



There are only 2 occasions and 1 reason to test premiums. . .

There are only 2 occasions when you should test premiums.

The first is when you're *not* using premiums. If you're not, you should test them now. The second occasion? If you *are* using premiums, you need to continue testing new ones.

Many organizations hate premiums. But most donors and customers love them and, since this is a customer driven business, I suggest you test them now.

Premiums don't have to be expensive gifts. Often the best ones are unused merchandise sitting in a warehouse or the nearly forgotten informational pamphlet that's begging to be used.

Countless organizations have enjoyed huge success by offering address stickers, note cards, decals, bumper stickers, iron-on patches, certificates of recognition, membership cards and a host of other relatively low-cost premiums. As long as you can give the premium a perceived value, it can be a valuable tool in increasing your mailings' response.

If you can connect a premium to the organization's mission or offer, all the better. For example, the American Diabetes Association offered a cookbook of low sugar meals. An auto club offers an emergency road kit while an environmental group offers a backpack. Not only do these offers connect with the group's mission, they give the prospect an additional reason to respond.

But don't overlook the "greed factor."

Net dollars is the deciding factor of success and a calculator, radio or iPod may, for example, work better than a premium that is a natural tie-in. It's something you'll have to test.

Why do premiums make such a difference in a mailing's success? Because

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when you add a premium to the mailing, you're affecting the offer. And, as we know, nothing other than list selection will make more of a difference to the mailing's success than the offer. The return on investment can be significant just remember. . .

- ✓ *Do the math first!* Know how much the premium must increase response to breakeven with the control. It makes no sense to test a premium that's so expensive you'll need a 500% lift to break even.
- ✓ Don't make the mistake of adding the premium offer into the letter's P.S. and thinking you're done. The premium is part of your entire package, not just an afterthought. You may want to feature it on the outer envelope, in the letter's "Johnson box" or lead sentence, the response form, or even in a separate insert. And, depending upon the premium, you may want to build an entire story around it.
- ✓ The prospective donor or buyer isn't obliged to respond just because you enclosed a premium. And even when the mailing enjoys a higher response rate, the average contribution or order is often lower.
- ✓ But a lower average contribution/order isn't reason enough to shy away from testing premiums. It simply means you need to give extra attention to your efforts to upgrade the donor or resell/cross-sell the buyer.
- ✓ Many first-time buyers/donors may require another premium to continue responding. Once you're into the premium business, you may always be in the premium business. On the plus side, with a premium you can recruit a donor or customer who would not have responded otherwise. And as long as your premium offers out net non-premium offers, you'll still be ahead.
- ✓ With premiums, your package cost will be higher. But what's important is *net dollars*.
- ✓ Don't assume that if a particular premium works for another group, it will work for you. You'll need to test different premium offers -- and non-premium offers -- to see what works best for you.
- ✓ Don't forget to consider the cost of fulfillment when using a backend premium.

You do want to test a premium but remember it's *only one part* of your direct mail package. You must still observe the essential elements of a traditional

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direct mail package – list, offer, copy, package and timing. While a premium can dramatically improve your mailing's results, it alone won't guarantee success.

Oh. . .I mentioned that there was only 1 reason to test premiums and that's to increase net dollars. Whether you're trying to please shareholders or raise more money to feed the hungry, cure the sick or shelter the homeless, it's net dollars that gets the job done.

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