



CGT MARKETING, LLC

Intelligent Marketing. Profitable Results.

Advertising | Marketing | Communications

275-B Dixon Avenue o Amityville, New York 11701
Tel: 631-842-4600 o Fax: 631-842-6301 o www.cgtllc.net

Intelligent Marketing

A new way to measure marketing.

Over the past couple of years there has been an increase in the amount of information about ROI and marketing. There are books with several complex methods that would make accountants drool. Unfortunately most businesses cannot (or will not) afford the expense of figuring it out.

This is an area that small to midsize businesses need to look at (and it doesn't cost that much to calculate). You probably have heard us talk about it.

Lifetime Value (LTV)

There are many formulas for this. To keep it simple, answer these questions and you can figure it out.

How long has your average client been a client?

How much have they purchased from your company over that period of time?

What is your average gross profit from that customer?

Simple math will tell you that the number of years times the revenue will give you lifetime purchases. Multiplying the GP average by the number of years gives you the profitability of each client. Simple yes?

Now calculate the value of the additional sales each client has referred to you. Did you get the big aha? Has the light bulb turned on?

There is value above and beyond the actual dollars spent with your company. It is a proven indicator of the growth and even profitability of your company.

Net Promoters

In a recently published book, *The Ultimate Question*, Fred Reicheld introduces us to this concept he first published in the *Harvard Business Review*. Some very large companies such as General Electric, Intuit and SAP are adopting his idea.

In short, companies that earn the highest Net Promoter Scores, a metric defined by the number of those customers highly likely to recommend the firm ("promoters") less those unlikely to recommend and those who will actually complain about the firm ("detractors") typically achieve the highest rates of profitable growth in their marketplace. Reichheld's research shows that this simple indicator is a powerful predictor of profitable growth.

How many promoters does your company have? Don't guess, find out. Call us if you need help. The more information we have in determining customer value, the better and more effective your marketing efforts will be.

Questions? Comments? We'd Love to hear from you.