Executive Summary

Our 2012 SUBWAY® SUBCARD® CRM programme was a carefully-phased, multi-layered CRM programme that – despite being built from scratch from the start of 2012 - managed to significantly beat all of its objectives, deliver improved customer value and add an additional £6.6 million+ sales to the business (a positive ROI of 3:1) in less than 12 months. Or to put it another way, it sold enough delicious Foot Long Subs to stretch from London to Newcastle. Now *there's* an image for you.

In slightly greater detail: SUBWAY® briefed us in January 2012 to use their points-based loyalty card – the SUBCARD® – to deliver objectives including a 10% uplift in sales & visits and a 3% increase in customers using a SUBCARD®.

We worked closely with SUBWAY® to build, test and learn from a set of eCRM comms. However, rather than just base those on a simple value/frequency segmentation model, we combined them with a further set of behavioural, trigger-based comms (ie if customers earned enough points for a free Sub.) We also combined those targeted messages with non-segmented tactical offers that worked as a complementary way of driving store footfall.

Add to that a further stream which reactivated 11.5% of lapsed customers and an ongoing focus on making our creative more engaging and relevant to our Sub fans, our programme:

- More than doubled our objective of a 10% increase in sales and visits to 26%.
- More than doubled our objective of a 3% increase in SUBCARD® penetration to 8%.
- Smashed our objective of keeping customers' average spend the same, delivering an actual 13% increase.

Overall, then, we delivered a £6.6 million increase in sales in 2012 – that's an extra £750 every single hour – a positive ROI of 3:1 and the basis for even greater success in 2013.

(295 words)

2,000 word submission

A bit of background...

SUBWAY® are a significant player in the Quick Service Restaurant sector, selling a range of fresh-tasting Sub sandwiches & snacks. They launched their loyalty card – the SUBCARD® – as a "spend equals points"-based scheme in 2010. When cardholders have collected 500 points, for example, they can redeem them in store for a free 6" Sub.

The challenge at the start of 2012

However, when we started working with SUBWAY® in January 2012, they gave us some pretty challenging objectives for the SUBCARD® programme:

- A 10% year on year increase on sales
- A 10% year on year increase on store visits
- A 3% increase on SUBCARD® penetration (i.e. SUBCARD® sales as a % of total sales)
- A 6% increase in the number of people redeeming their points
- Plus keep people's average basket value the same.

Seeing as SUBWAY®'s CRM programme forms the vast majority of how they talk to their customers, the responsibility for delivering these number sat fairly and squarely with our emails. It was a tough brief.

How we started segmenting our customers

SUBWAY® had managed to build up a sizeable base of registered SUBCARD® holders. While that was great in a way, it was clear that we couldn't continue with their existing one-size-fits-all approach if we were going to hit our objectives.

So in January 2012 we started to develop a move away from mass to more segmented communications, splitting the base into 8 groupings based on their average spend and frequency of visit. From this, we created three 'super groups' of Loyal, Occasionals and Infrequents (we decided three was a more manageable number than 8) and set about devising a contact strategy for each.

Our segmentation strategy, Part 1: Comms based on spend & frequency

We started creating our strategy by developing an over-arching principle for each segment; for our 'Loyals' it was *"Retain and Reward,"* for our 'Occasionals' it was *"Build frequency"* and for our 'Infrequents' it was *"Invest and selectively mail."* This helped us focus our message for each of those groups.

Then in April 2012 we started to communicate to the different segments in phases, allowing us to test, then roll out successful initiatives. Our first phase, for

example, was to send a segmented 'Double Points' message to our Loyals and our Occasionals. In the same month, we also sent the same non-segmented offer to a broad section of customers. The results showed that **segmented messages produced almost double the open rates of non-segmented ones (29% vs 15%, to be precise)**, giving the business confidence that segmented communications should continue to form a core part of our strategy.

A brief word about testing

Test and learn was a key part of our strategy from the word go. To make sure we learned as much as possible about our campaigns, they were designed with 2 control groups. The first was a silent control selected from the test audience to identify campaign uplift. The second was a separate message control group selected from outside the target audience to indicate whether we had the right combination of offer & audience or whether the offer alone was dictating response, regardless of the target audience.

On top of that, we tracked any short term bursts of store traffic created by our campaigns against the longer term effect of comms. We did this by measuring a group of customers who received communications against a perpetual control of non-contacted customers.

Our segmentation strategy, Part 2: Behaviourally-triggered comms

In addition to communications sent to groups segmented by their spend & frequency, we wanted to increase the effectiveness of our activity even further by developing a second set of segmented, triggered comms, based on three specific pieces of cardholder behaviour:

- Customers who nearly had enough points to redeem them for Subs.
- Customers who did have enough points, but who hadn't redeemed them.
- And customers who had lapsed.

We'll talk about our lapsed strategy shortly; first, let's look at how we encouraged those first two groups to redeem their points.

