



Circulation Management & Audience Development

TESTING

By

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About Tyson Associates, Inc.

This 28 year old firm offers full service circulation outsource management, project consulting, fulfillment consulting and creative work to paid and controlled circulation magazine publishers.

IF YOU DON'T TEST YOU CAN'T WIN

The win/lose mindset about testing is pretty intimidating. It can make some people avoid it because no one wants to be a loser, right?

Couple that thought with inexperience, reduced budgets and reduced outgoing mail volume and you've pretty much got a recipe for going nowhere fast when it comes to improving promotion results – not only from direct mail campaigns, but other sources as well.

We've heard a lot of bizarre excuses for not testing from "It takes too much time", "It interferes with the production schedule", to "It costs too much" and "There's nothing we need to test". Oh, yeah?

Testing is never a waste of time or money. It's the only way you have to improve response from all your subscription sources. Avoiding it means you'll never know what works and what doesn't in terms of lists, offers, price, creative, involvement and other response motivators.

It's one place where you have the duty to fail. And you'll fail a lot because it's not so easy to find a big winner. But just imagine if you'd rolled out your all time biggest failure without testing it first? It's too ugly to think about for very long.

GIVE YOURSELF A WAY TO SUCCEED

Testing is simply a way to gather important information that you can use to improve response to your promotions and your profits. It has nothing to do with winning or losing. It's a way for you to avoid trying to get by on your best guess alone.

The computer revolutionized our ability to test multiple things at once because you can merge all your mailing lists together to eliminate duplicates and suppress subscribers, then select test panels across merged lists. That's called grid testing. It allows you to easily test several elements accurately at the same time.

SUMMER 2011
YOUR MAGAZINE TEST GRID

TEST PANEL	LIST 1	LIST 2	LIST 3	LIST 4	LIST 5	LIST 6	LIST 7	LIST 8	LIST 9	LIST 10	LIST 11	LIST 12	TOTAL
Control Package/Offer	12,000	15,000	10,000	8,000	17,300	10,000	21,000	8,000	31,000	5,000	5,000	5,000	147,300
Control package/Offer Test	2,500	2,000	1,500	1,200	2,000	1,300	2,500	1,100	2,500	0	0	0	16,600
Control package/Price Test	2,500	2,000	1,500	1,200	2,000	1,300	2,500	1,100	2,500	0	0	0	16,600
Control Package/Component Test	2,500	2,000	1,500	1,200	2,000	1,300	2,500	1,100	2,500	0	0	0	16,600
TOTAL	19,500	21,000	14,500	11,600	23,300	13,900	28,500	11,300	38,500	5,000	5,000	5,000	197,100

You can read this grid across by panel to measure the relative success of a package, an offer or price and you can read it from top to bottom to measure response from each mailing list.

The first rule of testing is you test only one variable at a time. This is one rule you can never break.

Basic variables include:

- List
- Copy
- Package
- Format
- Offer
- Price
- Seasonality

If you test prices on two different packages at the same time, you won't be able to differentiate between the effect of the price and the effect of the package on response. Test panels must be identical in every way except for the test variable.

This mailing has test panels of 16,600 pieces each with the bulk of the volume receiving the control package. You need to be sure you receive budgeted orders based on past response history so most of the volume of a campaign receives the current best package/offer and price.

Key each list and panel during the merge/purge so that you can read response by list as well as test panel.

All the tests in the above grid are conducted using the control package as the benchmark with one variable per test panel – offer, price and component. There are three lists being tested. Test lists are mailed the control package only. Otherwise you have multiple variables.

Plan tests based on your circulation goals rather than trying to confirm an opinion, preference or theory. Determine what information you need to improve response and profits. Then, concentrate on testing key elements – those things that are known to affect response and, therefore, profits. There are a number of them that are good bets for improving results and that, in turn, have a positive effect on profits. These items include:

Lists. Nothing will give your mailing a bigger lift than a new list. You need to get your subscription offer to the right people so the mailing performs well. Expanding your mailing universe helps offset list fatigue and gives you more opportunity to sell to a wider market.

Offers. After lists, the biggest lift in response usually comes from a better offer, not new creative. Working to strengthen your offer may not be glamorous, but a success here is a lot more rewarding because it comes at a fraction of the cost of package development.

