

## **PREDICTIVE TESTING:**

Direct Mail's Low-Risk, High-Reward Research Investment



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# INTRODUCTION

Confidence, improved response rates and high ROI are the calling cards of this data-driven, direct mail solution.

You'd be surprised how many companies launch direct mail programs based on little or no predictive research. Decisions on competing creative elements (e.g., format, pricing, gift premiums, slogans, imagery, color use, etc.) often come down to managerial experience, intuition or possibly some cursory testing among co-workers, friends or family.

Once launched, it's easy to see which of several executions works best by simply watching the returns. While this traditional approach is relatively "easy," it's also expensive and inefficient when it comes to testing the effectiveness of a direct mail send.

What's more, it doesn't describe the type of person who responded and it doesn't identify what worked or didn't work in the message itself.

We recently worked with a large nonprofit organization that had been extremely loyal to this approach. Here's an example of a test they launched — maybe you're doing something similar:

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**3** competing gift premiums to encourage new memberships

**200,000** direct mail packages of each offer sent to identical target audiences

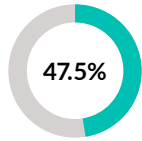
**6** months to collect returns to identify which gift premium performed best

**600,000** mail pieces in total with postage

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The time and cost going into that type of study are pretty typical of standard industry procedure. **It's also unnecessary.**

# PREDICTIVE TESTING 101



In a TrackMaven marketing leadership survey,<sup>1</sup> nearly half (47.5%) of marketers consider themselves “data informed” yet use data “after-the-fact to find out what worked and what didn’t.” **This is not ideal.**

Furthermore, “basing more decisions on data analysis” has become the most important data-driven marketing objective among leading marketing influencers.<sup>2</sup>

One of the smartest ways to do this as a direct marketer is through predictive testing — in this space we also refer to it as pre-mail testing.

By randomly assigning different creative executions (e.g., format, price, color, imagery, discounts vs. rebates, size, etc.) to separate panels drawn from the same population carefully matched to the target audience, brands can make very efficient use of small samples.

This results in clear conclusions about which creative execution did the best and, therefore, offers the best chance for success when launched in the real world. In addition, it tells us the type of person who responded and can tell us what that person liked or didn’t like, and what motivated (or failed to motivate) her behavior.

This type of research can be applied to anything that generates a response — direct mail, email, digital ads, in-store signage, you name it. When properly designed, predictive testing has proven itself as a modestly priced marketing solution capable of identifying which of several direct response appeals will generate the best return... and why.

It’s no longer necessary to execute the direct mail send and track the results to see what works best after the fact. This data-first solution answers the question, “Is it possible to learn what to do without spending a huge amount of money?” with a resounding “Yes.”

And that client referred to in the intro? With pre-mail testing, we trimmed their testing timeline from six months to six weeks. Instead of mailing 600,000 recipients, we sampled fewer than 2,900 subjects.

Conservatively, we estimate they would have saved \$74,000 if they had used the testing solution instead of their standard test methods. And the results?

The same: the winner they identified in their standard test was the winner we identified in our test. Which means less than optimal designs were being mailed to 400,000 customers, when predictive testing could have resulted in all 600,000 customers getting the optimal design.



Pre-mail testing looks like a normal web survey, but it’s actually an experiment — research designed to measure the cause (the direct mail piece) and effect (how the recipient reacts).



**of marketers say knowing how to test effectively is “somewhat” or “very” challenging.**

[Adobe Digital Marketing Optimization Survey](#) <sup>3</sup>

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# HOW IT WORKS

The pre-mail testing process isn't complicated. While I won't get too far into the weeds, here are two important phases of this testing practice:

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## **1** Integrate Consumer Feedback into Creative Development

This phase is optional. You might already have the creative you want to test. If starting from scratch, this is a great way to go.

Qualitative research with one-on-one interviews, conducted by a skilled interviewer, can be useful in testing and evaluating competing messages or creative elements. The purpose is not to get respondents to suggest alternative executions — that's the job of your creative team — but to tell us what the piece is telling them. If it's communicating what it's supposed to, then fine, but if not, it needs to be re-worked until it does. Over a series of these interviews, it's possible to narrow the number of potential creative executions to a few.

Having your creative team in attendance during these sessions, to listen and respond to what consumers say, is critical. Ideally, the creatives can make changes on the fly so that if you do several of these interviews, each one is evaluating concepts that have been refined based on previous feedback.

During this phase, the test materials don't have to be fancy or look finished. Consumers in these studies know why they're there and can react to hand drawings, photos, taglines, messages, themes, clutter — all the elements you want to get a handle on.

