



AMERICAN CATALOG
MAILERS ASSOCIATION

Your Catalog Advocate!

Contact:
Paul Miller
914-669-8391
pmiller@catalogmailers.org

March 15, 2011

Now's the Time for All Catalogers to Have Fine-Tuned Matchback Programs

Note: At the end of this Journal, you'll be asked to take a very quick, two-question survey. Although I would hope you'll read all of this piece, if you choose to skim it, please be sure to get to the end to take the survey, which will take no more than, literally, one minute of your time.

A drastic, albeit deliberate, transformation has taken place in the catalog/multichannel business over the past decade, and it's one that a considerable portion of catalog mailers still haven't fully adapted to. In a nutshell, it's how to better clarify the catalog's continuously cloudy role in the overall sales process. Here's where I'm coming from:

It's no secret to anyone that most orders now come in online. Phoned-in orders used to make it easy for catalogers to gauge the effectiveness of the catalogs they mailed. But orders keyed in by customers on their computers or mobile devices or tablet computers now brings about a great unknown as to what kind of promotion or offer spurs these sales. Are they due to...

- catalogs mailed into homes or places of business?
- true online-based marketing efforts, such as email promotions, SEO/SEM, banner ads, etc.)?
- in-store promotions?
- TV or radio spots?
- or by some other means? or
- might such sales be coming from consumers who are simply loyal to catalog or retail brands, but who chose to use the computer or their mobile devices to place their orders?

Demonstrating Demand for Catalogs

If you've been closely following ACMA's activities of late, you know we're working diligently to demonstrate to the USPS and the Postal Regulatory Commission that catalogs are not "under water" (unprofitable to the USPS), per the USPS's outdated accounting procedures. What we also need to demonstrate is that there's still significant demand for catalogs in the mail by consumers and business customers. But we need to be able to better collectively prove this.

So I ask you this: How reliable is your matchback formula? How capable are you of demonstrating that the catalogs you mail, which result in orders being placed over your website, are the true reasons people continue to buy your products? And what else are you putting in the mail regardless of how your orders come in?

When I was still the editor-in-chief at Catalog Success magazine (now called Retail Online Integration), a couple of years ago we ran a survey of the magazine's readers that showed fewer than half of them had reliable matchback programs. Many continue to struggle with this methodology today; however, I'd like to bring on one of our members, **Joe Mejia, general manager of The Pond Guy**, a catalog marketer of pond, lake and water garden supplies, to share the effective way he goes about this. Below, Joe summarizes a session he gave during the March NEMOA Conference in Boston, and there's much for any mailer to learn here:

Joe Mejia's Matchbacks Primer

Matchbacks are used to "match back" unknown orders to a particular marketing piece. They're a huge part of being able to make better decisions on how to spend advertising dollars. As Paul notes, the tricky part is to do them correctly, and we believe we do. Here's how:

We give a set of parameters to a data service provider who then takes our transactional data and our mail files and matches back unknown orders to mail drops based on the set of parameters we gave them. The matchback process of these data service providers will match the order back only to the most recent marketing piece. For simplicity, let's say a customer ordered on April 1st and received three catalog drops - on Jan 15th, Feb 15th and Mar 15th. The matchback analysis will match the order back to the March drop.

To make things more complicated, what happens if that particular customer also received an e-blast from us on March 29th? How should this order be allocated? Based on how a matchback analysis works, only the most recent marketing piece, the e-blast, would receive the credit. We know that this is not the best way to allocate.

Data service providers perform matchbacks on a key code level. But what really needs to happen is for a matchback to be performed on a customer record level. This will allow a better understanding of all of the contact points a particular

customer has received. From there, we can begin to determine on a tiered basis how we want to allocate the order. Unfortunately, the data service providers at this point do not allow for this, but we have asked several houses and are pushing to get an answer to this. From there we can then figure out how we want to allocate based on all of the contact points we had with the customer.

Confidence Level Multiplier

While not an exact science, a confidence multiplier can allow for peace of mind when trying to decide whether to mail your housefile more often. When The Pond Guy was a smaller cataloger, we only mailed our housefile a few times a year. We thought we were mailing enough but soon realized we could mail more. So we decided to find our best performing 0-12-month buyer segment based on sales per thousand books mailed (SPM) and multiply it but what we felt was our confidence level.

We determine our confidence level by buyer types and business model. For instance, if a company has more transactional-based customers where retention rates are really low, then the confidence level should be lower, say 20%-30%. On the flipside, if a company has more relationship-based customers where retention rates are high, then the confidence level should be higher, say no more than 67%.

In our case, we then take our best performing SPM segment and multiply it by our confidence level multiplier. If the results of this calculation are greater than breakeven, then to us, it is worth testing. We would then insert a drop in between the best performing SPM drop and the following drop. There is a limit to this, however, and you should grow your housefile mailings slowly. I would never recommend going from three drops to 12 within a year nor would I recommend mailing bi-weekly or weekly.

Catalogers: Take Quick Survey

Special thanks to Joe for sharing his experiences. Now please [click here](#) to take a quick, anonymous, three-question survey (catalogers only, please). If you can't click on the link, the URL is <http://www.zoomerang.com/Survey/WEB22C2RY6KNH9/>. In a subsequent Journal, I'll discuss and analyze the results from this survey. Again, it's an anonymous survey so complete confidentiality is assured.

Best,

Paul Miller
Vice President & Deputy Director
American Catalog Mailers Association
pmiller@catalogmailers.org
914-669-8391

###

About the American Catalog Mailers Association:

ACMA is a Washington-based not-for-profit organization specifically created to advocate for the unique collective interests of catalog mailers in regulatory, public and administrative matters where the shared impact transcends individual company interests. ACMA participates in rulemaking and other proceedings of significance where a single collective voice increases influence and effectiveness. Membership is open to any party with significant interests in the catalog industry. More information can be found at www.catalogmailers.org.

Contacts:

Paul Miller, vice president & deputy director, 914-669-8391, pmiller@catalogmailers.org

Hamilton Davison, president & executive director, 800-509-9514, hdavison@catalogmailers.org