We addressed this particular challenge by developing 3 test emails in the summer of 2012 and sending them to 3 key groups:

- Cardholders with over 500 points reminding them they'd qualified for a free Sub.
- Cardholders who'd previously redeemed their points and were within less than 150 points of another Sub. (The creative offered them an additional 50 points to get them closer to their free Sub – a nice bit of "surprise and delight" for the customer, a proven way of getting more people in store for us.)
- Finally, we emailed cardholders who *hadn't* redeemed before & were within 150 points of their threshold.

The results of this test were utterly conclusive, with the groups we emailed showing sharp rises in both store visits and redemptions against our control groups (almost double the control, in some cases.) As with our first phase of segmentation, this then convinced the business of the merits of committing to an ongoing, triggered-based threshold programme.

Now, on to lapsers. We'd pinpointed a growing issue with lapsed customers, who we'd classified as cardholders who hadn't visited a store for 6 months. We wanted to make them fall in love with SUBWAY® again and get them back in store, so we devised a further set of emails based on three test offers, each measured against a control cell. So one group was offered 500 points to come back, the second received a double points offer and the third a triple points one.

This approach proved fantastically successful, with **11.5% of previously lapsed cardholders 'reactivated'** and the winning test offer (500 free points) delivering **an ROI of 7.5:1 and a traffic uplift of 139% against control**. And – just as significantly – it proved to the company there was a solid business case to investing in lapsers.

Our segmentation strategy, Part 3: balancing niche with volume

Throughout all of our segmented activity, whether that was based on behaviour or spend, our testing showed that there was a need to combine those kind of targeted comms with broader, non-segmented activity that would deliver volume. So rather than just adhere to purist DM principles - being 'very clever for the very few,' if you like – we balanced that with a more pragmatic approach.

Where segmentation could offer an uplift, we used it. But where we needed to drive volume, we were just as happy to deploy non-segmented offers. This took the form of structuring our campaigns as a quarterly, rolling series of emails that focused on integrated brand messages the first month, tactical initiatives the second and segmented messages in the third. Introducing these non-segmented elements also gave us a broader range of content; we'd realised early on that there were only so many segmented offers and messages we could send cardholders without the programme becoming very tired, very quickly.

Creative: testing, learning and improving

Even within the relatively short period (8 months) that we've been producing creative, we've continually refined it to make it even more responsive and delivering more value, more easily to our SUBCARD® holders. As you'll see from the accompanying visuals, we've made our emails simpler, more engaging and more streamlined in several ways, including:

- Giving more prominence to what our testing told us was our most-clicked buttons – "Your POINTS."
- Incorporating live text into the headline so people can see our offer and engage with the email even without downloading the images.
- Optimising the current points 'roundels' for viewing on mobiles & tablets.

- Incorporating social media buttons more into our emails to encourage interaction & dialogue with our cardholders.
- Developing a 'split-column' layout that can be more easily read on mobile devices.
- Tying in with current promotional or in-store activity – our Olympic "Where Winners Eat" activity, for example.

And, all the time, making sure that we continually encouraged and gave cardholders fresh reasons to come into stores, swipe their cards and collect & redeem their points.

The results: Short-term successes, even greater long-term rewards

The key activities carried out during the year, whether that was segmentation, redemption programmes or lapse programmes, all delivered short term, positive ROI and spikes in cardholder traffic.

However, the real measure of our activity's success becomes clear when you look at the programme's cumulative effect.

From a bottom-line point of view, the communicated group contributed an **additional £6.6m+ sales** - that's **a positive ROI of over 3:1.**

Breaking that down a little further – and looking at our original objectives – our activity beat all of them.

- We **more than doubled our objective** of a 10% increase in sales to 26%.
- We **more than doubled our objective** of a 10% increase in number of visits to the same figure - 26%.
- We **more than doubled our objective** of a 3% increase in SUBCARD penetration to 8%.
- We **smashed our objective** of keeping customers' average spend the same, delivering **an actual 13% increase**.
- And **we beat our 47% objective** of customers redeeming their point, achieving a 49% result.

Breaking down this a little further, our focus on encouraging people to redeem their points led to a fantastic set of results. *Overall, people collecting and redeeming points now made up* **71% of all SUBWAY® sales**, with our redeemers (just 21% of our cardholders) now delivering **57% of SUBCARD®'s total revenue.**

We've also now ensured that redeemers spend and visit our stores four times more than people who haven't redeemed their points, making redeemers' incremental value **£100 more** than collectors. Even if just half of all incremental redeemers reflect this behaviour, this will add **an estimated additional sales figure of £186,000.**

Summary: Why should this campaign win?

- We built a structured and hugely successful comms programme from scratch, based on proved direct marketing techniques.
- We demonstrated success in a phased way so that the business grew in confidence - rather than trying to do everything all at once.
- The programme was based on pragmatism rather than being too purist from a direct marketing perspective; where segmentation could offer an uplift we used it, but where we needed to drive volume we were happy to deploy non-segmented offers.
- We continually refined our creative to make it more engaging, impactful and responsive.
- And we measured success at all points showing both short term and longer term uplifts to justify investment.

(1,709 words)