

A Better Way to Evaluate and Manage Telemarketing Services: Marginal Yield as a Management Tool

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Overview

“Yield” is a superior objective management tool for evaluating and improving telemarketing programs and services. Yield is the percentage of all calls received that are successfully completed.

This article discusses an improved way to determine yield to eliminate factors that can distort the determination of yield.

Yield, the ratio of the successfully completed calls to the total calls processed, is an objective, bottom line, executive level, performance standard for telemarketing programs. The calculation of yield is simple. For example, for a program where people are calling for a free sample, and 100 people call on a particular day, the yield is the percentage of all callers that give complete and accurate names and addresses. If 50 people leave names and addresses, the yield is 50%.

Problems with the calculation of “Yield”

Although the yield calculation is simple, experience shows that yield fluctuates widely as a function of the total number of calls received. In the example with 100 calls, the yield was 50%. But if one thousand people called the phone number on that day, everything else being the same, the yield might increase to 90%, just because of the large number of callers.

The reason the yield changes with call volume is that a largely fixed number of “wrong calls” are received every day, unrelated to any known promotional activity. They just happen, even if the

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telephone number were never publicized. An example of a wrong call would be a wrong number.¹ A common reason for a wrong number is that a caller dials your 888 toll free number instead of the correct 877 number. Other examples of wrong calls are misdials, telephone switching errors, and so forth.

Thus, going back to the example with 100 callers, assume 40 of the 50 callers lost were because of wrong calls. If, instead, 1,000 people had called and 150 calls were incomplete (including the 40 wrong calls), the yield would be 85%, conflicting with the 50% conclusion reached with small numbers. This wide range in yield, 50% to 85%, arises only because of the disparity in the volume of callers in the two sets of results. All other conditions have remained unchanged. Even the 85% figure is less than the actual yield from real callers.

Often marketers analyze markets by placing ads in various media and in each ad the caller is asked to respond using a unique phone number (DNIS), which is then used to trace the source of the response. This results in a smaller number of calls for each ad/phone number. The yield will vary widely because each phone number generates different numbers of wrong calls. The errors are often further compounded because the phone number has a carry over of respondents from one or more prior uses with which the number had been associated. The number of wrong calls is no longer fixed but varies over the sampling period. 100 calls received at one response phone number, printed in the text of an ad, may generate fewer completed calls than 50 calls made to another phone number - both numbers being called in response to the same ad content (except for phone number) in the same market.

This article discusses why the “marginal yield” brings the two sets into line for a single correct yield.

Advantages of Marginal Yield as a Management Tool

The marginal yield is the ratio of the change in the number of completed calls to the change in total number of calls for two sets of call volume data. It tells you the number of calls to expect as a result of a change of the total number of calls.

In the above examples, the increase in completed calls was 800 calls (850-50) and the increase in the total call volume was 900 calls (1,000-100). The marginal yield, therefore, would be 89% (800 calls/900 calls).

Our experience has shown that there is consistency in the marginal yield at various volume levels.² During a one week period, for example, if the call volume for particular days was 250, 500, and 750 calls

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¹ Our experience shows the number of these calls correlates with the number of telephone lines available to serve a client. For example, if a vanity number can be answered on up to 100 lines, there could be 100 times more of these calls than if only one line were available. If DNIS lines are used, the wrong numbers would be further multiplied by the number of DNIS phone numbers accessing the lines.

² This assumes there have been no significant changes between the two samples, such as a change in the promotion itself or the way the call is answered.

respectively, the marginal yield would remain around 90%, while the yield for each sample would vary sharply.

Because of the consistency of marginal yield, it becomes a suitable tool for management to differentiate teleservice vendors, equipment, programs, and the effectiveness of the promotion itself, without a dependency on the volume of calls.

If marketing management analyzes results of the toll free number promotions, use of the marginal yield enables an evaluation focused on controllable criteria. If changes are made to improve performance, the effects can be seen in the marginal yield, regardless of the call volume. In contrast, the yield of individual samples often varies so widely that objective evaluation of the yield is often difficult or impossible.

The yield can also be determined with a single, very large sample gained over a short enough period of time, such as a day, so that nothing significant changes externally. In using a larger sample size, however, the number of telephone talk paths used (usually each talk path has a unique number) will change to allow for peaks in call traffic. The number of wrong numbers is often directly correlated to the number of talk paths assigned. To avoid introducing error, therefore, the number of dedicated talk paths must be constant (not shared, as with DNIS) during the sampling period. Changing the number of talk paths during the sample period introduces a potentially significant external change.

The use of Marginal Yield, however, makes it possible to use smaller sample sizes to determine the yield and overcomes the above expressed deficiency of large number sampling. The result, summed up, is that marginal yield protects management from being misled by the distortion created by using a smaller number of callers for a sampling.

Summary

The marginal yield is an improved executive management tool for the determination of the effectiveness of any telemarketing program, regardless of program size. In actual experience it has been shown to be sufficiently precise to effectively measure and highlight the effects of any significant change in a telemarketing program.

Use of ad specific phone numbers to track lead sources results in each phone number used receiving only a portion of the total calls. As a result, at best, it is more difficult and, at worst, impossible to track either the yield for, or the number of respondents to a promotional campaign.

ConServIT Integrated Teleservices, a service of Conversational Voice Technologies Corporation, is a leading provider of advanced teleservices and database management services. For more information, contact ConServIT, 4205 Grove Avenue, Gurnee, IL 60031. Phone 847.249.5560 or e-mail sales@conservit.com.