

Which?: Subscriber recruitment

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Introduction

This is the story of rebuilding a subscriber base and defying market trends. It's a journey that has taken six years to date, and has at its heart direct marketing discipline and data insights, using advertising tools to achieve success.

In the ten years prior to 2005 Which? had seen declining subscriber numbers each year. Since then subscription numbers climbed from 831,000 to more than 1,330,000 in June 2011. Costs of acquiring a new subscriber have fallen by 44%. True return on investment has risen from 8% to an eye watering 176%.

There has been no one Damascene moment that solved all the issues facing Which? Rather this has been a six year iterative process, driven by consumer insights and from the rich data sets that a direct sale brand provides.

It's not been easy. The decline of magazine circulations is well documented, but ours are up by 52% over six years. The challenge of getting consumers to pay for online content is equally well known. We have more than 250,000 paying £9.75 each month for content they use and value.

Mr Murdoch eat your heart out!

Background

Which? is the UK's leading consumer organisation. Funding comes solely from members' paying c£10 per month to subscribe to magazines, website and advice lines.

Which? offers reviews of products and services, providing advice on how consumers can obtain best value. Reviews are based on rigorous, independent research. Advice is truly independent, impartial and provided in a straightforward and easy to understand way.

Which? is only available via direct subscription- it's not in any retail outlets- so is totally dependent upon advertising to drive sales.

All subscriber recruitment activity is meticulously tracked and measured. The key performance metric is not cost per subscriber, but 5 year net ROI, calculated as *Discounted 5 Year Expected Net Revenue - Total Recruitment Cost* divided by Total recruitment costs.

Which? currently use a discount rate of 6% per annum.

The initial challenge

In 2005 Which? recruited subscribers only via a prize draw mechanic, only communicated in direct mail, with some 5 million mailings each year. Response rates, ROIs and subscriber numbers had fallen from 1988 onwards.

Reliance on direct mail to a small group of prospects had caused the brand to disappear from public view.

Research highlighted that the magazine was not seen as contemporary and seen to review mostly white goods. Potential subscribers thought they could either live without the information or find it elsewhere.

Which? appointed MC&C and creative agency WPN to turn this business performance around.

Phase one: return to growth

Simple brief: Reverse the long term decline in subscribers.

Within this were three other key asks:

- Get consumers who knew the Which? brand but thought it wasn't relevant to them to reappraise it
- Radically change the main marketing message from prize draw and replace it with brand led messages
- Improve marketing returns on investment

The initial solution:

Four stages, each informing the next: -

1. Understand who might become subscribers, and their needs and attitudes towards product research
2. Create a new proposition, motivating enough to stimulate huge volumes of response, based on a central brand thought so that responders would stay
3. Change the media schedule to reflect audience behaviour
4. Change the way that consumers interact with the brand, ensuring that for as many as possible their first encounter with Which? was through a telephone conversation

Step one: Target market and targeting

Which? had traditionally targeted either the profile of their current subscribers (older, male, upmarket, and educated) or responders to prize draw mailings.

We set out to discover the key variables that would predict an individual's potential as a Which? subscriber.

We used TGI to identify the variables most associated with Which? subscription and found two key axes:

- Firstly, a tendency to research a product / service before making a purchase
- Secondly, a lack of confidence in one's own research abilities

