



WHITEPAPER

# How to Run a Direct Mail Test **To Increase ROI**

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mail with confidence

A man with grey hair and a mustache, wearing a blue polo shirt, is shown in profile, sorting through a stack of direct mail pieces. The mail pieces have a blue and white design with the text "House Call" and "SMART AND YOUR LIFE". He is in a warehouse or office setting with stacks of mail and equipment in the background.

## Success in direct mail is based on results...

Such as response rate, conversion rate, or ROI, depending on your goals. Once a campaign has been mailed successfully, and repeatedly, with no changes to its components, it becomes the control. Successful marketers, though, are never satisfied. Instead, they always invest in testing variations to beat the control and improve their success.

You need a partner that can plan, execute, and analyze a testing strategy that determines what variable option works best, and can then pivot to a full rollout of a mail piece that becomes the new control.





## 1. Set Your Testing Strategy

Testing begins by settling on a control mailing that you may use to establish a metric (e.g., response rate; ROI) and to try different variables against that baseline to generate better performance.

**When testing variables, there are several approaches:**

- **A/B or Split Testing** - Tests one variable
- **Multivariate Testing** - Tests several variables to reveal a combination that exceeds all others
- **Holdout Testing** - Tests or “holds out” a group that does not receive the test version to see if sales are driven by other factors, and thereby determine the lift provided by the variable package

Over time, a holdout strategy targeting 1-10% of your audience may yield changes to your control that produce incremental improvements to your desired metrics.

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## 2. Choose Variable(s) to Test

There are many variables that can be tested in a mailing campaign.

### For example:

- Format (e.g., postcard vs. letter)
- Offer (e.g., price points; dollar amount or percentage discount offers)
- Copy/Headlines (e.g., less vs. more of each)
- Personalization (e.g., none vs. extensive use of variable data)
- CTA (e.g., phone; QR code; dedicated landing page)

Please note that some options may carry significant differences in cost and implementation, such as postage, format, materials, so be aware of the budget impact for each.



## 3. Select Your Audience Data/Lists

Defining your audience is crucial for your ultimate success but first, you must ensure that the data you are testing with is valid.

- **Is your data correct?** Besides eliminating duplicates, make sure that your testing data is complete.
- **Is your data current?** Postal information should be updated through USPS NCOA in the last 90 days, and certified for correct addressing by USPS CASS.
- **What segments are available?** Nail down any segmentation factors that may affect response, or you may choose to target segments with different mailers.



## 4. Measure and Track Your Results

To know if and how your campaign is working, you need to attribute where the response came from. Any or all of these methods can help you evaluate its performance:

- **Source/offer code** - A unique code on the mail piece specifically used for that campaign, provided when purchasing by the customer, and recorded in your CRM
- **QR code** - Whether generic or personalized, they activate a landing page or app and provide metrics on the device used for scanning
- **URL** - Whether personalized or generic, they can also provide insights on customer behavior on the site
- **Phone** - Call tracking software or manual tracking by staff for unique answer numbers or call center replies
- **Mail** - Reply form included in the mailing returned in an envelope
- **In-Person visit** - A bar code or QR code on the mailer scanned at the point-of-sale

**To know if and how your campaign is working, you need to attribute where the response came from.**







## 5. Analyze Your Results

Your goals or Key Performance Indicators (KPIs) don't always have to be the same from one campaign to the next. Your actual results will dictate which ones you should pay attention to – or ignore – from your test.

- **Which version won?** First, look at the performance metrics for every option tested.
- **What was the response rate?** Divide the total count of responses by the number of pieces mailed, then multiply by 100.
- **What was the cost per piece/per response or lead?** Divide total cost of the test by total number of sales for the cost to acquire one paying customer.
- **What was the ROI?** Subtract revenue generated by the mail piece from the test costs, then divide by the test costs. Next, multiply that result by 100.

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# How We Helped a Direct Mail Marketing Agency Drive Top-of-Funnel Leads for a National Company

## The Partner

Marketing agency with a large national company client.

## The Goal

To increase top-of-funnel sales leads by testing and analyzing results of 2 different formats, and then rolling out winner to full list in under 4 weeks.

## The Solution

The experience needed to develop and execute a testing and production schedule means a lot when working on tight deadlines for our partners. Thanks to a lot of teamwork:

- The partner provided creatives, lists, segments, variable data, and testing analytics.
- We streamlined pre-press and printing schedules; analyzed and verified list data for accuracy and best possible postage rates; coordinated response analysis with partner to allow fast start to full production and mailing of package winner by target date.

## Results

By developing a seamless production flow and coordinating our sales and scheduling teams daily with our partner, together our collaboration accomplished:

- **14% increase** in leads
- **20 million pieces mailed** in 1st year
- **72 hour reduction** in production time
- Campaign tested, then **printed and mailed in 3-½ weeks**



*Our projects are as much of a priority to the team at mailing.com as they are to our team. They do a great job of delivering projects on time, and our projects are big runs with a lot of personalized data.*

**Chris M.**

Direct Marketing Agency President





# Conclusion

**Testing is not a 1-time task before you rest on your laurels.** To continue to achieve sustainable results - and surpass them - you should continuously test your campaigns. Consumer habits and preferences change over time because of a variety of factors, so your mail pieces need to keep up. In addition, an important variable or element that figured into your previous test or control may be worth changing to boost your results.



## We Can Help You Too!

At mailing.com we put our decades of expertise to use to help you develop effective testing strategies that can quickly be scaled up into full campaigns. Contact us to show you how we can work together to test and mail our way to successful marketing campaigns.

**We would love to hear from you!**

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