

# C | M | O GUIDE to

## Maximizing Customer Marketing Performance & ROI

Deeper Insights.  
Smarter Marketing.  
More Profitable Performance.

prepared by

**Lenskold Group**

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Marketing ROI – the process of measuring and managing marketing’s financial return on investment – is a critical priority for Chief Marketing Officers who are under pressure to deliver profitable growth while defending budgets and demonstrating accountability to the CEO and CFO. Developing greater marketing ROI capabilities and discipline involves embarking on a journey of both challenges and opportunities.

This white paper is part of our Marketing Profitability Management Series, which is intended to provide CMOs and their team of marketing managers to build a deeper understanding of how marketing ROI insights can guide strategic and tactical decisions toward higher performance and profitability.

We are thankful to have Citrix® Online’s GoToWebinar® as the sponsor of this white paper. There are many missed opportunities for marketing to grow current customers that result from not taking the time to know customers and tap into the intelligence with quality analytics, measurements, and ROI analyses. Among other benefits, GoToWebinar® can contribute to customer growth with a cost-effective solution for educational engagement and intelligence on customer needs and interests.

Best Regards,



Jim Lenskold

President of Lenskold Group, Inc. and author of the award-winning book, “Marketing ROI: The Path to Campaign, Customer & Corporate Profitability”

## IN THIS ISSUE

- Why current customer marketing has greater profit potential than acquisition marketing
- How better customer intelligence creates advantages for marketing
- How to improve targeting of high-value, high-conversion segments with analytics
- How trigger analytics guide marketing timing
- What measurement methodologies are needed to assess effectiveness
- Where ROI analyses go wrong for current customer marketing and how it differs from acquisition marketing ROI

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▲ *In order to capture more value from existing customers, CMOs should seek to leverage insights into behavior analytics, implement reliable measurements, and assess ROI potential to guide strategies and deliver higher-performing marketing.*

## EXECUTIVE SUMMARY

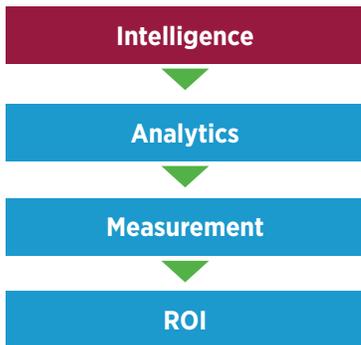
We've all read how marketing to existing customers is less expensive and more profitable than acquiring new ones. It certainly makes sense that existing customers would be the best source of new sales, since they have (hopefully) had a generally positive experience with your company and because your marketing and sales teams have a depth of knowledge about these customers that they can leverage to generate additional business. Why, then, do marketing teams tend to devote the bulk of their attention, and budget, to acquiring new customers?

The reasons are understandable. Acquisition marketing is easier to manage – often through traditional shotgun campaign approaches – and easier to measure, based on the incremental sales lift that results from a specific program. Compare this to the complexities of relationship marketing, which relies on deeper insights into customer potential and more reliable measures of marketing's ability to influence new purchases and customer value growth.

Maximizing the return on investment (ROI) from marketing to existing customers requires more than simply knowing which customers have spent the most money on your products or services. The key to this type of insights-based marketing is knowing which customers are ready to buy again – and when. Why invest heavily in campaigns targeted at customers who are not likely to buy? Marketing to existing customers is an opportunity to leverage customer-specific insight to create higher profit potential that is not viable with acquisition efforts to unknown buyers.

Marketing teams may already know who their “best” customers are, but better intelligence supported with ROI analysis can help prioritize lower-tier segments with the greatest growth potential. Targeted marketing programs aimed at these high-potential customers can have a dramatic impact on sales by increasing the frequency and the breadth of products and services that customers purchase. Without better methods to analyze and act on customer insights and behavior patterns – combined with structured measurements to assess and improve campaign effectiveness – marketing to existing customers is not much different than untargeted acquisition marketing.

Chief Marketing Officers (CMOs) understand the need for smarter marketing based on intelligence, analytics, effectiveness measurements, and ROI analysis. There is opportunity to gather the intelligence needed to segment customers, find the pockets of higher purchase propensity, and consistently engage and nurture customers along all stages of the purchase funnel to create long-term value. In order to capture more value from existing customers, however, CMOs should seek to leverage insights into behavior analytics, implement reliable measurements, and assess ROI potential to guide strategies and deliver higher-performing marketing.



