



Acquisition

The Client:

Major appliance manufacturer

The Challenge:

A major appliance manufacturer wanted to maximize its **return on investment** from its extended warranty direct mail program by increasing conversion rates, while expanding their knowledge of their customers, their customers' motivations for purchasing a warranty and their likelihood to do so.

The Breakthrough:

To gain insight into the client's customers and to improve conversion rates, SIGMA employed a multi-segment marketing strategy for the direct mail program. Through this effort, SIGMA created multiple, clearly defined market segments for the client and developed a unique marketing strategy tailored to each separate segment.

Since the client had been conducting a direct mail campaign for its warranty program for a number of years, a control package – a single mail package with identified cost per acquisition – already existed. This would be the base against which the multi-segment marketing tests would be compared.

SIGMA's strategy included identifying customers that had an active warranty contract or a recently expired contract, recent service, ownership of a specific appliance or ownership of multiple appliances from the client. A mail matrix was developed that included six segments – the control and five additional test segments based on age of the customer, length of letter, creative and inclusion of an insert with the letter. The offer was the same in each of the six segments.

For more information, please contact:

888.277.9837

1850 Winton Road South
Rochester, NY 14618
www.sigmamarketing.com

The Win:

Three of the five test segments outperformed the control package. The winning test package included a four-page letter and an insert that was mailed to individuals under 60 years of age. This test package increased conversion by more than 15% and return on investment by 17%.

The client plans to continue testing by employing the multi-segment marketing concepts in the direct mail program and by using this information to create a customer model for future mailings.

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