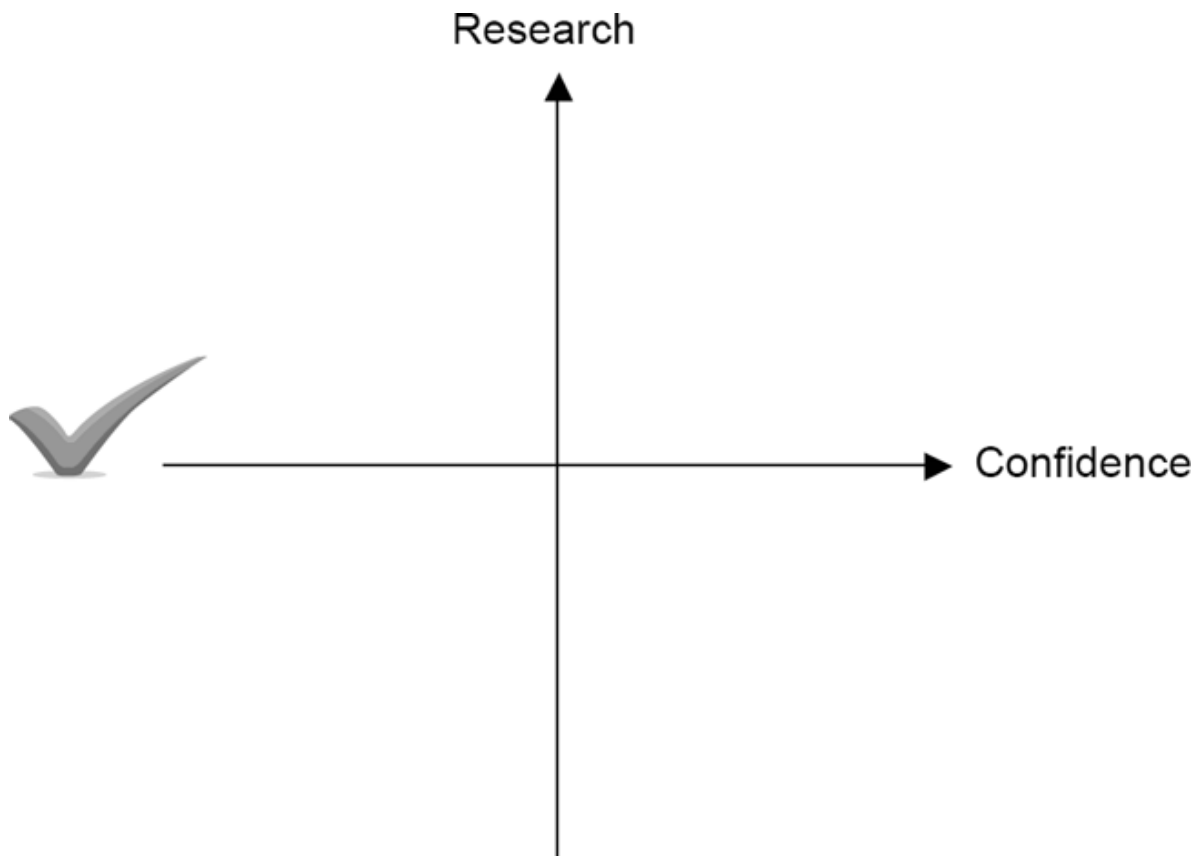


Figure 1

We used these variables to create a cluster analysis, segmenting the UK adult population into 8 groups.

We focussed on 4 key groups, c.40% of the population.

Each group had a common tendency to research products/services before buying them, and responded to Which?'s values of:

- Independence
- Integrity
- Thoroughness of research

We took the learning into the field. Members of each cluster were recruited, and variables were confirmed/elaborated – building a pen

portrait of each segment.

We then carried out bespoke qualitative research and re-segmented the base to identify our 4 target groups. This segmentation was enhanced with media consumption and attitudinal data to inform creative & media planning.

Step two: Developing a new consumer proposition

Being good direct marketers we know "free" is the strongest offer!

At the heart of Which's? offer are the 'best buys': the product / service that offers best value for the consumer. These are our crown jewels and we didn't want to give them away. So we created a new set of information – 'how to get the most out of products and services guides'. These crucially do not tell consumers what products to buy, but rather how to go about buying them.

Our free guides provide independent and impartial advice – in areas of mass consumer confusion – e.g. changes in technology.



Figure 2

This "free guide" offer has been sustained as a proposition for the last six years. It has appeared in more than 50 different guises, covering topics from laptops to smart phones to vegetables.

It does a number of remarkable things.

Firstly it creates huge levels of consumer response. The attraction of free advice creates response rates typically ten times higher than for a comparable paid offer

Secondly it generates qualified response. Many "free" offers (think free Parker pen) create response from offer hunters, who then do not convert to sale.

The offer here is research. It only appeals to consumers who are researchers, and thus likely to find Which? of value.

Thirdly it creates reciprocity. Because our first engagement with consumers is us giving them something they value, they are far more likely to convert to a trial and then a full subscription.

And finally the presence of a wide range of free guides in public media, even if they are not immediately relevant for a consumer, starts to restore the saliency and modernity of the Which? brand. They don't just test washing machines, but products and services that I buy every day.

Step three: Delivering a media schedule that reflected the new strategy and began to revitalise the brand

Our objective was two-fold:

- Firstly, to reach our new target audience when they were considering purchasing a new product/service
- Secondly, to reach more people than via direct mail, and put Which? back in the public eye

Identifying when a consumer would research a product was impossible so we had to be present as often as possible to catch prospects when they were in consideration mode. We moved our funds into 'broadcast' media - DRTV, newspaper and inserts.

Each channel was chosen on three criteria:

- Its efficiency at reaching our target audiences
- Its efficiency in generating response
- Its cost per contact and thus resultant cost per subscriber

All of these media schedules were planned, bought and evaluated as pure "direct response" schedules. Our primary benchmarks were five year ROI and volumes of new subscribers. The only business case for investment was five year ROI for the organisation.

Our key objective at this stage was to maximise reach against, or one plus cover of an audience of researchers, who were in the initial stages of a research project at the time.

This stage of pure direct response activity essentially harvested those consumers who were in market, and for whom a simple reminder of the Which? offering was sufficient.

