Boire Filler Group

Case Study Library

Member Acquisition Program

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Company profile

The organization is a regional branch of a national Canadian consumer advocacy association. In addition to advocacy and support services, the association provides a variety of retail and financial services its large base of Members.

Business challenge/situation

This Client attempts to continually build its membership base in a relatively small market of only 350,000 households. Using direct mail as the primary Member acquisition program, campaign response rates had been eroding for some time and the marketing costs for new member acquisition was becoming untenable. Declining response rates and increased acquisition costs represent fundamental challenges for marketers of mature products in small markets.

Since savings in direct mail package costs had been maximized, the next opportunity was to try to reduce the cost per new member for their Direct Mail channel by optimizing external prospect list costs.

Solution

BFG proposed a strategy that would enable the Client to achieve an acceptable cost per new member by sustaining (and potentially improving) current response rates while *increasing* the number of prospects being mailed to achieve to a lower $/000 list cost.

To do this BFG created two tools:

1. Member Penetration Index (numeric value that ranks postal codes in the target region based on current member penetration level);

2. Member Statistics Canada Profile (ranks postal codes based on Statistics Canada attributes that most resemble current member households – e.g. household income, education level, ethnicity)

These two tools were combined and used in conjunction with an existing list source ranking tool to enable the Client's marketers to more accurately select prospects based on list source *and* the postal code in which they live.

Key Benefits

The results for these new targeting tools exceeded all client expectations:
- A 17.5% or $8.06 reduction in Cost/New Member: $37.90 vs. $45.96
- An ROI on their Data Mining Investment of over 90% in just one campaign

Additional, unexpected benefits realized from this initiative included:
- An 8% increase in response: 2.47% vs. 2.29%
- An 11% reduction in cost per package: $0.93 vs. $1.05

In recognition of the significant improvement in mailing efficiency achieved by the Client, Boire Filler Group was awarded a NAMMU (National Association of Major Mail Users) Award for Data Mining.