

# ELIMINATING WASTE



How segmentation and a solid testing strategy helped AUSTRALIAN GEOGRAPHIC to achieve record acquisition numbers at the lowest cost ever!

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# PRESENTATION OVERVIEW

- Everyone in this room is interested in minimising wasted advertising dollars and increasing response rates
- But how many of you are really committed to segmenting your databases and to rigorous testing?
- Since 2004 AUSTRALIAN GEOGRAPHIC has been committed to this simple and inexpensive, yet highly strategic approach
- After 4 acquisition/reactivation campaigns they succeeded in cutting their average campaign spend by 30% at the same time as increasing their overall response rate by 20%
- In October 2005, they achieved the highest number of new/reactivated subscribers at the lowest cost ever in the history of the business.

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# ACQUISITION PRE 2004

- No personalisation within the packs, everyone was “a reader”
- No customisation within the packs i.e. no recognition of the current relationship that the recipient had with AUSTRALIAN GEOGRAPHIC
- Large mailing quantities but only minimal testing and segmentation was conducted
- This meant that opportunities to establish a library of key insights that could make a real difference to the business were being lost

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# RECAP ON TESTING'101'

- Start by testing those things that are going to make the biggest difference in the long-term
- Don't test anything that you don't want to, or cannot change
- Create financial forecasts prior to every activity so that you have benchmarks by segment
- If you can't track it, don't test it
- Test one variable per segment at a time
- See failures as opportunities to do things in reverse next time
- Results may go backwards before they go forwards – be patient!
- Use the key insights gained to lay the strategic foundations for the next campaign
- Don't stop testing and learning

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# CAMPAIGN 1 - SNAPSHOT

- Began by conducting a marketing audit on all past communications to determine what was and what wasn't working
- Insights gained were used to refine the communication strategy
- Created financial forecasting models broken down by segment showing response rate, cost per acquisition etc
- Lapsed subscribers were segmented by length of inactivity
- List, offer and creative tests were conducted
- In total, the mailing was divided into 13 segments made up of lapsed subscribers, partner databases and profiled lists
- The creative was also significantly tweaked so that it better reflected the AUSTRALIAN GEOGRAPHIC brand and better communicated the overall benefits to members

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# WE LEARNT THAT...

- Mentioning the specifics of the free gift on the outer envelope outperformed the control envelope
- Personalisation and customisation in the letter text also resulted in a significant lift
- The control premium was stronger than our test premium
- Retail as a new acquisition channel worked
- Partner lists performed better than cold lists
- It was not viable to reactivate long-term lapsed subscribers, using a full direct mail pack
- Rented lists that were based on profiles rather than behaviour, did not work as well

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# CAMPAIGN 2 - SNAPSHOT

- Our new control pack included a new outer envelope that mentioned the specifics of the free gift and featured personalised and customised letter text
- We tested another new premium against the control
- We tested a postcard as a reactivation device to long-term lapsed subscribers
- We looked internally to see what other lists we had access to that could be included in the campaign
- We mailed recently lapsed donor segments and also current donors who were already giving a gift subscription

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# WE LEARNT THAT....

- The most responsive and cost effective acquisition channel was the current donor segment -it was easier to get a gift subscription from a current donor than to reactivate lapsed or acquire new subscribers
- Most recently lapsed donors (gift givers) also performed very strongly
- A postcard to long-term lapsed didn't get the response rate we needed to achieve an acceptable reactivation cost
- The majority of cold lists continued to under perform
- Our control premium continued to be the winner

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# CAMPAIGN 3 - SNAPSHOT

- We changed the weighting of the mailing numbers so more packs were mailed to current and recently lapsed segments and partner databases, with only a very small quantity going to cold list segments
- All key information was included on the outer envelopes i.e. list of benefits, brand proposition, free gift details etc
- Tested dividing the pack elements into separate pieces i.e. separate letterhead and brochure as opposed to a combined one
- Tried creating a gift-orientated version of the pack for current subscribers and current and lapsed donors
- Tried inserts in media publications for the first time

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# WE LEARNT THAT..

- Putting more information on the outer envelope substantially increased the response rate over the control
- More pieces in the pack also substantially increased the response rate over the control
- All segments that received the gift-orientated pack performed strongly
- A number of the media publications acquired subscribers at the same or at a lower average cost than the direct mail segments

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# CAMPAIGN 4 - SNAPSHOT

- Rolled out with 25 segments with pack elements customised as relevant to their individual circumstances
- Made up of most recently lapsed subscriber segments, current subscribers and donors, select partner databases and select media publications
- As a result we significantly reduced the quantity mailed
- Tested a reverse window-face, full colour envelope with the same message, against the control envelope
- Trialed more offer-driven communications against more brand-orientated communications in the media and in the retail stores

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# THE RESULTS + LEARNINGS..

- This combination delivered the highest number of new subscribers at the lowest cost in the history of the business
- Our reverse window envelope test significantly outperformed the control and will be rolled out in future communications
- We learnt that more brand-orientated creative worked better in the media and more offer-orientated creative worked better in the stores
- We now know the potential of each list segment and the media publications that work for us
- We also know that our existing subscribers and donors are happy to give a gift subscription and further analysis has helped us to identify exactly who is giving so we'll be able to further reduce our mailing quantities going forward

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# GOING FORWARD..

AUSTRALIAN GEOGRAPHIC and Rocket Science will continue to forecast, segment, test and rigorously analyse all marketing initiatives across the business.

The overall goal is to eliminate waste by improving the effectiveness and cost efficiency of our communications

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