



Direct Mail Testing
The only way to measure results

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Lack of testing is a major reason why many direct marketers have not seen the huge efficiency gains promised by the database revolution. Yet, most companies still don't test enough and many don't test at all.

Generally, you hear one of three excuses:

- We don't have the time to test.
- We don't have the money.
- Our list universe is too small.

But a well-run test needn't slow down program development or execution, nor significantly increase the price tag. Remember, the cost of ignorance is always higher than the cost of insight.

Listen for shouts, not whispers

If listening is the key to good communication, then testing is the key to high-performance direct mail. Consider it an ingenious listening device - - letting the marketplace express exactly what it likes and what it doesn't.

When the market speaks, it usually shouts. Yet some testers continue to spend so much time evaluating minutiae, they stop noticing what's really important. When results are flat or if there is only a tiny degree of difference between measurements, a tester may be analysing market "whispers." You'll hear only murmurs, not shouts, when checking such things as:

- Paper stock. The difference between laid, wove and vellum won't show up in response rates. When mailing CEO to CEO, use high-quality paper. With a low-cost, one-step sale, use the least expensive stock that will meet printing specs and hold up in the mail.
- Paper colour. Ditto on the response difference between ivory, gray and white paper. There won't be much.
- Typefaces. Letters should look like letters. Every research study proves the face Courier works, so use it. And use serif faces for brochures because they are more readable.
- Personalization vs. non-personalisation. The market is very consistent: personalized packages almost always pull higher.



Test what matters

Smart testing programs evaluate the true drivers of direct marketing success, such as:

- Offer structure. Find the offer presentation that gives the right combination of response and sales for the highest return on investment. And remember, an offer is not a product feature; it's what you give the prospect to call or to buy.
- Offer statement. The sales proposition can make an important difference. Save 50 percent, half-price, or buy one/get one free are three ways to say the same thing. Test to find out which gets the best response.
- Value-added offers. Will a \$3 premium make significant response boost -- or will a free product or free services offer work better? What about a free trial period?
- Information packages. Will a white paper report, video or program disk increase response? Will the expansion be worth the added cost of fulfilment?
- Price points. Which works best, \$39.95 or \$49.95? The answer could beef up the bottom line.
- Package design. Change the outer envelope first because that's easy and can make a powerful difference. Test such things as colour, shape and copy.
- Mailing list. If response goes south, it could be the list. A marketer can't know too much about who responds to what. Keep digging, keep segmenting -- and keep testing for winners.

Making it simple

Traditional testing methodology says: 1) only test one thing at a time; 2) always test head-to-head; 3) always test statistically valid samples.

This works fine when a company mails in high volume and can afford to allocate 5,000 to 10,000 or more names to each test cell.

For example, a mailer dropping 1 million packages at a time can run 40 tests of 5,000 each and still mail the control package to 80 percent of the file.



But what if the company's entire mailing universe is limited to 50,000 names, the situation faced by many business-to-business or geographically constrained direct marketers. With 50,000 names to mail, conventional test methodology would confine the number of test cells to between five and 10, even testing the entire file.

Often, that's just not enough analysis, particularly if there is no control package and little or no time to find one. Several years ago, a client gave my firm the following opportunity. If we could test in October and find a control package that hit the company's economic target, they would allocate \$2.5 million to a rollout in January.

Because of the tight time frame and the fact the client had no mailing history with this product, they had to find a winner on the first drop. Given this challenge, we -- non-mathematicians all -- created a simple model that compares variables.

In this particular case, the test matrix contained 32 different offers and 288 discrete test cells distributed over about 200,000 pieces of mail. Because none existed previously, the objective was to develop a control package as fast as possible.

At bottom, the task was to discover which lists would work for the offer and determine which offers would work for the lists. In a typical example, imagine using these variables: two package formats, three offer splits, and five 5,000-name lists. Plotting the results on a grid will be illuminating. Quickly, anyone can see strong trends and clear hot zones that dictate next steps.

Phase two involves checking the initial results, testing winners and using cells large enough to generate a statistically valid sample. For each successive pass through the universe, mail 40,000 control packages and test two new offers or packages to two panels of 5,000 each. The statistical reliability of the tests will be high.

At the same time, program performance is protected because 80 percent of the file receives the control.

One final word of advice. No matter how great it is, eventually the control package will wear out -- so never stop testing.

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