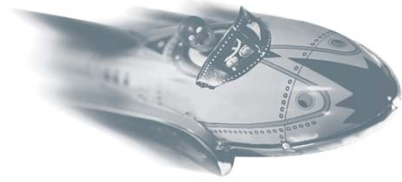


ROCKETSCIENCE
STRATEGIC SERVICES



CASE STUDY: Australian Geographic

presented-at-ADMA-2006-Conference



ELIMINATING WASTE

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





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.



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



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



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



CAMPAIGN 1 – 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
- Renting lists based on demographic profiles didn't work as well as those based on past purchasing behaviour



CAMPAIGN 2 – SNAPSHOT

- Our new control pack included a new outer envelope that mentioned the specifics of the free gift
- The letter was personalised and customised to reflect the status of the relationship with the recipient
- Another premium was tested against the control
- A postcard was tested 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



CAMPAIGN 2 – 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 subscribers or to 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



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 promise, free gift details etc
- Tested dividing the pack elements into more pieces i.e. created a separate letter, brochure and special offer flyer
- Trialed creating a gift-orientated version of the pack for current subscribers and current and lapsed donors
- Trialed inserts in media publications for the first time



CAMPAIGN 3 – 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

Australian GEOGRAPHIC
PO Box 321, Terrey Hills, NSW 2084

OFF PEAK
POSTAGE PAID AUSTRALIA

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- FREE pullout original maps and illustrated posters
- 10% OFF Australian Geographic merchandise
- FREE adventure travel DVD
- GREAT Australian stories four times a year



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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CAMPAIGN 4 – WE LEARNT THAT...

- 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 best performing list segments and media publications
- We also know that our existing subscribers and donors are happy to give a gift subscription and additional analysis has helped us to identify exactly who is giving so we'll be able to further reduce our mailing quantities going forward



NEXT STEPS...

- 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