▲ *The more data points you collect, the more precise you can be in your analysis of these customers to predict behaviors, segment by needs, and prioritize customers based on growth potential*

## WHAT DO YOU REALLY KNOW ABOUT YOUR CUSTOMERS?

Existing customers are different than prospects in two primary ways: 1) what you know about them and 2) what they know about you. Most organizations have access to (or have the capacity to learn) detailed amounts of information about their customer base. This information is transactional, behavior-based, and descriptive, and likely includes at least some of the following data points:

- Products or services purchased
- Purchase frequency, time between purchases, time since last purchase
- Descriptive profile information compiled or purchased externally
- Stated and derived needs and interests
- Interactions and patterns of engagement with your brand (via your Website, Webinars, customer service, social media, etc.)
- Supplemental external data (publicly available data appended from data brokers)
- Calculations of projected customer value and potential customer value

The more data points you collect, the more precise you can be in your analysis of these customers to predict behaviors, segment by needs, and prioritize customers based on growth potential. In addition to the profile and purchase data, “trigger” data points are also used in analytics to determine who to target, when, and with what offer. Trigger data points tend to be a single new or changed piece of information that is a strong indicator of a higher purchase opportunity.

Marketing plays a very interactive role in growing the value of the customer base where outbound marketing initiatives motivate inbound responses, customer education, and engagement. These must all be viewed as opportunities to capture intelligence that can guide the next contact. Marketing can collect customer-generated intelligence using registration forms in exchange for valuable content such as Webinars or white papers. And each marketing initiative should leverage the intelligence for more effective and more efficient performance.

Within each marketing initiative, it is important to keep in mind that your existing customers have collected a fair bit of information about your company, as well. After their first purchase of your products or services, customers will have at least one experience (likely several) with that product, service, or your company that will influence their perception and, importantly, their likelihood to purchase again. This brand experience will be more meaningful than the prior brand communications.

In addition, the brand experience will influence, and be influenced by, the marketing interactions that follow. So it is important to view all of your marketing touch points as part of the overall customer experience. Marketing success is driven by how well CMOs and their teams can extend this experience to positively influence additional customer value.

The strategy for managing marketing interactions to maximize ROI can benefit from maintaining a good perspective of the purchase funnel as customers deepen their relationship with your company (see Figure 1).

A great example of a company that is managing relationships through the funnel is Clarity, a Calgary-based provider of Internet-based IT solutions, who conducts regular Webinars with its customers to showcase new solutions, often involving peer presentations by the customers themselves. Building relationships through this channel has increased customer loyalty, improved retention, and created more up-selling and cross-selling opportunities (see *Clarity Case Study*).

**Figure 1:** Current Customer Purchase Funnel

## STRATEGIES & TACTICS

### Acquisition Marketing

#### Initial Purchase

Positive Customer Experience

Acknowledge Value of Purchase

#### Occasional Repeat Purchase

Know Advantages & Prefer Brand

#### Increase Purchase/Ongoing Purchaser

Know Benefits of Other Products/Services

**Initial Purchase of Other Products/Services**  
(start at Initial Purchase cycle again)



## FUNNEL TIPS

Here are a few tips for creating and using the customer funnel in your business:

- Map out the stages of the purchase cycle from the customers' perspective
- Create versions of the funnel for segments with unique purchase patterns
- Seek to understand funnel "leakage," which represents lost profits
- Map current marketing touch points to where they influence the decision cycle
- Align marketing touch points to work together improve sales conversions

## CASE STUDY

### CLARITY MAXIMIZES CUSTOMER VALUE THROUGH WEBINARS

Clarity, a Calgary-based provider of Internet-based business solutions, has developed an impressive customer marketing program that leverages a series of online touch points to increase value growth and retention among its existing customers.

With a global customer base, the company relies heavily on Web-based training and conferencing tools to stay in contact. The goal is to grow customer value by improving loyalty through engagement and interactivity.

Beginning with the first purchase, Clarity offers online training, delivered via Citrix's GoToWebinar online meeting service, to keep customers educated on new products. This educational approach is much more effective than traditional sales pitches because it provides additional value while building credibility.

*“This is done in a low-key manner as part of the ongoing relationship,” says Clarity President Rob Sykes. “It’s not hard selling – it’s relationship building.”*

Clarity maintains the customer engagement through quarterly user group meetings, hosted on Citrix's GoToWebinar solution. To keep the focus on user benefits over product features, the company showcases existing client implementations, often inviting customers to present their own success stories.