The tripartite offline schedule was supported with heavy weight paid search. Up to 350,000 terms were bid on- not just brand names, but specific product models that consumers were researching: e.g. aeg f65011vi dishwasher review.

Our new schedule took Which? to a daily communication with prospects with a reach of 25 million adults via public media. The odds of being in the right place at the right time astronomically improved.

Step four: Changing the consumer experience

To fulfil our strategy of offering free guides we replaced mail with phone response, inviting consumers to call for a free guide. Historically consumers responded by clipping a coupon and posting it off. A month later, when the magazine arrived they had completely forgotten they had ordered it. Their first reaction was often to cancel their subscription!

We hired call centres that employed intelligent operators who could follow guidelines. The operators were asked to chat to callers and discover what they were researching. During this conversation we offered a three month trial of Which? at a reduced price. If the subscriber continued with the magazine after three months it reverted to full price.

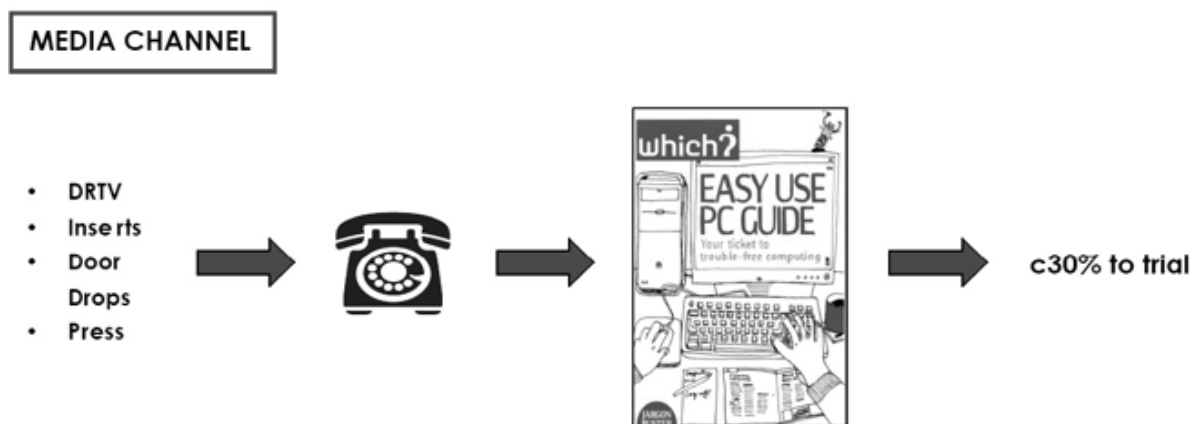


Figure 3

The paid search journey was very different. Consumers wanted specific information, so search copy deep linked to a sector review landing page, limited free content, and then a paid trial offer.

The result of phase one

Response rates to trial soared, and conversion to fully paid subscribers held. Within 18 months we doubled the number of trialists from 170,000 to 337,000.

Those callers who only took the guide and didn't subscribe straight away had a positive experience and real added value from Which? and were therefore much more predisposed to say 'yes' when offered a subscription later.

Return on investment rose by 91% within a year, reaching c 86% true ROI

This "business as usual" direct response campaign continues to this day. It has evolved to include large amounts of paid and natural search, and affiliates, as well as the original core media channels, with continuous high reach of those actively in market as its key goal.

Phase two: return the brand to health

After two years' rapidly growing investment in pure direct response we saw a ceiling. Whilst we had recruited many new researchers we found a hard core rump of our audience whose needs were not met by our current messaging.

Two specific objections to subscribing were identified:

- An emotional objection: Which? is an old fashioned brand- not for me
- A rational objection: Which? just tests washing machines

So we proposed a "brand uplift" campaign with two key objectives:

- Change and update the image of Which? amongst core audiences
- And by doing so, predispose a larger group to respond to the direct response subscriber recruitment campaign

The business case: uplift the excellent direct response results.

Creative messaging

This has evolved through several iterations of brand uplift activity. At the heart of all of the work are two central thoughts:

- Which? tests a range of products and services that are relevant to consumers
- Which? tests with an unrivalled thoroughness

The brand uplift creative work from Dare illustrates this well.



