Finding New Insights & Opportunities in Underperforming Stores

Case Study: Retail Marketing & Data Management

THE CHALLENGE:

The client, a leading retailer in their category has more than 2,000 stores. Of these, approximately 15% are considered "underperforming". That is they do not consistently meet established revenue and profit benchmarks. Before closing or relocating an underperforming store, the company takes a variety of steps to boost its performance, one of which is to supplement the regular advertising program with targeted direct mail. Unfortunately, the client's prior experience with direct mail had been largely negative, due to poor data quality, inconsistent delivery and customer response.

> The program achieved its primary goal of boosting traffic at underperforming stores and its secondary objective of gaining detailed marketplace insights.

THE SOLUTION:

InterDirect created a direct mail program with a primary objective of driving customers and prospects to approximately 30 underperforming stores. A secondary objective of the program was to gain customer and marketplace insight that could be utilized in customer communications for all stores. First, InterDirect created a profile of top customers and developed a model designed to score customers and prospects based on their propensity to respond and purchase. Results of this initial mailing would be used to validate profiles and fine tune the model, after which the balance of the mailing would be sent. Because in-store data capture was key to evaluating success, the client needed a solution that ensured integrity without a significant overhaul of their existing point-of-sale and would not burden their limited technology resources. The design of the mail piece allowed for laser personalization and variable primary offers relevant to the particular targets.

THE RESULTS:

InterDirect's program was a resounding success. To be considered successful the direct mail program needed to achieve an overall response rate of at least 4%. At the end of the first year, customer response averaged over 13.5% and prospect response averaged 3%, a combined total far exceeding the baseline goal. The average purchase of direct mail responders was twice the average of all customers combined. The data also revealed buying tendencies that were more likely to result in subsequent high margin purchases. In addition, the program highlighted and ultimately targeted a group of highly profitable core customers that could be flagged for special promotions and opportunities.

(continued)

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Overall, the program achieved its primary goal of boosting traffic at underperforming stores and its secondary objective of gaining detailed marketplace insights. Its web-enabled architecture allows the client faster turn times to market, increased localization, superior messaging relevancy, multi-channel integration, reduced costs and greater media efficiencies across the board. The client's customer database continues to grow and evolve, resulting in benefits far beyond its initial purpose. Other departments, including merchandising, operations and sales now utilize the database and consider it an essential tool for identifying customer behavior and maximizing store performance.

InterDirect specializes in results-oriented marketing optimization for leading companies.

We are dedicated to providing customized products and services to meet your unique needs.

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