

Case Study: Applying MatchPoint™ Analytics to Texas Restaurant's Annual Advertising Campaign

Company: Historic restaurant in popular Texas tourist town

Overview

Regional Texas restaurant hotspot applies MatchPoint™ analytics to their annual direct mail campaign. The result: a **43%** improvement in response rate and a corresponding **103%** increase in profits derived from the campaign relative to an average of the previous two years.

Background

The regionally-famous restaurant has conducted an annual direct mail campaign for several years. The direct mail pieces feature the same promotion each year: a complimentary entrée with the purchase of another entrée of equal or greater value.

In past years, the restaurant's seasoned marketing team has selected campaign recipient households by leveraging standard demographic indicators such as age and household income. However, recently they wanted to take a different approach in order to boost the campaign's response rate – and corresponding profits. In order to do so, they enlisted the assistance of MindEcology, specialists in leveraging data mining and hyper-targeting techniques to help businesses locate and reach their best customers.

Tactics

MindEcology recommended applying their flagship product, MatchPoint™. This is MindEcology's hyper-targeting solution which leverages advanced database analytics and targeting techniques in order to help companies to achieve a higher return on their marketing and advertising investment.

MindEcology started the process by building a profile of the restaurant's historically-best customers. The profile leveraged the unique MatchPoint™ methodology, which combines decades of market segmentation research with cutting-edge analytical techniques. The result was a research report that included a direct mail strategy featuring step-by-step instructions and tactics. The report specifically pointed out where and how the restaurant could reach their best prospective household most likely to respond to their promotion, while skipping over those households less likely to respond.

Key Point

The restaurant's recent mailer featured the same creative execution and promotional offer as did the prior two years' mailers. The only salient difference in the recent campaign versus that of prior years was the process used to select the direct mail recipient households.



Results

Mailer Redemption Rate

Two years prior: 5.46%

Prior year: 4.38%

Both prior years, weighted average: 4.87%

Recent campaign, with MindEcology analytics: **6.96%**

43% improvement in redemption rate

Guests per Redeemed Mailer

Two years prior: 2.44

Year two: 2.71

Both prior years, weighted average: 2.57

Recent campaign, with MindEcology analytics: **2.85**

11% improvement in number of guests per redeemed mailer

Campaign Revenue

Recent campaign *projected*, assuming use of previous years' targeting techniques*: **\$139,231**

Recent campaign *actual*: **\$220,671**

58% improvement in total campaign revenue*

Net Campaign Profits

Recent campaign *projected*, assuming use of previous years' targeting techniques*: **\$42,944**

Recent campaign *actual*: **\$86,999**

103% improvement in net campaign profits*

Return on Investment for MatchPoint™

Given the very strong results of the campaign over that of previous years, the restaurant concluded that their decision to invest in MatchPoint™ was well-justified. Taking into account the projected results of the recent direct mail campaign *had they not employed MatchPoint™* analytics, the return on investment (ROI) for the restaurant's investment in MatchPoint™ was calculated at **529%**. The long-term actual ROI will likely be much higher, given that results of the recent analysis can be applied to their future direct mail campaigns without requiring additional investment in further analytics work.

*projected results above reflect the weighted average of the **redemption rates** and **number of guests per redeemed piece rates** for the prior two years' campaigns, along with actual figures for recent campaign for **sales per customer, food cost per customer, number of pieces mailed, and campaign costs** (including creative, printing, postage and all other related campaign costs).