



## How to Increase Revenue

When looking for ways to increase your business, these two questions will help you get started:

### 1. What new products or services can I offer to my existing customers?

Many companies overlook the potential of selling new products or services to their existing customer base. Your existing customers are your best source of new business and the easiest group to reach. You know who they are. They like doing business with you and have already been sold on your company. They respond at a higher rate and spend more than new customers. Take some time to think about what you can do to increase sales to existing customers. Providing excellent service at a fair price and thanking customers for their business will build a solid base of satisfied loyal long term buyers of your products and services.

### 2. What new markets or uses can I establish for my existing products and services?

Some businesses are very tightly nestled into their particular niche market. Others have products or services that are more adaptable to new markets or uses. A good example is Arm & Hammer baking soda. Their marketing people created a new use for baking soda (as a refrigerator deodorant) and sales soared. They found a new use for an existing product and sold it to people who already knew who they were. They've expanded even further into new markets by adding toothpaste and other products based on their original formula—Baking Soda!

### About Your Marketing Budget

It is not necessary to spend a lot of money for effective marketing. What's important is that you know how much it costs you to acquire a new customer and how much that customer is worth to your business over the long term. How much does it cost to drive in a new customer with a newspaper ad versus direct mail or radio? This information will help you budget your marketing dollars more effectively. You'll put your resources

where they'll do the most good and make better decisions. If you have customer lifetime value figures in addition to your cost per sale information, you'll never have to worry about spending more than you should to acquire a new customer. When budgeting your resources, take into consideration what it will take to accomplish your marketing objectives. Are you trying to penetrate a new market? Drive out competitors in an existing market? Establish your business as the premier provider, a value added provider or the low cost provider? A consistent marketing effort across multiple channels will typically yield better results than any one contact method alone.

### Advances in Pricing Optimization

Pricing traditionally has been a high stakes game of guesses about costs and the competitive environment, with money either being left on the table or sales being lost. New pricing optimization software uses a variety of data from sales transaction information to demographics to cut or raise prices depending on revenue, profit or market penetration goals. Shoppers at a well known retailer recently spent \$189.99 for a gas grill while others at a store 20 minutes away spent \$121.59 for the same grill. The effects of this software won't be seen overnight - it costs \$1 million - but Forrester Research estimates that it improves gross margins by 10%. It's easy to tell when retailers are using such software because pricing is odd: \$1.86 or \$2.07 instead of the familiar \$1.99. Dynamic pricing such as this is being adopted relatively quickly by major retailers and e-commerce sites.

### DID YOU KNOW?

Mailmark's **NeighborDirect** customer acquisition program analyzes your database of customers by matching them to specific postal carrier routes and overlaying age and income demographic criteria. Areas with high concentrations of existing customers can be targeted for new customer acquisitions.

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