

Company Refines Marketing Mix by Focusing on Higher Performing Media

Background A company sought to increase the efficiency of its marketing budget by reallocating funds from media that were lower performing to those that would yield a higher response. They recognized that to do this, they needed to identify more efficient contact strategies for various customer segments. The company also wanted to continue to find efficiencies by analyzing the customer segment results weekly and create test panels that could be measured holistically.

Strategy


To understand the impact of marketing media on revenue, the company worked with a data analytics firm to align the timing of direct mail and email promotions with revenue and average orders. These insights yielded opportunities to impact the company's revenue by conducting testing to determine the most efficient media strategy. These tests included:

1. Re-appropriating reactivation budget toward acquiring new customers, rather than existing customers
 - Monitor the Lifetime Value of newly acquired customers and promotionally acquired customers and identify site visitor prospects.
 - Track marketing contribution per order of newly acquired customers versus reactive older buyers as well as the cost to acquire a new customer email versus reactivating a customer's email address.
2. Evaluating the longevity of the customers' purchase behavior and assessing the media used to engage them.
 - One group, nearly all of whom had been a customer for more than five years, only received one catalog during the testing period.
3. Increasing email coverage and testing frequency
 - Combine email and direct mail contacts to improve overall marketing contribution performance.
 - Test reverse email append versus high lifetime value customers.
4. Leveraging lifetime value for contact and marketing strategy
 - Create test panels to measure the impact of not sending catalogs to low lifetime value customers.
 - Create test panels of high lifetime value recent and older customers to determine if inclusion into loyalty program increases marketing contribution and improves reactivation.



Key Takeaways

- Reallocation of catalog dollars away from older reactivation efforts to email and high value customers will likely yield an increase in profitability.
- Tests can be created and measured holistically rather than using attribution.
- Identify and address data outliers.
- Evaluate methods used to collect email at all point of sale contact points with customers to ensure the brand is optimized for capture.
- Investigate ways to leverage affiliate marketing opportunities.

Case Study Provided by: Path 2 Response 

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