



Testing for the Perfect Package 16 Basic Rules

By Hugh Chewning

INTRODUCTION

J. Paul Getty once said the three keys to wealth and success are, “Rise early. Work hard. And strike oil.”

That may be good advice. But for those of us who must depend upon something other than striking oil, I say the three keys to success for a direct marketer are TEST, TEST, and TEST!

Yet even when the necessity of testing is recognized, too many test dollars are wasted on unproductive and unwise testing. My best (worst) “war story” is of a large, well-known mailer who invested hundreds of thousands of dollars testing new package concepts. But every time I inquired about the results, I couldn’t get a straight answer.

Months later, the reason became clear. Although this mailer was spending a small fortune testing new packages, they weren’t tracking the results!

The people running the campaign had attended a direct mail seminar and learned that it’s important to test. Yet no one had the guts to admit that there was no backend procedure to tally and report results.

After months of finger-pointing, the company spent even more money trying to re-create the results. But by then, no one believed any of the figures

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presented. Nearly one million dollars were wasted.

COMMON MISTAKES

Too often we waste good money with bad testing. Some of the most common mistakes to avoid are:

- If you're looking for breakthrough results, it makes no sense to test the color of the return envelope. Test the big things – list, offer, formats and copy – to get big results.
- Don't ignore the results. At times we get valid test results but they weren't what we expected and too often we're tempted to ignore results we don't expect.
- Do the math first. *Before* you make the test mailing, you need to know how much of a "lift" you need to break even. Make sure you have a *reasonable* chance of winning. On the other hand, don't conclude that the test "costs too much" without doing the math. Increasing your package cost by 50% doesn't necessarily mean you have to increase response by 50%. Much will depend on the size of your average order so do the math first.
- Don't think that just because something worked for another mailer, it will work for you.
- Don't test more than one thing at a time – or test everything. You can't test a new format to a new list and conclude that the format made the difference. However, you can test new copy and a new format – to the same list – as long as you recognize that you're testing the *package*, not the format or copy.
- Rather than try to cheapen the package, test adding features and benefits to your package.
- How many times have you heard, "I don't need to test. My control is still working." The best time to test is when your control *is* working.

WHAT SHOULD YOU BE TESTING?

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

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Note: The key word is “*economically*” increase response. But what is economical? As a rule, the more dramatic a change you make in a package, the more dramatic the difference in results. For some clients, “fine-tuning” a package is fine. Others need a major breakthrough.

For example, Client A and Client B both have an average response rate of 1% and a \$25 average transaction. Both test a new package that lifts results by 10%. The only difference is that Client A has an annual mailing volume of one million pieces. Client B mails ten million pieces every year.

For Client A, with the smaller mailing volume, this 10% lift means an annual difference of \$25,000 in income. But for client B, the same 10% means \$250,000 in additional income.

While the smaller client might appreciate an extra \$25,000 to spend, it is probably not going to have a major impact on the organization – especially after accounting for test costs. On the other hand, a quarter of a million dollars is “adult money.”

If you’re looking for a breakthrough, test big things – lists, offer and major format and copy changes. Forget about testing a small copy change on page three. Again, if you’re mailing large volumes, you can afford to “tweak” the control for minor improvements. Otherwise, stick to testing the big things.

DOES IT REALLY COST TOO MUCH?

When evaluating test results, *always use rollout costs*. And don’t make the common mistake of assuming that a test costing twice as much as your control must double results to break even.

Today, you can find lots of online calculators to do the math for you. One I like is at <http://rms.rrd.com/wwwRMS/WhatWeHave/ResponseRates.asp> . Check it out and see how much you *really* need to increase response. If you have a high average order/contribution, you may be surprised by how small of a lift you need to justify the test package’s cost. On the other hand, running the numbers will also prevent you from testing something that has no hope of profitably increasing results. **Do the math** first.

WHEN TO TEST?

The best time to test is when you have a successful control. A too-common mistake is to delay testing new concepts because “our control is still working.” By this reasoning, you wouldn’t test new concepts until the control takes a dive and

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this is a disaster for cash flow. And it could be time to update your résumé because there're going to be layoffs.

Instead, test from strength, not weakness. Virtually every mailing is an opportunity to test. And however successful, virtually every mailing can be improved.

HOW MUCH TO TEST?

When deciding how many pieces to test, the important thing isn't how many pieces you mail with your test package. What's important is how many responses you get back.

Your test volume should be no fewer than the number you need to produce statistically reliable results. Mathematicians using formulas I won't even pretend to understand tell me that as few as 39 responses can be statistically valid, with a 90—95% probability of accuracy. Personally, I like to have at least 100 responses. It's an emotional response, but I feel comfortable with it.

Whatever number you choose, take the control's response rate and see how much you need to mail to produce this total. For example, with a 1% response rate, I would need to mail 10,000 pieces to produce 100 responses.

As a rule of thumb, you want to limit you total test volume to no more than 20—25% of the total mailing. This way, if the test fails, the returns from your control will help absorb the loss and help preserve the operating budget.

You can find a calculator that suggests minimum testing quantities at <http://rms.rrd.com/wwwRMS/WhatWeHave/MinSample.asp>

SUMMARY: 16 BASIC RULES OF DIRECT MAIL TESTING

1. Test only one thing at a time – or test everything.
2. Constantly test for new lists. Nothing will make a greater difference in results. And when you get a new package breakthrough, review lists that didn't quite work when previously tested. (If your new package beat the old control by 25%, lists that fell short by less than 25% with your old package might now work. Retest these lists with the new control.)
3. Review your list selections and data processing work. Rely on the experts but make certain you understand what they're doing. Are

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you mailing your tests to names randomly selected from proven lists? Are you testing against the same list selections as the control?

4. Be sure you test a sufficient quantity to obtain reliable test results.
5. Test new offers.
6. Test new graphics for the outer envelope. These are among your most cost-efficient tests and they can help keep a control “fresh.”
7. Mail your tests and the control at the same time from the same postal outlet.
8. Don't follow test results blindly; pyramid and/or back test.
9. Don't get test-happy. Test only those things that can make a meaningful difference to your package results.
10. Follow up quickly.
11. Avoid mailing into long weekends, holidays, and popular vacation periods. However, the uniqueness of your offer may give you other strong mailing seasons (Examples: Memorial Day for veteran groups, Easter for religious offers and Christmas for gift offers.)
12. Minimize your risks and improve the reliability of your results by using proven lists to test new offers, formats and copy.
13. More often than not, you'll increase profitability by increasing the package's cost – not by taking away from it.
14. Make sure your package receives full credit. Are replies to the 800 number and the website being counted?
15. Make your calculations using rollout costs.
16. Measure your results by net dollars – not response rate or price per order. If you can't spend it, it doesn't count.

To succeed in direct mail you don't need to be a rocket scientist. But you do need to know what to test, how to test and how to read the results. And you must have the discipline to follow the results.

Test results are like a road map. Follow them and they'll lead to success.

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