

WHAT YOU NEED TO KNOW ABOUT DIRECT MAIL

AUTOMOTIVE LEARNING CENTER

This month, I'm going to provide some guidance to help you measure your direct mail campaign.

Before you can evaluate your campaign, you need to establish your expectations regarding marketing. Are you focused solely on increasing sales or are you hoping to achieve something more strategic? My goal was to reach middle-to-upper income customers located closest to my shops. That demographic was key for me because I knew if I could get them in the door and provide a good experience, they would turn into long-term customers and fuel future growth.

So, when it came time for me to measure my direct mail efforts, I knew I needed to examine more than just coupon redemptions. The customers I was targeting weren't necessarily coupon shoppers. In fact, shortly after I began employing direct mail, my technicians started discovering unused coupons in the cars we serviced. That proved that the coupon was raising awareness of my shops and driving the customers I wanted in for service. The fact that my sales and car count had increased (beyond what my coupon redemptions showed) only provided further support.

There are other factors to consider when evaluating the effectiveness of direct mail. Here are some recommendations based on what I've learned.

- **COMPARE APPLES TO APPLES.** In our industry, every month is different. So instead of measuring sales for one month against the next, compare sales from one month with the same month for the previous year. Judge February 2011 against February 2010, instead of comparing February with March. Employing this method will diminish some of the peaks and valleys that occur that can skew your results. August, for example, can be a busy month for repairs because of an increase in road travel. If you start a direct mail campaign in September and compare that month's results with August, the approach may result in disappointment, because the seasonal spike would make it difficult to beat August's robust numbers.

[Continued on next page]

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- **DON'T GET HUNG UP ON GROWTH.** For some shops, reversing losses is more important than posting double-digit increases. I've worked with shops that were consistently losing money, but were able to stem the tide of red ink by using direct mail. Success will clearly vary depending on your situation and your individual goals.
- **BE REALISTIC.**
I've talked with shop owners who send out 5,000 pieces of mail per month and expected to see a 10 percent return on that investment. However, the math on that equation works out to 500 new cars a month – an outrageous number to expect or try to service. A more modest gain of 8 to 10 new cars every month is not only more manageable, but will make a solid difference in the bottom line over time. And if you play your cards right, you can turn those new customers into regulars, who will visit well into the future.
- **BE PATIENT.**
Direct mail takes time. Give your campaign at least three to six months before conducting any major evaluation. This will allow you to build momentum and consistency. It's also key to maintain your campaign without any interruptions. If you distribute postcards one month and then take a break, you'll essentially be starting from scratch again.
- **REVISIT YOUR MODEL.**
If you don't see any impact from your campaign, it may be wise to re-examine how you're employing direct mail. Is your ad the right one for the market you're trying to reach? Are you mailing to 3,000 prospective customers when the market potential is actually 10,000? Making even minor tweaks can often lead to big improvements.

Finally, don't be afraid to ask questions. If you're unsatisfied with your results ask your vendor about why you may not be succeeding. Any good direct mail company will take the time to address your concerns and work with you to help you achieve your goals.