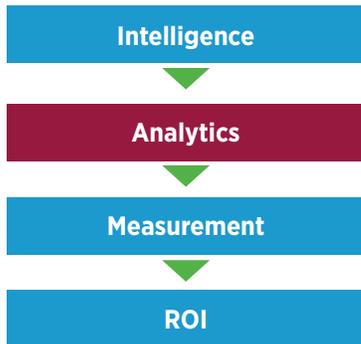
*“Customers understand the pain points and the environment better than a vendor frequently will,” says Sykes. “We want to build a community in which users can exchange knowledge and solutions. Our ability to address issues raised in this environment can also improve the relationship.”*

Online events present a host of opportunities to increase customer value, including:

- Leads for product upgrades from requests for additional information that follow the online events. These highly qualified leads are immediately passed along to sales or account representatives.
- Nurturing of contacts that are not yet ready to buy, using follow-up communications such as white papers or invitations to future Webinars.
- Product and service insights gained from customer feedback and online polls during events.
- Customer-specific intelligence that is being captured for possible future use in targeting marketing and sales contacts.
- Increased retention as event content provides thought leadership and education on best practices and industry insights.

Clarity's marketing investment is primarily the time to create and manage the online meeting content. The cost of the online meeting and Webinar services is relatively low, as is the cost of promotion based on an opt-in email relationship to reach current customers.

They achieve a high ROI from their investment based on the positive results for key metrics such as churn (less than 5%), sales conversion rates, participation rates, program repeat rates (attending multiple programs), lead volumes, change in customer perceptions, and customer referrals from the program. “At the end of the day, your existing customers are a key piece of your selling,” says Sykes. “How well we nurture those customers and keep them satisfied is really important to our success.”



▲ *Some customers may appear to you as low-value customers, but only because you have a small share of their total business.*

## USE INTELLIGENCE AND ANALYTICS TO TARGET MARKETING AND ALIGN BUDGET TO PROFIT POTENTIAL

Marketing success results from reaching the right target audience with many touch points that work collectively to generate new sales. Marketing to current customers can include straightforward promotions of products and services, contacts that acknowledge and build upon the relationship, initiatives that educate customers, and touch points that generate engagement leading up to a purchase.

Analytics that model the profile, purchase, and trigger data provide a deeper level of insight into existing customers, allowing marketers to segment these groups based on their behavior patterns. These segments can be prioritized based on potential values and marketed to based on likely needs.

Customer behavior analysis can help marketing teams understand how customers progress from their initial purchase to become higher-value customers. Behavior-based analytics can also uncover patterns that serve as good estimates of what customers are purchasing from a company's competitors. Some customers may appear to you as low-value customers, but only because you have a small share of their total business. These analytics may consist of basic data mining or involve more precise modeling to compare best customers with lower-value segments in order to prioritize which underperforming segments can be motivated to the next level of increased purchasing.

Advanced customer behavior analysis compares customer profiles and trends to those customers in more valuable segments to predict needs and likely response, which helps prioritize what to promote and when to market to them. Behavior-based analytics can help predict, for example, which customer segments are likely to have increased purchase propensity based on specific trends or triggers.

**Figure 2:** Analytics to Guide Targeting & Timing

PRIMARY ANALYTICS TO GUIDE TARGETING	PRIMARY ANALYTICS TO GUIDE TIMING
Predictive modeling to rank high-potential segments	Customer lifecycle analysis to guide purchase-driven timing
Predictive modeling to rank high-value segments	Prospect lifecycle analysis to guide nurturing-driven timing
Data mining of customer profiles to prioritize best segments	Trigger analytics driven by customer intelligence
Response modeling to rank segments based on tactic-specific effectiveness	Trigger analytics driven by marketing response
Modeling of next best actions	

▲ *Marketing interactions can be designed to proactively build insight into customer interests or nurture the right customers for increased customer value and sales conversion rates.*

The makeup of these programs and the insights-based analysis used to define them depends upon the desired growth strategy (see Figure 3). Driving repeat purchases, for example, might involve using purchase pattern analysis to guide marketing timing, while a cross-selling initiative warrants behavior pattern analyses to identify who's most likely to buy new products or services. Tools such as predictive modeling can help to prioritize customers based on 1) who is most likely to buy 2) what product or service they are most likely to buy next 3) who is most likely to grow to high value, or 4) who is most likely to churn (critical knowledge for retention campaigns).

For trigger-based marketing that relies on a new action or data point to indicate a high purchase propensity, your marketing must be flexible enough to act quickly.

There are three types of trigger data.

