32%
Response Rate

108,000 Emails Obtained

Lapsed Customer Program Scores 32% Response Rate

Background Situation

Virtually all companies experience some degree of customer churn and many run retention programs to minimize this. Email is one of the primary methods used in retention efforts. This client, who is a national retailer, was similar to many other companies insofar as they did not have valid email addresses for a significant portion of their customer database. Additionally, many of the emails they sent were not being opened. Their goal was to test the effectiveness of direct mail as a means to get lapsed customers back into the store.

Challenge

The definition of a lapsed customer can vary from company to company. For some organizations, a lapsed customer is one whose normal buying cycle/frequency has been interrupted. For others, it's an arbitrary amount of time since last purchase, i.e. 3 months, 6 months or 12 months. In this test case, the client decided to reach out to customers who hadn't made a purchase in the last 6 months.

There were two basic goals for this program:
1. Reengage as many customers as possible
2. Obtain customer email addresses if there wasn't a valid email address on file

Most companies face the challenge of obtaining and maintaining valid email addresses for all of their clients. Many consumers are increasingly averse to providing an email address. Others will provide an invalid address to qualify for an offer so that they won't be inconvenienced by unwanted, ongoing email. Additionally, consumers have been so saturated by email that open rates are challenged.

So, they were facing the same issue most companies do. Their big question was, "How do we communicate with our customers in a way that will entice them back into the store?"

Solution

The client wanted someone who understood how their data could be leveraged to make relevant offers via direct mail to these lapsed customers. They also needed help with creative development, document engineering and execution.

PrintComm has a demonstrated track record in developing and producing highly relevant, variable direct mail pieces. The client's management team had previously worked with PrintComm on other projects and was confident in our ability to help.

The client provided branding guidelines and a list of the offers that the recipients had previously responded to. The client turned to PrintComm because of our knowledge of direct marketing, the client brand, and the ability to develop 1:1 communications.

The client's brand was reconciled with messaging that specifically addressed the hope that the customer would return to the store.

The client's Director of CRM worked with the PrintComm team to conceive how the program would be executed. This client has significant knowledge in the areas of analytics, offers, and direct marketing. There was a strong give and take between PrintComm and the client. They developed a matrix of 42 different offers that closely corresponded with the last purchase made by the various consumers.

PrintComm created a direct mail postcard with logic that would present the right offer (out of 42) to the right person. PrintComm developed base creative and creative for the 42 different offers. Additionally, a secondary offer was made to those who didn't have a valid email address as an enticement to provide that

The entire project was executed in less than three weeks including concept, creative, printing and mailing.

Results

The results associated with this program were astounding:

- 32% response rate
- 108,000 new email addresses obtained

This test proved that direct mail was an extremely cost effective way to win back customers who hadn't been into the store. Obtaining so many new email addresses will also help the client communicate with many of their customers cost effectively moving forward.

One word of advice, don't forget to fund the promotion, particularly if you have franchisees.

It is much less expensive to retain existing clients or win back lapsed customers than it is to acquire new customers. Reducing churn will enable new customer acquisition to advance the cause rather than just replacing attrition.

"Acquiring a new customer costs around 6x more than keeping an existing one."

Source: thinkJar

For More Information

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