### **PRO TIP**

Use this step to push the envelope by mixing in an outlandish idea to test — something you might not otherwise consider if production costs were part of the equation. I often encourage clients to try something unusual to see if it resonates.

### **WORD TO THE WISE:**

We actually recommend not having focus groups evaluate creative. This is because of the group effect that emphasizes creative solutions over practical ones. The result is often a true “junk mail” or “cheesy ad” look.

If done right, groups can work to identify needs and answer how well creative communicates a solution. And moderators must always remember: participants are not creative directors.

## 2 Conduct Web-Based Predictive Test

Do a survey and split the sample between the two (or more) versions of the creative. This is a beauty contest, pure and simple.

Whether you decide to test new vs. new, new vs. old, current vs. new, so on and so forth, there will be a winner, loser, or a statistical tie. (Chances for a tie are greatly reduced if the sample size is big enough and if the creative executions truly are different from each other.)

What do we look for? Any number of tried and true measures used in communications research, such as:

- Understanding the point of the mailpiece
- Interest in the message
- Likelihood to respond to the mailpiece
- Liking for the mailpiece itself
- Liking for specific elements, like format or offer in the mailpiece
- Likelihood to show to or share with others
- Likelihood to show to or share with others
- Perceptions of humor, cleverness, and credibility

We'll often recommend that only two or three versions be tested at a time, which is enough for most situations. There are times, however, a design like this allows two separate tests for differences — an independent test and a paired comparison test — which give us built-in validation.

In addition to winners and losers, the survey provides a profile of those who liked each piece the most. This additional benefit of the research can further improve targeting for current and future programs.

### **Can pre-mail testing predict what a response rate will be once the “winning” mailpiece is launched?**

Answer: No. It can only predict which execution will perform better/best, not how well it will do. However, over time, we can develop norms from these tests to more accurately predict the actual return.

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# POSITIVE ROI VS. AN EVEN MORE POSITIVE ROI

Of course, I realize for many marketers there may already be a positive ROI in the testing you currently conduct. You send out pieces in the hundreds of thousands and wait a few months to get results. And maybe this has worked out to your benefit. Your control is successful and you've established a positive ROI. But why stop there?

## Why put postage on an inferior product if you don't have to?

Due to the time and cost savings – underlined by the opportunity to identify the right mailpiece before you head into production – pre-mail testing will build on that positive ROI with an even more positive ROI.

**In the end, pre-mail testing's true value is realized through:**



Lower Risk



Confident Decision Making



Optimized Production Costs



Heightened Response Rates



Improved Targeting

Add them all up  
and the result is a  
true competitive  
advantage.

**Sources:**

1. [Trackmaven](#), "2017 Marketing Leadership Survey"
2. [Ascend2](#), "Most Important Data-Driven Marketing Objectives"
3. [Adobe](#), "Digital Marketing Optimization Survey"





**Transparent online testing that predicts direct mail results, reduces production costs and increases response all at the same time.**

**Open it, save it or trash it?** Acuity by RRD™ enables direct marketers to identify how well their mailpiece stands out in the stack before the campaign's launched. This is a competitive advantage; one that provides an efficient and effective alternative to traditional direct mail testing.

**The result?** A significant reduction in design and mailing costs while increasing the response rate.

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## ABOUT THE AUTHOR

### Mark Traylor | **Research + Customer Experience Director**

Mark Traylor has been working in marketing research for over 35 years. He is the founder and former president of National Market Measures, LLC — now a part of MarketVision Research.

His research expertise includes focus group moderating, survey and experimental research design, and multivariate statistics. He also consults with clients in market segmentation, concept testing, branding, new product development, and competitive marketing strategies.

A former professor, Mark has written articles for a number of peer reviewed marketing, research and advertising journals, including the Journal of Marketing Research, the Journal of Advertising Research, the Journal of Advertising, Psychology & Marketing, and the Journal of Consumer Marketing. He has also served as a consultant and expert witness in cases of deceptive promotion, trademark infringement, and patent design infringement.

## ABOUT RRD MARKETING SOLUTIONS

From concept to analysis, when it comes to ensuring direct mail success on every level, RRD Marketing Solutions is well positioned to handle the entire cycle of:

- Creative development through our Creative Services division
- Creative refinement and qualitative testing through our Customer Experience Lab
- Quantitative testing with smaller, controlled samples through Mailbox for Acuity by RRD™
- Traditional A/B testing through our Analytics Group

With unparalleled depth in print marketing, we've developed breakthrough production efficiencies, automated processing and customization technology. Our expertise and scale allow us to effectively communicate with impact to an audience of any size.

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