1. Change in business conditions
2. New customer actions
3. Marketing-generated interactions

Triggers such as a change in the customer's situation (e.g., layoffs or an acquisition) or a change in economic conditions (e.g., identifying the best customers to target during a recession or a recovery) may be a very effective indicator of a customer need that greatly increases a specific purchase propensity.

Customer actions such as the use of products and services, support requirements, or purchase patterns can serve as triggers to target needs-based marketing. For example, if a telecommunications company identifies customer segments with monthly bill increases of more than 50%, a cross-sell (and possibly downgrade) effort to move them to a different plan may keep them from defecting. Another trigger could be a predefined number of service calls, which could indicate declining satisfaction or a mismatched product that the customer should upgrade.

Marketers use marketing response as a trigger, but often treat this as a lead generation technique where responders are passed over to a sales organization. Marketing interactions can be designed to proactively build insight into customer interests or nurture the right customers for increased customer value and sales conversion rates. Marketing an educational Webinar not only indicates that a customer has interest but also the topic that is important to them. E-mail marketing that generates click-through responses to specific Web pages can trigger marketing follow-up that is relevant to those customers. Differences in educational marketing and promotional marketing are highlighted in Figure 3.

▲ *Analytics identify target segments that should be most likely to grow. But campaign measurements are necessary to know what marketing executions are actually effective at converting those high potential contacts into buyers.*

By identifying triggers that indicate higher purchase propensity, marketers can develop well-timed efforts to capture those opportunities.

**Figure 3:** Educational Marketing vs. Promotional Marketing

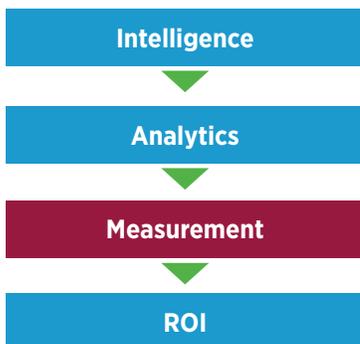
	PROMOTION MARKETING	EDUCATION MARKETING
<b>SALES APPROACH</b>	“Push” marketing that motivates customers to act	“Pull” marketing that attracts customers to benefits
<b>TACTICS</b>	Direct mail, e-mail, advertising, sales calls, trade shows	Webinars, eBooks, white papers, podcasts, videos, demos
<b>KEY MESSAGE</b>	Buy Now	Learn More
<b>RELATIONSHIP POSITIONING</b>	Sales Relationship	Partner Relationship
<b>COMMUNICATORS</b>	Marketing & Sales	Experts & Advocates
<b>INCREMENTAL VALUE DRIVING ROI</b>	Increased sales volume	Increased sales Higher value sales Increased retention
<b>CUSTOMER INTELLIGENCE</b>	Customer buying behaviors	Customer interests & needs
<b>TRIGGERS</b>	Marketing Response	Engagement & stated interests

## STRUCTURE MEASUREMENTS TO ASSESS AND DIAGNOSE EFFECTIVENESS

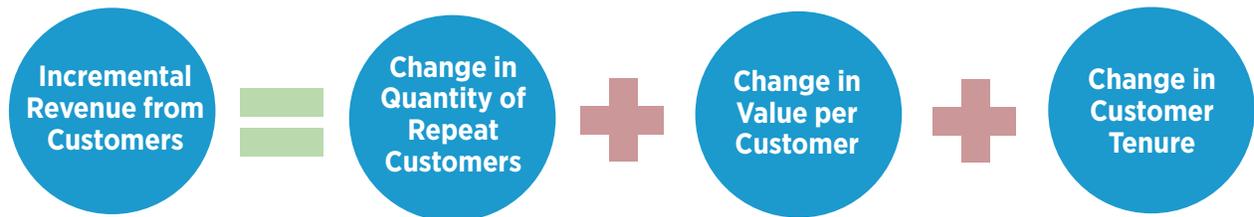
With acquisition marketing, measuring lift and ROI is relatively straightforward: A basic measurement of new customers can be attributed to the last contact generating the sale or lead (while more advanced modeling can more accurately attribute sales in multi-touch point environments). Measuring the ROI of marketing programs targeted at existing customers is more challenging, since a good portion of those that have already made a purchase will purchase again, raising the question of which portion of sales did marketing generate.

Better measurements, therefore, are critical to show the greater profit potential of marketing to existing customers relative to acquisition marketing. With more accurate measures, the effectiveness of each tactic can be compared and funded appropriately.