Figure 4

From each commercial three key messages emerge:

- Which? test rigorously: e.g. using a range of pet odours on washing to ensure machines can cope
- Which? test relevantly: e.g. they test things the way you (mis)use them, like dropping cameras downstairs to see they work afterwards
- Which? test responsibly e.g. they test for things that matter, like crash testing baby seats, which no one else does

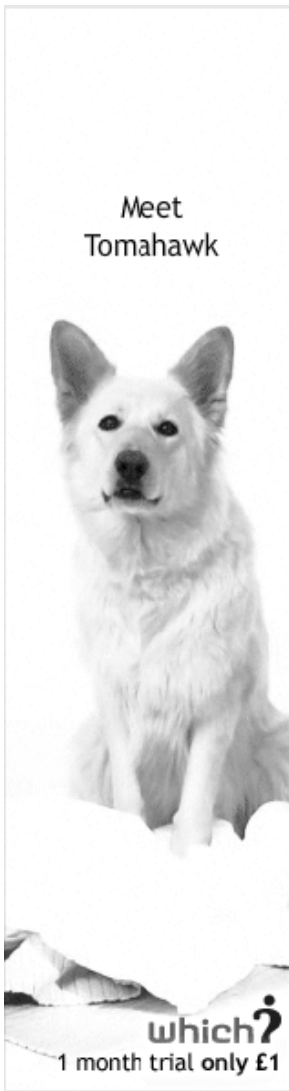


Figure 5

The commercials use actual testing methods, but dramatise them using humour and perceived hyperbole to communicate the value of the brand.

The end line "Which? works for you" reflects the rigour of testing, but also emphasises the value that the organisation creates for consumers.

Online display builds on and amplifies these themes, but uses the "lean forward" behaviour of consumers in the medium to provide more detail to the argument. Lower costs of production allowed us to show a wider range of testing examples, amplifying the rational argument.

The media mix

This has evolved over the last four years. As support media we have used magazines, radio, online display, online video, but our lead medium has always been television. But television used in a very different way to the direct response advertising.

For DRTV we seek to maximise cover, and limit frequency. We run lowish weight, continual drip activity, with programming selected for lower attention to view. This maximises immediate response, to both off and online channels.

Brand uplift TV uses very different schedules. We maximise cover again, but also focus on frequency. We initially maximised 4+ frequency, but this has evolved as our understanding of the campaign dynamics has built. We select very different airtime, seeking high attention to view and dwell time programming for our core audiences. We seek a long term attitudinal change, not just immediate behaviour change. This element of activity is not merely harvesting researchers in market, but seeking to predispose the behaviour of future researchers as they come into market.

Results of phase two - Business payback with the brand overlay

From the initial uplift campaign Which? recruited 145,000 new trialists in 12 weeks. That's as many as were recruited in the whole of 2004,

and at more than 3 times the ROI of 2004.

Integration of the media, timing and creative gave significant uplift to the business as usual direct response.

Uplift was measured on a channel by channel basis, and for the campaign as a whole. We created control cells and measured uplift vs those cells. Uplift reached its peak towards the end of the burst, but was sustained, albeit at lower levels, for some time after the campaign ended.

This brand uplift activity has been repeated several times, with the most recent national campaign running December 2010- February 2011. (We have run regional activity since then, and we will be running as you read this at the end of April 2012).

In every case we have seen significant (c.30%+) uplifts to the response rates of our underlying subscriber recruitment activity. This translates into positive 5 year net ROI's for the brand uplift activity.

Phase three: integration and optimisation

During 2007 and 2008 strong growth continued, and ROI's improved, albeit more slowly. Gains were incremental- not transformational. In 2009 the challenge went out again- discover the new step change.

The insight

Once again, the breakthrough came from a research led insight. In a qualitative group consumers described their research journey, from first contemplating if they needed to purchase goods or services, through active research at category and product level, to finally arriving at price and supplier choices.

They described the journey we show in figure 6 below.

