# Optimum Prospecting
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Optimum customer acquisition is a necessary element in any successful business. The success in this vital organizational function is the development of a robust, manageable, and scalable customer acquisition strategy designed to generate the targeted new customer inflow needed by the organization at low levels of risk and an acceptable cost per new customer. Such strategy and its tactical effort should be based on evidence of possible response such as actual tests and historic response rates, factoring-in elements such as response erosion.

To develop the strategy several steps are necessary and include: the identification of targets, developing an understanding of the market, the target audiences, and the competitive environment.  With this data, new strategies and tactics can be developed based on the newly gained information, creative approach, message and targeting. Within this strategic approach, new customer acquisition can be optimized by targeting those niches where the organization has highest market penetration and a reliable, profitable direct response target is available.

Because the decision to try new offers can be complex, actual market tests are preferred in order to establish response rate and cost per new customer baselines before rolling out large scale campaigns. Through this test-and-measure process all identified tactics can be evaluated and optimized in order to recommend a new customer acquisition plan designed to meet the organization's goals and assist in the optimization of the marketing budget.

**Set the targets**
A first step consists of defining detailed targets:
1. Conduct a review of available data and a needs assessment to identify the specific questions to be answered in order to develop an acquisition strategy.
2. Develop a projection of demand for the service based on current awareness, usage and demographics, and project new customer acquisition with current efforts.
3. Identify the gap between projected demand and targets for growth. Refine targets by

specifying them at the product/service and market segment levels.

**Understand the target market**
Develop a customer profile of the target market including variables such as demographics, geography, attitudinal values, needs and usage and apply the profile to the general population in the market.
1. Develop a profile of current and prospective customers including general market profiles, segment identification, and segment-specific customer profiles to include:
   ★ Demographic measures.
   ★ Awareness, knowledge, interest, and attitudes toward proposed messaging.
   ★ Media habits.
   ★ Motivators and barriers.
   ★ Consideration set; time windows, and attitudinal values toward the brand, the brand attributes and the competition.
2. Identify the primary and secondary target niches.
3. Geography often is a key, yet overlooked factor; mapping existing data can reveal geographic implications for targeting.

**Understand the competitive position**
★ Conduct an assessment of competing offers in the target segments.
★ Examine competitor strategies and tactics, likely response.
★ Identify competitor weaknesses and strengths relevant to the target products/services that can be exploited in the campaign.
★ Identify no-win competitive arenas, which will need to be avoided in the campaign.

**Develop an Inventory of Available Strategies**
Assess available resources and scalability of current customer acquisition strategy and tactics.
★ Assess available acquisition tools at current activity levels and at scaled-up levels, aiming at scoring methods both at their relative effectiveness and preferably at the cost per customer level.
★ Identify the optimum mix of strategies and activity levels to utilize in the customer acquisition effort given available response

data to each strategy/recruitment method tested and/or in place.

★ Define targets for acquisition to be conducted via new recruitment strategies/tactics.

**Targeting Prospects that Look Like the Best Customers**
By analyzing market penetration in each segment, and the effectiveness of each available strategy at generating new customers in the strategy both the top target audiences and the top acquisition tactics are uncovered and prioritized. Applying the customer profile to new customer lists is a powerful method to grow new business by tapping into existing strengths.

When a customer profile has been developed identifying the reliable predictors of response, efforts can concentrate on the top niches.

This type of approach can also be used to score prospect lists in a way that efforts either in initial approaches or in the level of follow-up can be prioritized according to the prospect score.

As an example, developing scored prospect database can help separate efforts where low scoring prospects are eliminated from mailings or are pursued with low cost approaches, while top scoring prospects can receive additional follow-up or a premium package designed to generate higher impact.

When a custom predictive model has not been developed, you can initially explore off-the-shelf geo-demographic models such as ESRI Community Tapestry. These are instrumental in pursuing and identifying target areas that have similar lifestyles to those of the top customers.

**Monitoring**
Monitoring success ratios in new customer acquisition is essential to develop a process that allow for continuous improvement. As each offer is deployed and compared against the control tactic, improvements and refinements can be made.

By developing a systematic approach to the customer acquisition strategy, an organization becomes well equipped to manage its own growth. This process, accompanied with a sound retention strategy, is essential to short and long term survival and success.

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