

The Payoff of Using an Inquiry Generator (IG)
To Increase Attendance and Seminar/Conference:
A Case Study

by

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Seminar/conference marketers can use an inquiry generator (IG) to build their promotional database. Typically, the IG is mailed to a list of rented names and then the inquiries are captured into the promotional database. The added names are then included in future solicitations.

How cost effective is this IG strategy? Given below are some actual results from an IG mailing used to build the continuing textile education prospect database at Clemson University.

A textile IG was mailed to 20,000 rented names. The calendar listed fifty seminars/conferences along with their corresponding dates. Other information such as in-house training, technical tutorials, and how to order conference proceedings was also included in the calendar.

As indicated by line number one in Table 1, the 20,000 calendars were mailed at a cost of \$400 per thousand for a total cost of \$8,000. The calendar mailing produced 1,000 inquiries with half of the respondents already being on the mailing list. As indicated by line two in the Table, 500 new names were added to the database.

A letter plus the requested brochure was sent to the 1,000 respondents. As indicated by line three, this fulfillment cost was \$500. In addition, the 500 new names along with the other names in the database received fifty different seminar and conference solicitations during the year. As shown in line six, the average conference price was \$800. The average response rate for the new names was two attendees per 1,000 brochures per promotion.

As shown in line seven, 25,000 additional promotional packages were mailed as a result of soliciting the 500 new names fifty times. With a response rate of two per thousand, fifty additional attendees participated during the year. Multiplying the fifty additional attendees times \$800 yields \$40,000 in added gross revenue as shown in line nine.

The promotional cost per thousand to send the solicitation packages was \$400. Multiplying the promotional cost per thousand times 25,000 yields incremental promotional costs of \$10,000 (line 11).

Table 1: Economics Of A Textile Calendar Mailing
To Build A Textile/Conference Database

1. 20,000 @ \$400/1,000 = \$8,000
2. One-Half or 500 New Names Added
3. Letter + Brochure To 1,000 Respondents = \$500
4. Promote 50 Conferences/Year
5. Average Response Rate/1,000 = 2
6. Average Conference Price = \$800
7. (50 Conferences)(500 Names) = 25,000 Pieces
8. Added Attendance : $25,000 \times 2/1,000 = 50$
9. Total Added Revenue First Year : $50 \times \$800 = \$40,000$
10. Promotional Cost/Thousand = \$400/1,000
11. Added Promotional Cost : $25,000 \times \$400/1,000 = \$10,000$
12. Variable Cost/Attendee = \$100
13. Added Variable Cost : $50 \text{ Attendees} \times 100 = \$5,000$
14. Total Added Cost First Year : (#1, 3, 11, 13) = \$23,000
15. Net Gain : First Year (#9 - #14) = \$8,500

The variable costs per attendee (lunches, breaks, notebooks, and socials) were \$100 per person. With fifty additional attendees, variable costs or direct attendee expenses increased by \$5,000 during the year (line 13).

On line 14 in the Table, all costs associated with acquiring and soliciting the 500 new names (\$8,000 + \$500 + \$10,000 + \$5,000) are summed to \$23,500. Subtracting the incremental cost of \$23,500 from the incremental revenue of \$40,000 gives a net gain of \$16,500 during the first year (line 15).

Some of the 500 new names added during the first year will drop out of the database during year two. Change of addresses, job changes, and retirement are some of the reasons why the size of the database will decrease. Still, additional profit will result from having the additional names in the database.

Suppose for example that twenty percent or 100 of the new names decay in the second year. This would leave 400 prospects being solicited fifty times. Mailing 20,000 additional invitations at \$400 per thousand would result in \$8,000 of added promotional costs. At a response rate of two per thousand, forty additional attendees or \$32,000 (40 x \$800) in added revenue would result.

The added variable cost for forty attendees would be \$8,000. Combining the added promotional and variable costs (40 X \$100/person = \$4,000) would result in \$12,000 additional cost in year two. Subtracting the added cost of \$12,000 from the added revenue of \$32,000 gives a net gain of \$20,000 in year two.

In year three, another twenty percent of the names might be lost. If so, 320 additional prospects/customers would be in the database. The same analysis made above could again be applied to calculate the net gain in year three.

Perhaps by the fourth or fifth year, all of the prospects/customers will drop out of the database. The total net gain from the IG mailing will depend upon the decay rate used in the analysis. A number of variables affect the decay rate and some of the more important ones include: (a) the mobility of the prospects, (b) job title, job function, and industries represented by the prospects, (c) number of job promotions, and (d) the type of list cleaning strategy used to drop prospects.

In addition to increasing seminar/conference profits, the new prospects might also contribute in other ways. Some of the new prospects will purchase public seminars/conferences for on-site presentations. Others may purchase conference proceedings. Another segment may purchase exhibit space at upcoming meetings. All of these added gains need to be included in the total profitability analysis.

Last, customers and prospects acquired through the IG solicitation strategy can be rented. Typically, database customers and prospects produce from one to three dollars per name per year in rental income. Adding an additional \$500 to \$1,500 per year in list rental income makes the IG an even more profitable tool.

Using the same type of analysis given above, you can evaluate the feasibility of using an IG for customer/prospect development. You can plug your own variables into the analysis and calculate your own profitability. If you have any questions about the analysis or its application, call me at (864) 656-3983.

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