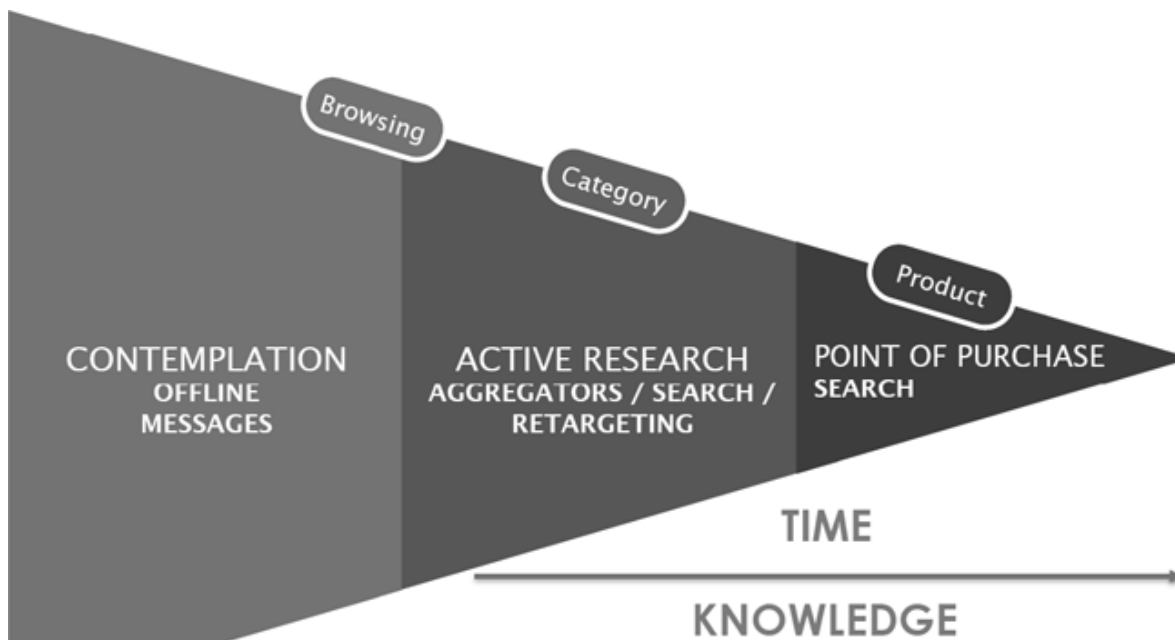


Figure 6

The journey begins with large numbers of consumers contemplating a purchase. It ends with one consumer making one purchase.

Our first interaction is an emotional DRTV message, nudging them into the start of their research.

From contemplation our target consumers move to active research: investigating at the product or service sector level.

Here rational messaging is more important. Historically this would have been the sole domain of print media, but online research is increasingly important, and the sole channel for many groups. Press and inserts are effective but even more so search, affiliates and display activity on aggregator sites.

The completion of the majority of research journeys was described by the groups as ending with a search result. We do not subscribe to any "last click wins" view of the world, but we do recognise that this is the last point where Which? can offer to add value to a consumer's purchase.

From a media planning viewpoint this was a description of a world where consumers were influenced all along their journey of discovery.

This made sound sense and reinforced our multichannel media schedule.

The insight came when we realised that we might have a multimedia schedule, but we neither planned, bought, nor evaluated our media choices as a journey. Instead we had fallen into the oldest direct marketing trap of all - optimising our activity by silos. DRTV campaigns were perfectly planned, but took little notice of the equally perfectly, but separately planned, paid search activity.

Acting on the insight

Historically we optimised each media channel on a stand alone basis, typically maximising one plus cover for each each channel each month.

In any one month around 60% (see Figure 7) of our target audience saw our TV, our print media and our search. 84% saw at least one of our messages. But nowhere near this figure saw at least one TV, print and search message.

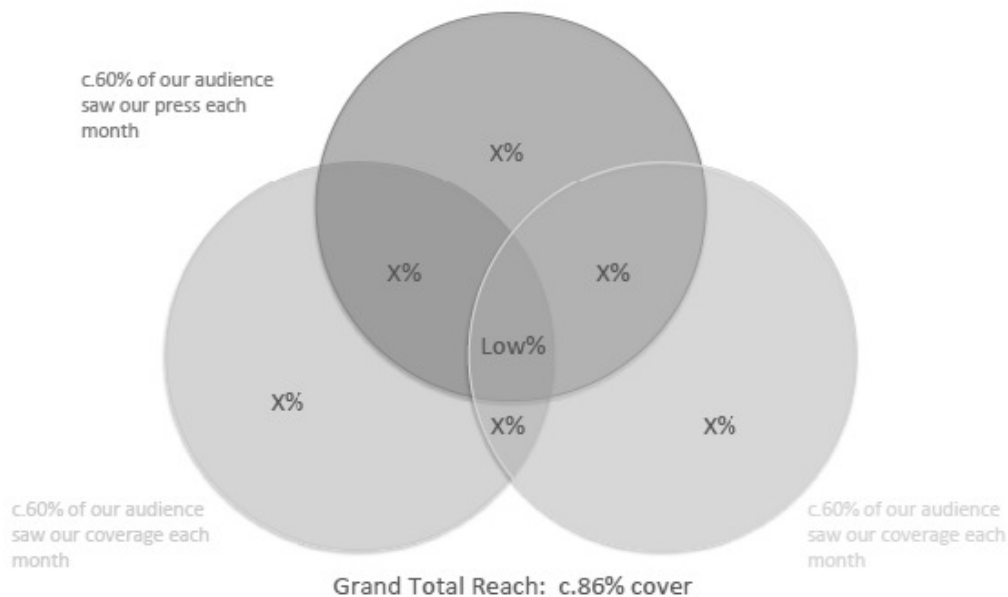


Figure 7

From the research findings we hypothesised that, given consumers took input from all three channels, if we exposed them to messages from all three channels during their journey we might expect better results.

Sowe did. Using the second iteration of the Touchpoints tool we replanned our media schedules to maximise the number of our target audience seeing at least one TV, print and search message within a month.