Analytics identify target segments that *should* be most likely to grow. But campaign measurements are necessary to know what marketing executions are *actually* effective at converting those high potential contacts into buyers. Even though analytics can identify segments most likely to become high-value customers, certain types of promotional executions may attract low-end customers based on the message and offer, and therefore not deliver those high-value customers. Measurements help to close the gaps between potential and actual value.



Measuring incremental lift of existing customers involves two primary metrics: lift in purchase transactions and increase in customer value. The marketing lift is measured based on the incremental revenues or profits from the change in quantity of customers, customer value, and retention.



Marketing can convert occasional buyers into higher-value customers by earning a larger share of those customers – which is then followed by retention marketing. Marketing effectiveness measures are used to determine the number of incremental short-term purchases but also to define the indicators that can project the quantity and future value of new repeat purchasers based on factors such as purchase type, frequency, response data, and other forms of customer intelligence.

**Figure 4:** Marketing & Measurements based on Growth Strategy

GROWTH STRATEGIES	INSIGHTS-BASED MARKETING	PRIMARY MEASUREMENTS
Drive incremental transactions (repeat purchase)	<ul style="list-style-type: none"> <li>Use purchase pattern analysis to guide marketing timing</li> <li>Use segmentation to reach likely buyers and exclude low potential buyers</li> </ul>	<ul style="list-style-type: none"> <li>Incremental lift in sales</li> <li>Segment-level marketing effectiveness</li> <li>ROI of marketing based on short term transaction lift</li> </ul>
Improve retention	<ul style="list-style-type: none"> <li>Use marketing to educate customers on maximizing the value from their purchase</li> <li>Identify triggers indicating increased calls to customer service or drop-off in usage of product or service</li> </ul>	<ul style="list-style-type: none"> <li>Incremental purchase intention</li> <li>Analysis of leakage reasons for non-repeat purchasers (using Voice of the Customer research)</li> <li>Incremental customer value based on growth and retention</li> <li>ROI of marketing to generate long term customers</li> </ul>
Grow customer use of current products & services	<ul style="list-style-type: none"> <li>Use behavior pattern analyses to identify customers most likely to grow purchases of existing and new products</li> <li>Use marketing to generate response and create high potential segments</li> <li>Capture intelligence for segmentation and to screen out low potential targets</li> </ul>	<ul style="list-style-type: none"> <li>Incremental lift in current product and service categories</li> <li>Marketing effectiveness in actual sales conversions relative to analytic indicators of high potential segments</li> <li>ROI of marketing to grow customer value</li> </ul>
Grow customer value with cross-sell of new products & services	<ul style="list-style-type: none"> <li>Use behavior pattern analyses to identify customers most likely to adopt new products &amp; services</li> <li>Use marketing to generate response and create high potential segments</li> <li>Capture intelligence for segmentation and to screen out low potential targets</li> </ul>	<ul style="list-style-type: none"> <li>Incremental lift in new product and service categories</li> <li>Marketing effectiveness in actual sales conversions relative to analytic indicators of high potential segments</li> <li>ROI of marketing to grow customer relationship</li> </ul>
Nurture and grow less active segments	<ul style="list-style-type: none"> <li>Engage customers to build knowledge, maintain interest, and help justify purchases to drive future sales growth</li> <li>Determine segments with low future value to reduce unprofitable nurturing investments</li> </ul>	<ul style="list-style-type: none"> <li>Incremental sales conversions over long-term</li> <li>ROI of long-term marketing investment relative to long-term return in sales conversions and customer value</li> </ul>

