



National Retailer Achieves 3-4.8% Response Using Every Door Direct Mail (EDDM)

Background Situation

Client: Niche retailer who does business primarily in the Eastern and Central time zones. Their direct competitors include national big boxes. Their indirect competitors include grocery stores, wholesale clubs, and web retailers. They primarily operate in strip malls. Typically they select high traffic count locations but they do depend on direct mail, in various forms, to drive store traffic.

The client has about 200 corporate locations and another 225+ franchise locations. Corporate coordinates direct marketing programs and involvement for all locations.

Challenge

The client had been using marriage mail options exclusively. The outbound cost per thousand was low. However, the response rates and new customer acquisition costs on marriage mail weren't what they were looking for. They tested the use of Every Door Direct mail and found that the metrics were very favorable. However, the ability to execute EDDM campaigns quickly and efficiently was very difficult due to the time associated with selecting routes for 400+ stores.

Previous marketing management had entered into long term agreements with the marriage mail provider, which made it hard to change. However, analysis proved it wasn't as cost effective as standalone mailings, which included saturation mailings for prospects and targeted retention mailings.

When the marriage mail contract came up for renewal, client marketing management decided to reallocate some funds into standalone mailings.

The client needed a solution that could be executed in the required time frames and would achieve margin and acquisition cost goals. A scalable solution had to be developed that would accommodate current store count and projected annual growth of approximately 20%. Response rates and per cart spend and margin needed to more than justify the direct mail expenditure.

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

Solution

The biggest challenge associated with this project were developing systems that would allow highly versioned direct mail to be executed for hundreds of stores, all at once.

The system needed to address these other challenges:

- The ability to test different offers and direct mail mixes in different markets. This spawns other challenges, i.e. generating all of the various document versions for each store and delivering on the mixes while maintaining equal spend per store.

- How to execute EDDM on a broad basis for many locations in a short period of time. Manual route picking for 400 stores would take 120-200 hours per mailing. An automated process was needed.

PrintComm engaged in a discovery process with the client where they shared their wants and needs then worked with their VP of Marketing, Director of CRM, and the Integrated Marketing Team to develop methodologies and processes that would insure effectiveness and efficiency.

PrintComm leveraged their knowledge of variable document creation to address the need to create hundreds of versioned

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documents based on market, offer and mix. An automated process was developed that alleviated the need for the client's creative team to create separate creative versions for each permutation.

The ability to select routes for hundreds of stores was viewed as a potential obstacle. This necessitated the development of specialized software tools. PrintComm invented software that automatically selects routes and generates postal documents for all of a client's participating stores. A patent is pending on this software.

PrintComm provides the client with the offer and store data, which is used to analyze results and offer effectiveness.

PrintComm was initially engaged in November of 2016 to discuss basic needs and concepts. Further discussions, proposal development and negotiations occurred over the next two months. Authorization was given to start developing systems in February of 2017 so they would be ready for a March launch. The first mass mailing began in late March 2017 with the first mail pieces landing in home during mid-April.

Results

The client has consistently achieved response rates ranging from 2.8% up to 4.8% depending on the offer employed. Average cart value has been north of \$40.00 per customer and margin has exceeded \$12.00 per transaction, after promotion. Acquisition cost has been in the \$7.00 range. This has proven to be a very cost effective tactic. The typical client can represent \$150 of margin annually and remains a customer for several years.

Quotes from franchisees using this program have included:

"This is absolutely the most cost effective acquisition tool we are provided with, way better than marriage mail."

"I'm more than happy spending the money to acquire a customer worth \$150.00 of margin annually."

From an execution standpoint, the systems developed and managed by PrintComm have facilitated timely in home deliveries and have proven to be scalable. The client has charged PrintComm with managing the budget and the production schedule.

The client plans to expand the use of this tactic. They have engaged PrintComm and a third party brand management firm to develop an online ordering and route selection tool that will allow franchisees to expand their use of EDDM, as several have clamored for the ability to do more of it to a broader territory.

The current efforts have basically targeted people who live less than a mile from the store and utilizes national advertising funds. This expanded capability would allow the franchisees to reach their broader market area utilizing their own funds.

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.