(For those not familiar with Touchpoints it is the worlds first consumer centric multi media dataset. Conventional media research tells us who saw our messages in any one media channel. Touchpoints allows a media planner to understand and measure how a sequence of messages delivered by separate media channels are seen by their target audience. Without Touchpoints the work in this third phase of growth for Which? would not have been possible. We would have had insight, but no means of acting on that insight).The biggest practical step in this third phase was evolving the TV schedule. The nature of print is that one quickly reaches maximum effective cover and then builds ineffective (for direct response) frequency. The nature of search is that it is a reactive medium. So that left television. Judicious movement of channel, daypart and programme selection left us with an evolved DRTV schedule.

Phase three: the results

Are summarised in figure 8 below:

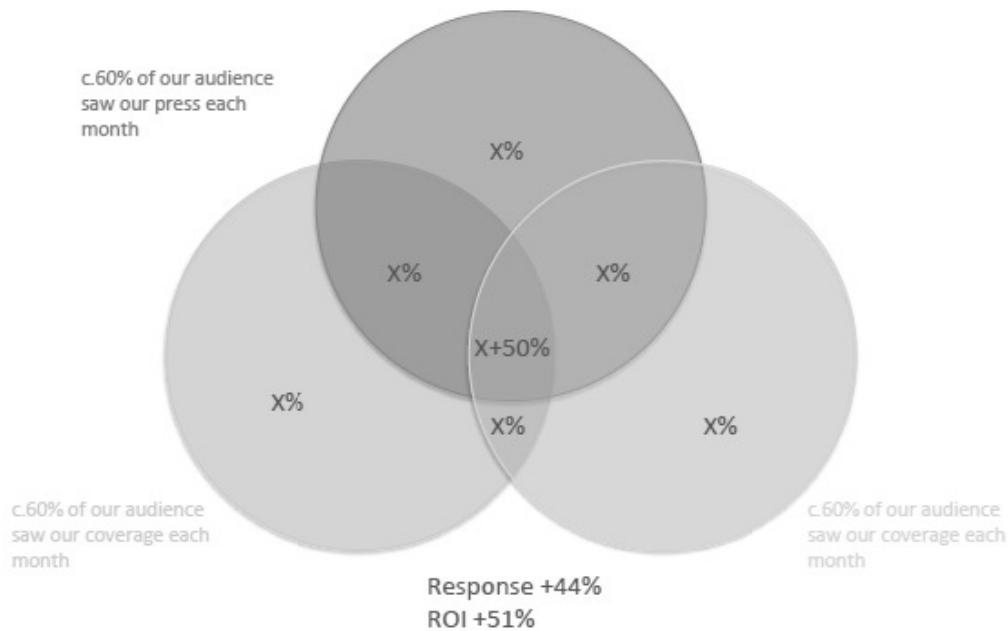


Figure 8

The results were dramatic. 44% more response, and a 51% improvement to our five year ROI. We did spend a little more (some 8% more impacts) but mostly we rearranged the TV schedule.

What have we achieved, what have we learned?

In six years Which? has completely transformed its marketing activity.

Following ten years of decline, the total number of subscriptions has reached 1,331,000, and annual revenue £74,600,000. We have seen growth year on year every year since we started.

The first phase of pure direct marketing activity doubled response and increased ROI by 91% within a year.

The second phase of brand uplift activity improved response rates and ROIs by c30% on a sustained basis.

Driven by phase three integrated insights, 2010/11 saw record numbers of new trialists and new subscribers- the latter up by 38% on the previous year.

All of this activity has been driven by brand led consumer insights: not a prize draw in sight.

New learning

The challenges we faced are common to many advertisers. How does one:

- Balance the need for a tightly defined target audience (to avoid wastage) with the requirement to maintain the fame of the brand?
- Balance the short term efficacy of a pure promotional message with the instinctively "higher value" benefits of brand centric messaging?
- Place a value on each element of an integrated schedule beyond just TV and search, and avoid the absurdity of "last click wins" measurement?

Our answers:

1. Understand and quantify your target audience, not just in terms of who is in market immediately, but who might be predisposed to subscribe once they are in market for your service. Amongst whom should your brand be famous?
2. One can reconcile both long term brand growth with short term sales impact within one message. Most brands have at their heart a motivating truth that will spur consumers into action. The free guide unlocked this for Which?
3. Understanding the whole journey that a consumer takes from first engagement to final click to buy is vital. Don't just focus on the obvious money from search. Last click can't win on its own, only as the last baton holder in a relay.

Payback

As a direct sales organisation Which? measure and monitor payback each and every week.

Figure 9 below shows the number of subscriptions each year since we started this journey in 2005.