Price. This is something you need to investigate constantly since it can have an enormous affect on response. Some markets are price sensitive; others not so sensitive. Sometimes even a dollar makes a difference.

Creative. It does make a difference so don't mail untested creative work. Take a quick look through your control package for these words. You. Save. Free. Results. Easy. New. Proven. Love. Money. Discover. Learn. Safety. Guarantee. Now. If they aren't there, consider testing a new letter loaded with them and see if your results improve. These words are powerful and pack a lot of promotional punch.

Seasonality also has some effect on response rates, but it doesn't rank as high on the response improvement scale as lists, offers, prices and packages. If you avoid testing as a way to save money, consider that you can build a very effective testing program around lists and offers alone – at least for the short term. It doesn't cost a great deal to test these elements in your campaigns. Price testing is not very expensive either.

If you decide to test a complete package, it will cost some money. However, even if you don't think you can afford creative testing, it might help to know that research says the two items in a direct mail package that prospects remember best are outer envelopes and brochures. This suggests that testing new outer envelopes even if you can't test an entirely new package might pay off in better response. And, if you remove the brochure from one test panel, you might find response doesn't suffer. If so, you'll save money. If not, you've proven the worth of including that brochure.

Package fatigue is real. Sooner or later you'll need to test packages to combat it but you can sometimes

buy time by testing individual components. Adding something such as a lift letter or trying some new outer envelopes may temporarily refresh a stale control.

Plan your tests in advance when you do your annual budget then you won't have a problem fitting them into your production schedule later on.

Give some thought to what you need to know in the future. If there is a price increase coming, plan to test prices. If you know the direct mail budget might have to be cut, look for more lists to test and better offers to try to boost response and lower mailing costs. If your control package is more than 2 years old, you could be living on borrowed time, so schedule a package test.

If you think there's nothing worth testing, think again. There are enough offer variations to keep you busy testing for a year. There are introductory offers, discount offers, premium offers, free or complimentary copy offers. There are different ways to express your guarantee and your payment terms. These are all part of your offer. Combining offers can give you a stronger offer. What about an introductory price and a premium? Or, price savings and a 100% money back guarantee?

SEARCH FOR THE TRUTH

Don't put off your search to find more productive, less expensive ways to sell subscriptions. Once you're committed to doing this, life will get better, I promise. Remember, testing is not the place to play it safe. Don't test in quantities too small to analyze the results. Mail at least 5,000 names on a list test and 10,000 pieces for creative tests. When it comes to prices and offers, I'd mail as much as I could afford to mail to feel confident about rolling out a new winner. I'd probably also back test to confirm really significant changes with a larger test quantity before committing to a full roll out.

EVALUATING THE TEST RESPONSE

Once you've put a test into the mail, you need to evaluate the response. The more experience you have, the easier this gets. Generally, anything less than a 10% difference in the response to the test Vs the control is not considered to be significant. If you receive fewer than 50 to 100 orders from the test, your results are questionable. Rethink the idea and back test it with a larger sample size. Be sure to base a rollout on net, not gross response. High bad debt may outweigh a big gross in many cases.

When you do find a winner, think about how you can test it with your other sources – insert cards, your web site, renewals. It may help improve response from those sources, too. Don't assume that will be the

case, however. Test the new offer, price or creative concept with each additional source before using.

Testing is simply finding the truth about what works for your magazine. Everyone should be on board with that idea. Fortunately, you don't have to start from scratch because a lot is already known about what test elements can pay off in improved response and reduced costs. Testing is never risky if it's viewed as a valid means of getting that information.

The external pressures on the magazine publishing industry pale into insignificance when compared to what we do to ourselves through sheer arrogance. Subscription marketers must be willing to believe that the market, not their own personal opinions, should dictate the best lists, the soundest offer and the most productive package to use in selling subscriptions. Nothing less will ever work.

About the author: Elaine is a guest lecturer at the Columbia University Publishing Course and a frequent speaker at industry functions. She writes for the publishing trade press and for many years wrote a column for Circulation Management magazine. She is the recipient of the 2010 Angelo R. Venezian Award presented by The National Trade Circulation Foundation each year to an industry professional who has contributed to the advancement of the industry and the circulation discipline.

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