



▼ HOME

▼ CLICK! WEEKLY

▼ MARKETER PROFILES

▼ ARTICLE ARCHIVE

▼ IN THE MAIL

▼ LIST RENTALS

▼ PRINT DIRECTORIES

▼ ONLINE INDUSTRY DIRECTORY

▼ CONFERENCES & SEMINARS

▼ JOB POSTINGS

▼ ADVERTISING

▼ SUBSCRIBE

SEARCH THIS SITE >>>



PRINT VERSION



ORDER REPRINTS



BACK TO ARCHIVE

ARTICLE ARCHIVE

Originally published in the July 2005 edition of Direct Marketing News

Heritage response soars in 1:1 Lab mailing test

TORONTO --Heritage Education Funds Inc., based here, is one of Canada's premiere providers of Registered Education Savings Plans (RESPs). With assets approaching \$1 billion, the company offers some of Canada's highest-performing, safest and most flexible RESPs. It employs 80 people and has more than 1,700 sales representatives across the country.

Fundamental to Heritage's business success is educating its clients on the necessity of putting aside money today to pay for their children's future post-secondary education.

A key challenge is clearly demonstrating to its clients, in concrete fiscal terms, the value of investing in an RESP, as many find it difficult to forecast the potentially significant costs they face in 10 or more years.

Each year Heritage conducts a direct mail campaign informing clients that, as December 31 approaches, so does their opportunity to take advantage of the federal government's Canada Education Savings Grant Program. It provides federal government grants up to \$400 per eligible child per calendar year on RESP contributions.

"Our direct mail piece must deliver the message that time to leverage the government grant is running out," says Jason Maguire, executive vice-president, marketing, Heritage Education Funds. "The piece must compel them to respond and ideally to increase their RESP contributions."

The direct mail piece issued by Heritage was typically pre-printed on an offset press and then passed through a laser or inkjet printer to include simple personalization such as children's names and year-to-date contributions. A generic call to action was accompanied by a 1-800 number and the head office location, along with the same stock photos on each piece.

However, standard direct mail response rates have been less than stellar. Heritage had not seen an increase in its response rate in the past three years and its return on investment was stagnant.

Seeking higher response rates and a better return on its sales and marketing investment, Heritage became one of the first participants in Xerox Canada's distinctive 1:1 Lab. The Lab is a new testing ground for Xerox customers and Canadian Marketing Association members to demonstrate the power and accessibility of data-driven 1:1 marketing and accelerate its adoption by the marketing community [see *DMN*, June 2004, front cover "Xerox to test personalization."].

Lab environment

The 1:1 Lab provides a learning environment for 10 selected corporations per year to test and compare the results of data-driven 1:1 direct mail marketing campaigns with traditional direct mail. The lab is equipped with state-of-the-art equipment and software including the Xerox iGen3 Digital Production Press, a 110 impression-per-minute digital colour press with image quality comparable to offset, and Extream Dialogue, robust and sophisticated one-to-one software. Terminal van Gogh, a strategic consulting firm specializing in data-driven marketing campaigns, will mine customers' data, design the program backbone and re-purpose existing creative to function within the data-driven environment. Heritage was introduced to the 1:1 Lab through its print supplier, On the Mark Graphics.

"With the print marketplace evolving, we have to diversify our service offerings for our clients," says Mike Megaffin, president, On the Mark Graphics. "We looked at 1:1 marketing solutions and Xerox had the best."

For Heritage, the objectives of the 1:1 Lab marketing campaign were twofold: to increase response rates over the traditional mail piece and to persuade clients to increase their current RESP contribution. Meeting these objectives will help increase Heritage assets under management and meet their customers' needs in their children's educational funding.

Together Xerox and Terminal van Gogh undertook the design of the 1:1 Lab template, taking care to keep the overall look as similar as possible to the traditional marketing piece to avoid skewing

clients' responses. This ensured an objective comparison of results upon introducing highly personalized elements.

Each client in the 1:1 sample would receive a direct mail piece that clearly reflected the age and gender of their children. For example, a client with a five-year-old daughter enrolled in an RESP would get a direct mail promotion featuring photos of a five-year-old girl. As well, the text would automatically reflect the gender and number of children whether male, female or plural.

"The range of variable data available was impressive," says Maguire. "Xerox helped us provide our clients with customized print communication that had a real impact. If they have a young daughter and the piece reflects that image, it reinforces the message that Heritage knows its clients and in turn brings value to them."

Instead of the generic contact information, each 1:1 piece included the respective Heritage agent's signature. It's an important detail in an industry that depends greatly on the agent-client relationship.

Graphic RESP depictions

On the reverse, graphs clearly depicted the current and future value of each child's RESP, reflecting the various contribution increases offered by Heritage. The template would automatically adjust to fit the required number of graphs, depending on the number of children enrolled.

"The graphs speak directly to our clients, telling them this is where you are, this is where you'll need to be and this is how you can get there," says Maguire. "By clearly forecasting the cost for each child's education, our clients were compelled to respond."

In mid-November, approximately 20,000 direct mail pieces were sent to Heritage customers, about half traditional "static" mailings and half 1:1 direct mail pieces.

Almost immediately, the difference in response to the two direct mail campaigns was evident. Within the first three weeks, the personalized piece generated a response rate 10 times higher than the traditional piece.

Overall, the rate of return for the 1:1 piece was 163 percent higher without any follow up from Heritage sales representatives. Once sales representatives called their clients, the response rate was 191 per cent higher.

At the conclusion of the campaign, the 1:1 piece delivered a 76 per cent increase in the number of units sold over the traditional piece. As well, the cost to Heritage per customer acquisition decreased by 21 per cent.

The traditional direct mail appeared to have little influence in changing the client's purchasing decision. Twenty nine percent of respondents chose to make a lump sum contribution, 27 percent opted to contribute monthly, and one percent selected a yearly contribution.

The difference with the 1:1 piece was dramatic. More than 90 percent of respondents chose to make a monthly payment, and the average monthly contribution increased by \$40. By making those decisions, Heritage customers behaved as the marketing piece urged.

When it comes to cost per direct mail item, there is a premium for a 1:1 marketing campaign. While the price will fluctuate depending on the complexity of the data, at Heritage the total cost per piece as 60 percent higher. However, revenue generated from the responses to the 1:1 piece more than made up for the higher per unit cost by a wide margin.

"By compelling so many of our clients to increase their monthly contributions, the customer lifetime value of the Xerox 1:1 piece is 400 times greater than our traditional marketing piece," says Maguire.

Impressed with the solid business results delivered by the Xerox 1:1 Lab, Heritage anticipates using 1:1 marketing in future direct mail campaigns.

Client benefits close-up

Heritage has gained significant benefits since testing a 1:1 marketing solution from Xerox:

- Lifetime value of 1:1 piece is 400 times greater than its traditional marketing piece;
- Overall rate of return increased by 191 percent;
- More than 91 percent of responding clients did what was asked of them;
- Responding clients increased monthly payments by \$40 on average;
- 10 times higher response rate for the 1:1 piece in the first three weeks of the campaign;

- 76 per cent increase in the number of RESP units sold;
- Cost of acquiring a customer reduced by 21 percent.