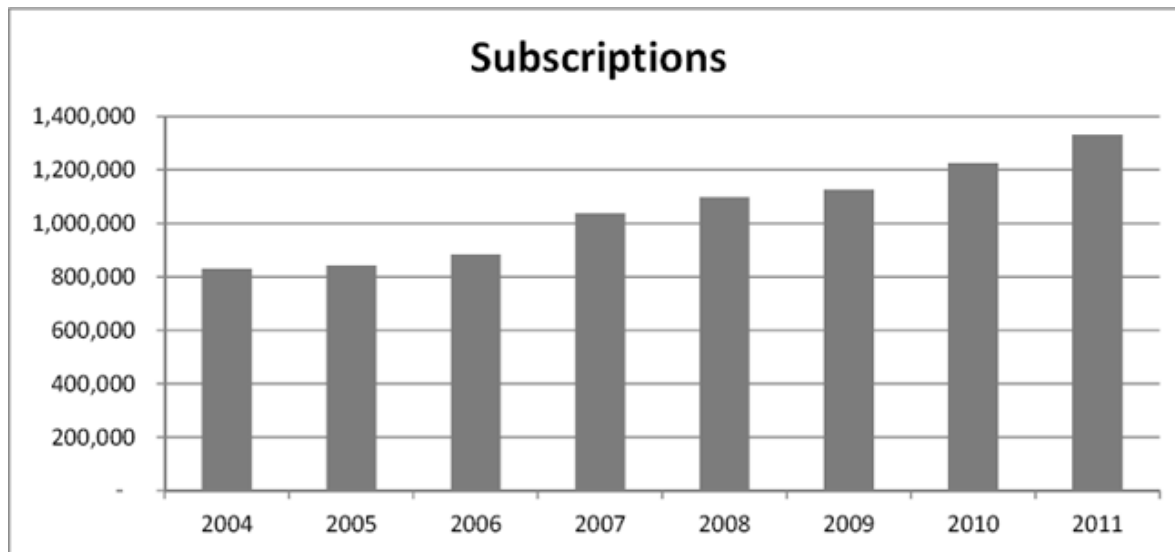


Figure 9

Figure 10 below shows the true return on investment for subscribers acquired in each year from 2004 onwards

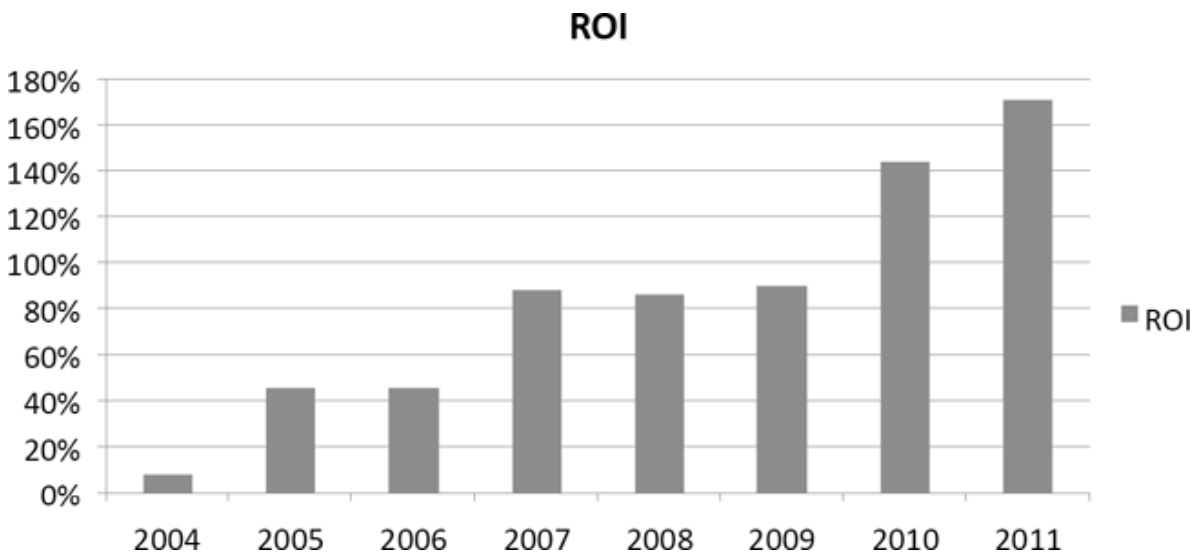


Figure 10

NB Which? calculate return on investment as being the net profit per subscriber after deducting all costs of both acquiring and servicing (i.e. producing and sending magazines, producing websites, and acquiring a new subscriber) vs. the cost of acquiring a new subscriber. It is truly the net incremental profit gained vs. the capital risked in gaining that profit.

Calculating the incremental payback

What was the net incremental profit at discounted value?

We have taken the financial year 2003/4 as the benchmark year before this campaign commenced. During that year Which? spent £8,371,000 as a total cost of recruiting 101,000 paying subscribers, at a discounted true ROI of 8.1%. i.e. a profit of £681,000.

