

# AT THE CORE OF THE ISSUE



ON THE MARK MARKETING

December 2009

## "The SME Rapid Business Builder"

### Customer Lifetime Value



### About Us

On The Mark Marketing is a business dedicated to help yours. We understand every detail about running a business - from sales to staff, culture to communication, performance to profits. Our holistic approach enables us to find solution for almost every business challenge.

Our team of professionals specialises in all key areas of business - marketing strategy, creative communication and business building. Working with you, On The Mark Marketing will find ways to put a sluggish business back on track and devise marketing strategies to make a robust business even more profitable.

At On The Mark, we make marketing work for your business. We create strategies that achieve results, develop communication that delivers and discover new channels to increase your sales.

Our services include:

- Rapid Business Builder - A comprehensive package designed to generate growth

Increasing the productivity of your sales organisation has never been more important. To achieve sales success in today's market, you need new strategies for uncovering hidden demand, identifying the right prospects, and driving every qualified opportunity.

Putting these simple facts into context however I need to remind you that it's five times more expensive to gain a new customer than keep an existing one. So when business confidence is low, it is critical for your business to both retain every customer and maximize their lifetime value.

Companies that increase marketing and customer interaction investments during these times improve profit margins, sales, and market share over competitors who don't.

Less than half of senior marketers surveyed have insight into customer retention rates, lifetime value, and profitability, yet most believe that the full revenue potential of their current customers is unrealised.

There are three major goals for the development of profitable relationships.

1. Make existing profitable customers more profitable. (This is accomplished by one-to-one marketing in cross-selling and up-selling existing customers.)
2. Acquire additional profitable customers. (This is a function of customer profiling and target marketing.)
3. Turn unprofitable customers into profitable ones. (This can be accomplished again by cross-selling and up-selling.)

Reflecting on an Australian bank who spent millions of dollars on a marketing campaign to acquire 10,000 new customers. The bank had met its goals with just one minor problem. The customers were mostly consumer accounts and, on average, about 60 percent of individual accounts are unprofitable.

This bank had the opportunity to cross-sell and move as many of the 6,000 unprofitable accounts into profitability as possible. Yet it would have been far more beneficial for the bank to understand who its current profitable customers were, profile them, figure out to reach more of them, and then target a tailored campaign to attract them.

Effectively this bank spent millions of dollars to increase their losses and the marketing group probably received a bonus for meeting goals.

- Advertising & Design - A complete range of marketing communication services including advertising, brochures, web design
  - Internet Marketing - To make sure you have your fair share of the online world, we put the latest technology to work for you.
- What were they expecting?  
Four thousand profitable accounts are worth more than 6,000 new unprofitable ones.  
As far as lifetime customer profitability, the bank had no idea how many of the new customers would ever reach profitability. There had never been any data collected to use in making projections.

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On The Mark Marketing Pty Ltd | Nexus Norwest 4 Columbia Court | Baulkham Hills | NSW | 2153