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# Disciplined Testing

By Hugh Chewning

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## INTRODUCTION

J. Paul Getty once said that a person need do only 3 things to obtain unimaginable wealth:

- 1) Rise early
- 2) Work hard
- 3) And strike oil.

Not many of us will strike oil. However, we can obtain direct mail success by following 3 important rules:

- 1) Test
- 2) Test
- 3) And test

Testing is the “lifeblood” of direct mail. Yet as important as testing is, we must discipline ourselves to test *only* those things that have a **reasonable** chance of beating the control.

Unfortunately, too many mailers test packages simply to satisfy their curiosity and give little thought to how they will use the test results once they get them—or to whether the “lift” a test package must have to beat the control can be reasonably obtained. (For example, a four-color return envelope that requires a 115% increase in results to break-even with the control isn’t worth testing.)

Knowing what is “reasonable” **in advance** of the mailing is disciplined testing. But where do you start?

## YOUR PRE-EVENT ROUTINE

Baseball, basketball, golfers—practically every professional athlete uses a “**pre-event routine**” to achieve excellence. The next time you’re at a baseball

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game, notice of the best batters. Before each pitch they go through the same routine. Watch them. Maybe they touch the bat to the outside of the plate and then take three practice swings. Maybe they adjust their batting gloves in a particular fashion. Whatever their routine is, they'll go through it before every pitch.

The same is true with a basketball player. Watch your favorite player before he takes a foul shot. He may bounce the ball twice, hold it with both hands, bounce it again, wait, and then shoot. Whatever the routine is, the most successful players will go through it routinely before every foul shot.

As a direct marketer, you need your own pre-event routine – in our case, a “Pre-Test Routine.”

Your Pre-Test Routine will define your client's current objectives and help you determine WHEN, HOW, and WHAT to test in order to best accomplish these objectives.

## **WHAT'S REASONABLE?**

There never seems to be a shortage of things to test. But the list of “things it's smart to test” is a lot shorter. And it's different for each mailer.

Dick Benson, in his book, *Secrets of Successful Direct Mail* states, “Any idea you honestly believe can economically increase response is worth testing.”

But what's reasonable?

Your first step is to determine how much your test package must increase results before it “out-nets” the control. Only after knowing this can you decide whether the test has a reasonable chance of beating the control.

Following this article is a simple worksheet you can use as part of your Pre-Test Routine. I designed this worksheet for a fundraiser but any mailer can adapt it to his or her particular needs. Remember, use your projected **rollout** costs – not test costs – when making your calculations.

## **MAKING A DIFFERENCE**

What gives you the best chance of beating your control? Early in our direct mail careers, we learned that nothing affects results more than our lists do. Second only to lists is our offer. Then format, then copy and finally, timing.

The Direct Marketing Association (DMA) has even assigned values to these

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mailing components.

List	100—1,000%
Offer	100— 5 00%
Package	50—300%
Copy	10--300%
Timing	10—50%

I don't put much weight in the specific numbers the DMA assigned but the relationship they portray of how a particular component can affect the outcome of the mailing is right on target.

If you need a big lift in results to justify your test cost, test the big things. Changing the color of the return envelope won't make a big difference. But testing new lists or changing the offer can make a substantial difference.

And when you know you need a large increase in results in order to have your test package break even, you need to test big things...like list, offer, and format. If you can settle for a smaller increase in results, you can test "tweaks" to the package knowing beforehand that they won't make a huge difference in results.

Consider a client that mails only one million pieces per year with a 1% response rate – and they pay \$30,000 for a test that "lifts" their response rate one-half percent. The resulting package could generate 5,000 additional responses the following year ( $0.005 \times 1,000,000$ ).

With a \$10 average order, that's \$50,000 in additional gross – or a \$20,000 net increase – resulting from your test.

However, with the same response rate and average order, a client mailing 10 million pieces will generate 50,000 additional orders – or a half-million dollars.

In real life, not all responses will result in an order so you'll need to adjust your numbers accordingly. Yet, this example does show how a larger mailer can share the same response rate as a smaller mailer but have far different consequences.

But regardless of your mail volume, go through the numbers before you commit to a test. **Knowing how much lift your test needs to break even, having a plan to implement your test results and recognizing the economic potential of the results *before you mail* makes for intelligent and disciplined testing.**

Now take a moment to look over the *Pre-Test Worksheet*—or use an online calculator like:

<http://rms.rrd.com/wwwRMS/WhatWeHave/ResponseRates.asp> . But establish your own *pre-event routine* and enjoy the rewards of disciplined testing.

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## Pre-Test Worksheet

### *How Much of a "Lift" Does Your Test Need to Break Even?*

- A) Control's cost/M = \$\_\_\_\_\_ /M
- B) Control's average response rate = \_\_\_\_\_ %
- C) Control's number of responses per thousand pieces mailed = \_\_\_\_\_ (B x 1000)\*
- D) Control's Average Contribution |\$\_\_\_\_\_
- E) Test package's rollout cost |\$\_\_\_\_\_ /M
- F) Difference of control/test package's cost |\$\_\_\_\_\_ /M (E - A)
- G) Number of additional response per thousand pieces mailed your test package needs to match the control's performance |\_\_\_\_\_ (F ÷ D)
- H) Percentage "lift" needed for your test package to break even with the control's results |\_\_\_\_\_ ([G ÷ C] x 100)

**\* In Step "C" convert your percentage to its decimal form before multiplying. For example, 1.2% equals .012**

You can find a good online calculator at  
<http://rms.rrd.com/wwwRMS/WhatWeHave/ResponseRates.asp>

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