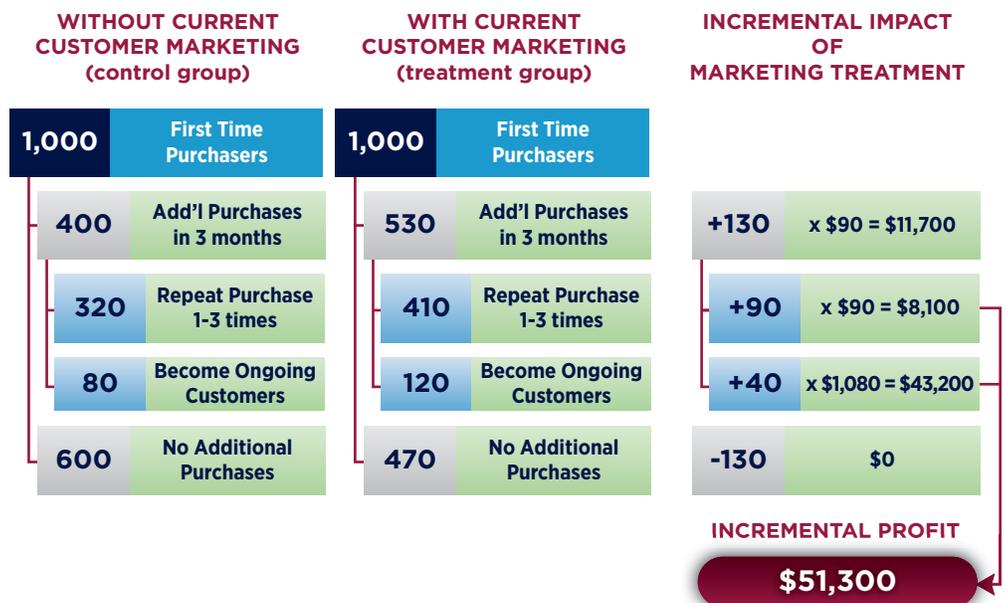
▲ *The goal is not just to increase repeat purchases but also to motivate conversion of repeat buyers to ongoing purchasers.*

The two methodologies that work best for measuring incremental lift are market testing and modeling. Measurements are necessary to determine a baseline of sales that would have occurred in the absence of the specific marketing being measured, which for acquisition marketing is typically assumed to be zero. Market testing with control groups works best to isolate specific marketing initiatives, while modeling is more effective at measuring the simultaneous contribution of many tactics as well as the interaction effects. More aggressive experimentation and testing puts measurements to use for the purpose of innovating and rapidly improving effectiveness.

Consider a marketing program that targets buyers immediately following their first-time purchase to motivate additional purchase transactions. Measuring just repeat purchases would show a lift of 120 purchases as shown in Figure 5. A behavior analysis shows many repeat buyers (80 out of 400) will convert to ongoing buyers with a high 3-year value. Marketing designed to reach and grow more ongoing buyers will have much more contribution. The measurement includes identifying the profile of buyers to estimate the portion of ongoing buyers. Current customer marketing now shows 40 additional ongoing buyers along with 90 repeat purchasers for a total incremental profit of \$51,300. Without the right measurement, the program would appear to deliver just \$11,700. Measurements must align to well planned marketing goals.

Following is an example of results from a market test.

**Figure 5:** Incremental Lift Example



In this example, the conversion to ongoing customers generates over 80% of incremental profit and five times as much profit than the lift in repeat purchases.

▲ Unlike acquisition campaigns, you cannot multiply the number of responses by the purchase value; instead, you have to assess the value of both responders and non-responders.

Accurate measurements with ROI analyses – supported with the practice of on-going testing and experimentation – is critical for developing fresh insights into customer behavior patterns and prioritizing relevant marketing initiatives.

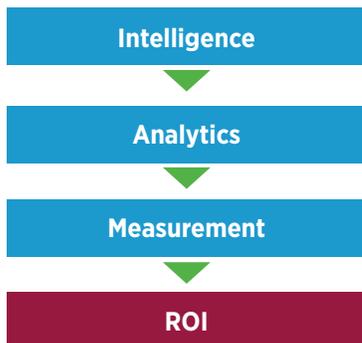
Measurement will help you determine, for example:

- Which tactics are most effective at influencing incremental sales frequency, share of customer, and/or cross-selling into new categories?
- Which segments are most influenced by current marketing tactics?
- Are specific triggers accurate in indicating higher propensity for sales conversions?
- Which educational and nurturing initiatives work collectively over time to generate high purchase lift?
- How marketing and post-purchase service support influences the customer experience and purchase intention?
- Whether nurturing programs can cost-effectively build interest and influence purchasing?
- Which combination of tactics motivates high purchase intention followed by high conversion to sales?
- Where gaps exist and improvements are needed?
- What tested alternatives can grow sales?

## DELIVERING MEASURABLE ROI

Measuring incremental sales response lift is not enough to accurately determine the ROI of current customer campaigns. Unlike acquisition campaigns, you cannot multiply the number of responses by the purchase value; instead, you have to assess the value of both responders and non-responders. This is necessary to eliminate a responder bias and account for concurrent changes to both purchaser quality and value per customer (i.e., campaigns may up-sell or offer discounts that change customer value).

As an example shown in the chart below, a marketing tactic may involve a slight discount to motivate incremental volume. A typical results analysis counts the number of responders – in this case, the number of customers upgrading from the \$45 level – and multiplies it by the average profit per sale to calculate incremental profit.



