



National Retail Franchisor Uses Direct Mail to Effectively Reach Customers without Valid Email Addresses – Achieves 12-18% Response

Background Situation

The client is a specialty retailer who does business in many markets across the United States. They compete with big boxes but utilize a different model, operating in neighborhood centers / strip malls. As such they depend on direct marketing and drive by traffic to drive store traffic.

The client has 400+ store locations in the United States and is in an aggressive growth mode. Some stores are corporate owned, some are franchisees.

Challenge

The customer has a database of almost 8 million current or lapsed loyalty program members. They did not have valid email addresses for over 2 million of them, which meant their digital marketing touches weren't reaching these people. Additionally, the open rates on the emails they sent were less than 15%. They wanted to evaluate the cost effectiveness of utilizing direct mail to reach high value customer segments.

Most retail loyalty programs, including the client's, require a valid email address or physical address to enroll in a loyalty program. Many consumers want to receive discounted prices, but don't want to volunteer their personal information so they will provide as little information as possible. Some consumers provided unmonitored email addresses. Others provide bogus

email addresses. There are also keystroking errors, which render some email addresses invalid.

Initially, they wanted to test the response rates on targeted direct mail to see if a business case could be made for ongoing use. Because they were being sent to customers, margin goals were a consideration. They also wanted to test the impact of varying offers by market and by segment to determine the winning approach for each market and segment.

Furthermore, the client wanted to test the viability of using targeted prospect lists to acquire new customers. This client understood that acquisition cost, rather than outbound cost per thousand, is the key metric in new customer acquisition efforts. They wanted to see if the acquisition cost would stack up from a business case standpoint.

PrintComm was selected because of our ability to execute large, multi-location direct mail campaigns effectively and efficiently and our expertise in complicated variable data print direct mail. PrintComm has a long track record of executing complex data driven direct mail projects with many variables.

Solution

PrintComm configured specifications and mailing methods that would be efficient from a cost perspective while enabling variability by market and consumer. The pieces were truly 1:1

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Direct Mail

communications. The customer wanted to include maps to the store, individualized offers and SKU's, and store information, and comingle the various location mailings so maximum postage discounts could be achieved. We utilized our knowledge of document engineering and postal logistics to deliver an effective solution.

PrintComm worked directly with the VP of Marketing, CRM director and integrated marketing team members to develop the approaches. The client produced base creative based on their branding standards with PrintComm input on variable considerations. Considerable discussion also occurred around the topic of customer data and prospect data. The client provides PrintComm with a budget and asks PrintComm to manage the budget to ensure integrity and equitability across the chain.

PrintComm obtained targeted prospect data while suppressing current customers and carrier routes that had been part of EDDM saturation mailings. PrintComm has been asked to test various mixes of customers and prospects which has involved significant data work. Because the client also uses various EDDM approaches, route suppression techniques vary from month to month so mailings aren't duplicated to the same household. PrintComm's robust data capability has allowed the client to test various scenarios.

Because these mailings are a combination of prospects and customers, and routes and previous customers are suppressed from prospects, there is a need to know who was mailed to so match back analysis can occur. PrintComm provides the client with a database of names mailed to as well as the offer each individual received. We also develop reports to show count by offer so the customer can evaluate offer effectiveness.

Additionally, some stores choose to run additional quantities using their own funds, so PrintComm provides information on which stores have run additional quantities, SKU's and offers so those can be evaluated as part of the results equation.

The time from proposal to launch and in home was less than eight weeks. During that time frame, carrier routes to suppress were identified, prospect data was researched and purchased, and mailings were executed.

Results

The client has definitely reached the conclusion that this is a highly effective marketing tactic. Composite response rates are ranging from 12-18%. Margin and spend goals are being met. Additionally, the customer has gained valuable insight into which offers work and which offers convert customers into higher value customers.

As a result, the customer has allocated considerable additional budget into their direct mail efforts. The impact on store traffic and sales was visible almost immediately. Many franchisees believe that direct mail is the strongest tactic they have in the tool bag.

The client will experience higher sales over the course of time and should be able to further hone offer presentation and effectiveness. Additionally, the results give them a good story to tell their vendors, from whom they try to secure additional marketing development funds, and potential franchisees.

For More Information

To learn more about EDDM or direct mail solutions for brands with many locations, contact PrintComm president, Kevin Naughton at 810-496-1119 or knaughton@printcomm.com.