated Customer Lifetime Value in order to ensure the overall profitability of the direct mail program, profitability of offers and improve efficiencies in how the sale is captured. For instance, we've seen clients alter messaging in their direct mail offer to purposefully drive more traffic to the call center vs. the website or vice-versa based on this statistic.

### **4. Customer Lifetime Value**

As alluded to above, Customer Lifetime Value (CLTV) is a critical statistic to understand as part of determining the profitability and health of your direct mail campaign. Are the responses your campaign brings in from high-value or low-value targets? What is their expected spend over the course of their tenure with you? How long does someone need to remain a customer in order to become profitable to you? Is the average CLTV for direct mail higher or lower than other channels? By assigning potential value-scores to those in your list, you can begin to further refine your direct mail targeting, creative and cadence.