▲ ROI analyses can guide strategies toward higher profit potential using scenario planning pre-campaign and assessment of results post-campaign.

The row marked “A” in the Figure 6 below shows the incremental profit from upgrades as higher with the current growth marketing initiative. But this promotion changes the value of upgrading customers and reduces the number of non-upgrades who are still generating sales and profits, so the analysis must also include the profit from these non-upgrades. As shown in the row marked “B,” the net revenue is lower with the customer growth marketing because the discount did not generate enough incremental volume. This analysis becomes more complex, and more important, when you add the dimension of retention.

**Figure 6:** Current Customer ROI Example

	NO CUSTOMER GROWTH MARKETING	WITH CUSTOMER GROWTH MARKETING
Base of Current Buyers	1,000	1,000
% Upgrading w/Promo	22%	28%
Number Upgrading	220	280
Average Profit per Upgrade	\$55	\$52
<b>Profit from Upgrades</b>	<b>\$12,100</b>	<b>\$14,560</b>
Base Not Upgrading	780	720
Average Profit per Non-Upgrade Buyer	\$45	\$45
Profit from Non-Upgrades	\$35,100	\$32,400
<b>Total Profit</b>	<b>\$47,200</b>	<b>\$46,960</b>

Incremental lift and customer value calculations should be used as part of a more comprehensive ROI analysis that takes into account the cost of marketing and supports methods such as scenario planning to help marketers create and compare alternative strategies.

ROI analyses can guide strategies toward higher profit potential using scenario planning pre-campaign and assessment of results post-campaign. They will guide targeting efforts so that low-value and low-potential segments do not consume valuable portions of the marketing budget. ROI analyses can also influence the types of offers customers receive, so the incentives for driving increased volume don't exceed the cost of all of the customers who were going to purchase anyway. ROI helps to determine how long-term nurturing programs can pay off, based on future conversion rates and higher-value customers. ROI tools are implemented using financial calculations that quantify the dynamics of your marketing environment to understand the potential or actual impact of marketing on financial outcomes. Finally, ROI analyses of the marketing investment throughout the customer funnel are used to ensure that effective marketing ultimately leads to incremental sales and an increase in long-term customer value.

- ▲ *Accurate ROI analyses are critical to demonstrate the true value of education and engagement marketing to existing customers and show the potential of current customer marketing relative to broad acquisition marketing.*

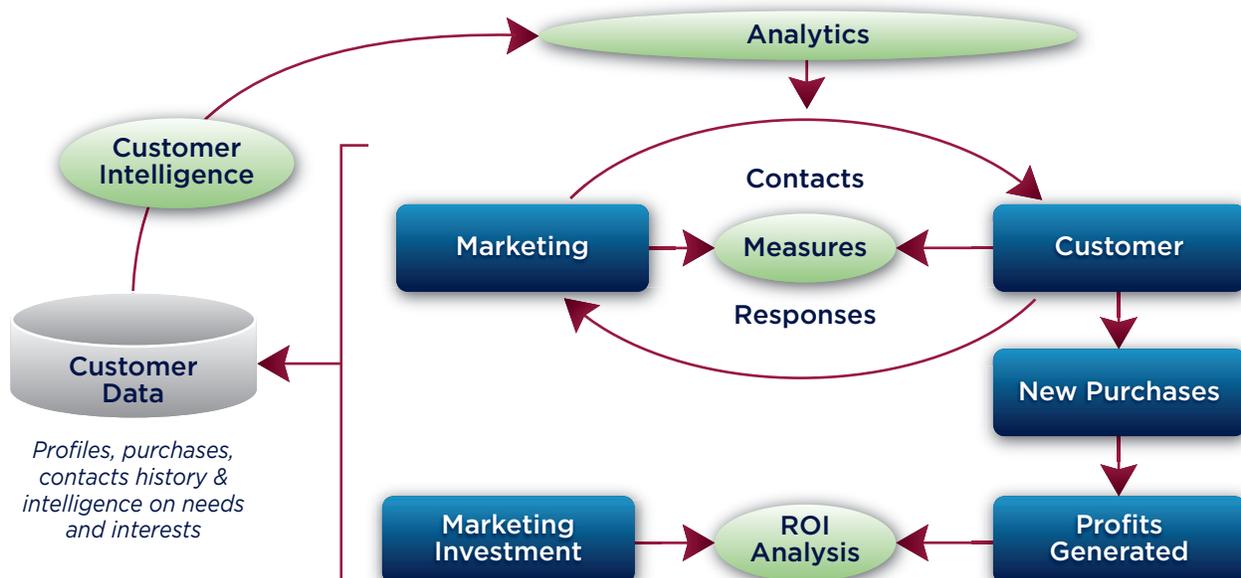
## CONCLUSION

Successful insights-based marketing utilizes a combination of the four key factors presented in this paper: insights, analytics, measurements, and ROI. These elements collectively will help marketers allocate resources more effectively to improve the customer experience, educate and train customers, and expand and strengthen existing relationships across all stages of the funnel.