Across the six years that are the subject of this paper (from fy 2005/06 until 2010/11) Which? spent £60,359,000 as a total cost of recruiting 1,149,000 paying subscribers, at a discounted true ROI of 107%. i.e a profit of £64,317,000 at current discounted value.

Had we continued with the strategy and performance seen in 2003/4 (

8% margin on marketing spend) we would have generated only £4,828,746 profit (£60,359,000 marketing spend x 8% (the original ROI).

Therefore the true net incremental profit generated by this new strategy is £59,488,254 (£64,317,000 minus £4,828,746) profit generated by this activity over the six years in question.

In other words, for every £1 of marketing money we spent we generated an additional incremental profit of 99pence compared with the 2003/4 results.

And it gets better

The £60,359,000 spent on marketing to acquire new subscribers during these six years covers all marketing costs, not just advertising but the costs of staffing call centres, sending out trial magazines and data capture. We only spent £34,758,000 on activities that the jury would recognise as advertising.

Using that number as a base our true absolute ROI becomes 185%.

Distribution

This classic and powerful marketing lever is not relevant to Which?

Subscriptions are only available direct from Which? via either telephone or web. No retail distribution exists.

Pricing

We have not achieved subscriber growth by discounting pricing. Fig 11 below shows that across the six years of this entry the price of Which? rose faster than RPI.

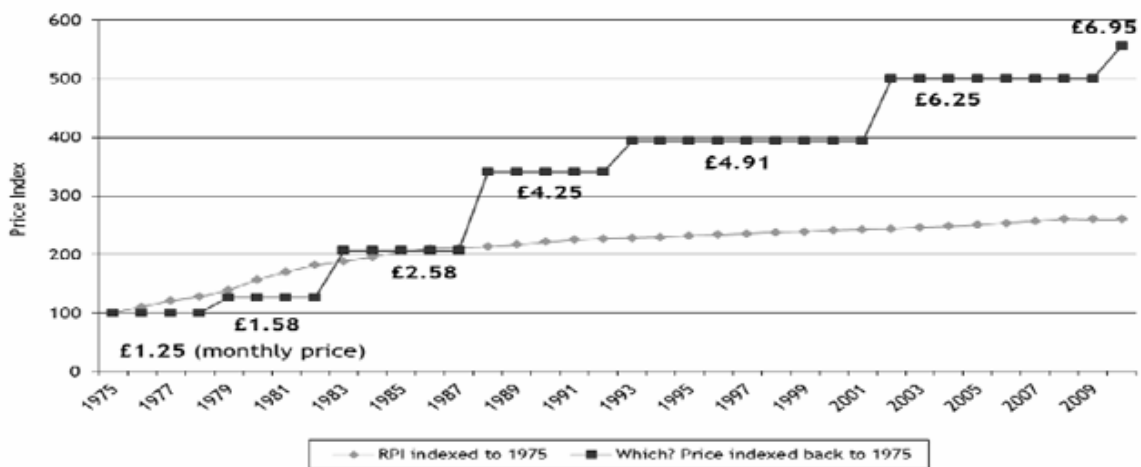


Figure 11

PR

Which? are regularly asked to comment on consumer affairs, across national and regional media. Chart 1 (appendix) shows the value of PR exposure achieved by Which? by month across the last three years of this entry for which we have full data.

There is a very weak negative correlation of -0.197 between monthly PR exposure and new trialists recruited each month.

Other promotions

Which? licence the use of the best buy icon to brands awarded best buy status.



Figure 12

The "Best buy" brands are able to use that icon in their advertising and marketing materials.

Since the introduction of this licencing scheme in 2006, 264 brands have been licensed to use the icon. Chart 2 in the appendix shows the monthly value of advertising using the icon.

There is no correlation (0.0315) between monthly value of advertising using the icon and Which? new trialists recruited each month.

Conclusions

Which? has been the consumers champion for more than 50 years, seeking to make each of us individually as powerful as the organisations we deal with on a daily basis.

It relies on insights into consumer needs and rigorous data collection and analytics to provide that advice.

It seems only fitting that a revitalised advertising effectiveness that has generated the highest subscription numbers and revenues for more than 20 years, is also based on those two core disciplines: consumer insight and rigorous data collection and analytics.

Source

1. Figure 1: Which? research
2. Figure 2: Which? Guides
3. Figure 3: MC&C / Which?
4. Figure 4: Which? TV advert stills by Dare / Tangent One
5. Figure 5: Which? Banner ad by Tangent One
6. Figure 6: MC&C Customer journey process
7. Figure 7: IPA Touchpoints
8. Figure 8: IPA Touchpoints
9. Figure 9: Which? Marketing performance analysis
10. Figure 10: ROI data from Which?
11. Figure 11: Which? Annual Report
12. Figure 12: Which? External Affairs Department

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