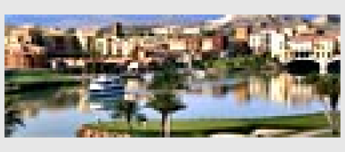

Direct Marketing

Earn Five Bucks More Per Customer in '06

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By Michael Mayor

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The SVP of strategic business development for Aptimus explains how to do it -- without adding resources or sacrificing quality.

The first of the year is a mixed blessing to most online direct marketers. The annual consumer marketing budget (you know, the one that ran out in mid Q4 of last year!) is thankfully replenished, but so are the customer acquisition targets. Each year, it seems not only are the acquisition goals higher, so is the revenue that management is demanding from each customer.

Why? Because it's costing more to get them. As an example, I know plenty of marketers who are paying more and more for their treasured keywords. In the online world it's not just Lowes vs. Home Depot; it's Lowes versus Home Depot and the hundreds of other self-employed people with an online store, a couple distributor relationships and a FedEx number who whip out the Visa card to buy search terms. In other words, hundreds of businesses are competing for one term. Prices aren't going down! In fact ALL online marketing costs are rising (at least the stuff that works).

This means it has never been more important to offset your marketing costs in one way or another -- especially by earning more from that user you paid so dearly to drive to your website. If you could get just one dollar more per new customer, that would be huge! Every dollar you can squeeze from a customer will amplify quite nicely on an excel spreadsheet in a boardroom. Yet, you and I both know it's not that easy.

Well, let me re-phrase that. It may be easy to increase revenue per customer if you aren't concerned about the user experience, repeat traffic or your brand identity, but you are so unfortunately it's much trickier.

I got to thinking about ways to bring in just five more dollars per customer. Five bucks is such a universally good direct marketing number. It's enough to get the CEO's attention -- especially if few (if any) resources are required -- whereas one dollar is not. You're expected to be able to do that in your sleep. On the other hand, 10 dollars will likely get the "yeah right" responses and ultimately put your back against a wall. Like I said; five bucks is a great number.

There are many ways to bring in incremental revenue but I wanted to limit this exercise a bit. I wanted to only employ extremely simple methods that don't upset users and don't distract your entire marketing and tech departments. As a result, I came up with the following set of rules for obtaining five incremental dollars:

- Pay the bills first. Any incremental revenue opportunities should occur after you've achieved your prime objective, which is to acquire new customers.
- No over-marketing or intrusive advertising.
- No boring banners. Just customer-fed, dynamically generated stuff here.
- Baseline revenue estimates. You should achieve at least these amounts from each respective activity, hopefully buckets more.
- Assume minimal user activity to make projections even more baseline.
- No heavy engineering or development work. Strictly plug and play stuff.

So here's how to do it:

Place relevant ads in a transactional process after the submit button (calculated at 15 cents per impression times three -- initial registration and two subsequent downloads, purchases, free newsletters or similar	$0.45
Place relevant ads at log on/out pages before (calculated at $0.05 per impression, two sessions per month)	$2.40
Place a checkbox for standalone third-party offers (calculated at two rentals per month)	$0.75
Weekly newsletter (opt-in)	$0.75
Postal list rentals	$0.65
Total	$5.00

My personal favorite is the first one because, hypothetically, you'll earn at least 15 cents even if the user never buys anything from you. Nothing's better than recouping some of your investment on those who turn out to be dead wood!

The key to all of these items, of course, is A) the relevance of the ads you use in each spot and B) the ability to optimize them. Ideally, relevance should be determined by the user, either through the fields they complete or outright consumer action (opting into specific categories of third-party email offers, for instance).

Optimizing within a grouping of relevant ads is a little trickier but it can be done. You may even wish to outsource most of these activities, which is probably a good idea. Select vendors have the tools and sales force that will garner higher revenues per impression and get you that five bucks even *after* their cut. In fact, you should do better that that. Also don't forget: you have no resources anyway!

So as you implement your new marketing plan to acquire new customers for 2006, make sure your incremental revenue opportunities are lined up. This way when you go into the CEO's office to tell him the keyword "paint" just went up another two dollars, you can tell him "but I'm getting five more bucks per customer"!

Michael Mayor is SVP of strategic business development at Aptimus, Inc. Aptimus provides an online lead generation network that leverages performance-based advertising to generate leads and acquire customers for advertisers and publishers. At the core of the Aptimus Network platform is the company's proprietary technology, Dynamic Revenue Optimization, which automatically determines, on a real-time basis, specific advertiser offers for promotion on each publisher's website and in each email sent. This approach places the right offers in front of the right customers, for the targeted lead generation.

For advertisers, the Aptimus Network offers a platform to present their offers across an audience of website and email distribution channels. For website publishers, the Aptimus Network generates new revenues while promoting offers from known brands in formats that complement the publishers' websites. Aptimus' current clients include many of the top 500 direct marketers.

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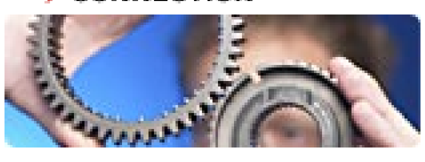
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