Effectively targeting marketing to your company's current customer base can drive more sales, increase the average value per customer, and improve retention rates. Moving all of these levers in the right direction requires a more sophisticated level of insights-based analysis, enabled by the richer data that marketers can access from existing customers.

Improving marketing measurements will help marketers understand tactical effectiveness, the true sales lift impact, and the performance gaps necessary to improve. A repeatable program of analysis and experimentation will help marketers to extract more value from existing customers, accelerating growth and increasing the ROI of marketing.

ROI processes, supported with deeper insight from customer analytics and measurements, allow the CMO to show accountability and improve credibility for marketing. Accurate ROI analyses are critical to demonstrate the true value of education and engagement marketing to existing customers and show the potential of current customer marketing relative to broad acquisition marketing.



## QUICK TIPS

### MAXIMIZE CURRENT CUSTOMER MARKETING PERFORMANCE & ROI

#### Add Depth to Your Customer Knowledge

- ✓ Capture intelligence on customer behaviors, interests, and needs beginning with the first purchase
- ✓ Leverage all marketing interactions to capture and build intelligence
- ✓ Use value-added content to motivate customers to disclose interests and needs
- ✓ Guide the capture of intelligence from service and sales contacts
- ✓ Set up customer feedback channels, such as Voice of the Customer surveys

#### Don't Just Watch for Indicators and Triggers – Create Them

- ✓ Use engagement tactics, such as educational programs, as a read of customer interests
- ✓ Request customer information that identifies leads, contacts for nurturing, and contacts to screen from future investments of time and resources
- ✓ Track historical contact and purchase patterns to identify marketing responses and engagement that qualify as “triggers” of higher purchase propensity

#### Leverage Customer Data with Behavior-Driven Customer Analytics

- ✓ Analyze customer purchase and engagement behaviors to align data-driven intelligence marketing strategies
- ✓ Use predictive modeling to guide targeting based on high value and/or high conversion potential
- ✓ Establish trigger-based marketing to leverage insight into timing of purchase needs
- ✓ Use modeling to guide the next best action (which products/services to promote, through which marketing channels, at what timing)

#### Concentrate Marketing Measurements on Key Profit Drivers

- ✓ Ensure measurements account for changes in quantity of customers repeat purchasing, change in customer value, and change in customer tenure (retention)
- ✓ Use marketing effectiveness measures to accurately capture the sales lift above the base of current customer purchasing levels
- ✓ Include diagnostic measurements to guide improvements in addition to an assessment of marketing performance

#### Run ROI Analyses to Manage Decisions Toward Bottom-Line Results

- ✓ Assess the financial value of current customer marketing relative to the investment
- ✓ Ensure sales-driven offer costs accurately account for the costs paid to customers who would have purchased without the offer
- ✓ Evaluate the long-term investment of nurturing programs against the future lift in sales conversions to ensure appropriate spending levels and targeting.
- ✓ Include the net change to both marketing responders and non-responders for an accurate ROI assessment of current customer marketing

## ABOUT THE AUTHOR



Lenskold Group offers one of the most comprehensive and innovative approaches to applying marketing ROI techniques and tools to plan, measure, and optimize marketing strategies toward maximum profitability. Since 1997 the firm has delivered high-quality consulting and marketing services to generate profitable growth for a broad range of Fortune 500 and emerging mid-market clients.

With a world-renowned reputation for championing best practices, Lenskold Group puts advanced ROI measurement techniques, tools, and processes into action, including CFO-quality financial analysis of marketing contribution. Engagements are designed to deliver immediate short-term benefits, organizational adoption, and processes that provide lasting capabilities. Our team brings extensive experience in measuring sales lift, customer acquisition, customer retention, lead generation, and advertising, offering 360-degree customized solutions to improve marketing ROI.

To learn more about Lenskold Group's marketing ROI services, tools, and strategic consulting, e-mail [info@lenskold.com](mailto:info@lenskold.com) or call **+ 1 (732) 223-8886**.

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