




Canada Post: The Home Depot Case Study

Marketing Partnerships Drive Sales-Conversion Rates

The Home Depot home-services campaign
yields remarkable results





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Airi Ritokoski, Direct Marketing Manager, The Home Depot Canada

To be an industry leader sometimes requires risk-taking and experimentation. That was precisely the spirit in which The Home Depot Canada’s Direct Marketing Manager Airi Ritokoski approached her fall home-services marketing initiative.

Ritokoski and her team wanted to optimize their targeted marketing efforts for installation services, working with data they had gathered on previous buyers of more than 40 different sets of home services. She was convinced The Home Depot could closely profile customers who had previously purchased its home services



and leverage those profiling results to create a sharply targeted home services direct-mail campaign for both new prospects and existing customers.

To assist her, Ritokoski called on her trusted colleagues at Canada Post. “We’ve worked with Canada Post for years. We rely on their expertise with direct-mail campaign execution, their understanding of our business, and their supportive, expansive national network of partners and suppliers,” says Ritokoski.

Profile-building

Given the importance of the profiling component to the campaign and the complex data analysis required, Canada Post advised Ritokoski to engage the services of Generation5 Mathematical Technologies (Gen5), a Canadian firm providing both standard and customized customer-prediction analytical marketing solutions. Gen5 has proven expertise in postal code targeting for retail organizations.

Gen5's role was to create a profile of The Home Depot's existing home-services customers, identify other prospective customers with the same characteristics, classify those prospects and then develop a targeting scheme using seven different service categories (backyard, bath, décor, doors and windows, flooring, home services, and kitchen).

Gen5 used its proprietary Retail Mosaic profiling platform. The system comprises 20 different retail groups (representing 150 customer types) across the country. Each Mosaic group shares common characteristics (demographic, lifestyle, financial).

Matching the postal codes of The Home Depot's existing home-services customers and their characteristics with the postal codes of similar Canadians, Gen5 was able to identify the top five Retail Mosaic groups for targeting. Using lists from InfoCanada, Gen5 was then able to identify an additional set of prospects. In the end, the campaign mailing list consisted of 60 per cent existing customers and 40 per cent acquisition clientele.

Interestingly, Gen5 also discovered that all home-services categories were strongly indexed across the five customer types—important learning for Ritokoski and her group.

"We were surprised to discover this," says Ritokoski. "Our aim was to launch a highly targeted campaign—for example, to discover which service a painting customer was most inclined to buy next. But it turned out that all home-services customers have a high propensity to purchase all home services. This taught us that our traditional approach is in fact quite effective. In that respect, it was highly validating."



“The big news with this mailing is the conversion figures. The campaign delivered response rates up to double the average for existing customers, and up to 70 per cent above average for prospects. We’re delighted with those results.”

Lia Jasani, Marketing Manager, Installation Services & Pro, The Home Depot Canada

“The profiling exercise refined Home Depot’s perceptions about buyer behaviour,” says Jim Green, Senior Director, Client Management for Gen5. “That’s valuable learning. And it affirmed the effectiveness of targeting existing customers with Addressed Admail.”

Campaign design and execution

Canada Post’s Addressed Admail™ service was the mechanism for reaching customers and prospects. Ritokoski and her team designed the campaign to focus on three of The Home Depot’s installation services. Three distinct mailers were created; each incorporated a time-limited discount or promotion as well as tracking mechanisms, including operator codes and bar codes.

Approximately 66,000 mailers were sent out using Addressed Admail



service for each of the three home-service areas, for a total of just under 200,000. Tracking devices allowed Ritokoski and her team to monitor response from these prospects from lead to converted sale. It also enabled The Home Depot to conduct an in-depth post-mortem following the conclusion of the campaign to gather valuable learning for application in subsequent direct-mail efforts.

Above-average conversion rates

Though response rates were affected in part by the campaign’s timing and duration, the rate of conversion from lead to sale for those individuals who did respond to the offer was remarkable—far surpassing The Home Depot’s averages and industry norms.

“The mailing delivered response rates up to double the average for existing customers, and up to 70 per cent above average for prospects,” says Lia Jasani, Marketing Manager, Installation Services & Pro with The Home Depot Canada. “We’re delighted with those results,” she adds.

According to Ritokoski, those figures confirmed for The Home Depot the effectiveness of targeting offerings to consumers who have previously purchased similar services as well as the importance of authenticating preconceptions over time against concrete customer data. Ritokoski also acknowledged the valuable project-management support provided by Canada Post through the direct-mail campaign, and its facilitation of The Home Depot’s partnership with Gen5.



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Addressed Admail service: the competitive advantage

Addressed Admail service proved a success for The Home Depot’s Airi Ritokoski and her direct-marketing team—and she’s not alone. The service is a highly effective option for reaching Canadian consumers.

Research shows that, of all forms of direct marketing, prospective customers are most responsive to mail. Unlike advertising media, which demand immediate attention, mail allows customers to read up on offers and promotions when the time suits.

Addressed Admail service, in particular, captures attention: it allows companies to target mailings in a way that reflects customers’ established interests, to personalize promotional messages and, as a result, to have greater impact.

With Addressed Admail service, businesses of any size are able to build on existing relationships or reach new customers with purchased target lists. By focusing their marketing efforts, they can connect with those individuals most likely to respond, reduce waste and generate increased response rates—just as The Home Depot did. By building in reply vehicles, such as Business Reply Mail™ service, order forms, web addresses,

toll-free numbers or invitations, they can facilitate quick and easy consumer response.

Addressed Admail service offers one important additional benefit: success can be measured at the end of each campaign, providing valuable insight for subsequent direct-mail initiatives.

“Our customers invariably agree that Addressed Admail is an affordable marketing mechanism with real return on investment,” says Sunny Kumar, retail sector account executive at Canada Post. “Addressed Admail is an integral part of the marketing mix for small, medium and large businesses in a wide range of industry segments, including automotive, finance and insurance, real estate, consumer packaged goods, and retail.”

Kumar adds that the service is ideally suited to businesses seeking to generate in-store or web traffic, upsell or cross-sell to existing customers, and/or encourage product trials.

Pricing for Addressed Admail service varies according to physical dimension. It is calculated using a base price plus a per-gram weight adjustment for items over 50 grams.

“We’re thankful to Canada Post for introducing Gen5 as a partner,” says Ritokoski. “The relationship has yielded important learning for Home Depot—knowledge that will inform various direct marketing efforts going forward.”



About Canada Post

Canada Post is a leading provider of direct mail and other targeted-marketing solutions. Businesses, charities and other groups use Addressed Admail service to promote their products and services to leading customers and prospects on a targeted and personalized basis. For more information, please visit canadapost.ca or call 1-866-747-3871.