

Brookstone®

CASE STUDY: BROOKSTONE® *Valpak® Offers Increase Retail and Internet Sales*



MARKETING OBJECTIVE

To evaluate two different offers through retail and Internet sales channels for Brookstone® locations participating in a Valpak mailing program.

STRATEGY

- To evaluate the retail channel, a matched store panel test was set up in five markets; Boston, Dallas, Los Angeles, San Francisco and Washington, D.C. There were 16 stores in the test group and 16 stores in the control group. Selected test and control stores in each market were geographically distant from each other, but had similar sales dollars and transactions overall.

- Brookstone® provided sales and redemptions by retail location in these markets.
- To evaluate the Internet channel, Brookstone® provided customer records for Internet sales in these markets. Valpak matched back those customers ordering to estimate incremental sales.
- Data supplied by Brookstone® was used to ensure areas around test and control stores had similar upscale customer profiles and demographics.



Brookstone Test Results



THE VALPAK CAMPAIGN

- A total of one million inserts – 200,000 in each market – were mailed within a ten-mile radius around each of the test stores.
- Half the offers mailed in each market were for \$15 Off a purchase of \$80 or more, while the other half were for a FREE Microbeam Flashlight with an \$80 or more purchase.
- Offers were in-market approximately 30 days from arrival in-home.
- Test and control store sales during the promotion period were compared to sales of the test and control stores during a similar period the previous year.
- Brookstone® provided customer records for Internet sales between the in-home and expiration dates, and Valpak matched those customers in the test areas (mailed) to the control areas (not mailed) to estimate incremental sales.

CONCLUSIONS

The overall estimated ROI of 70% demonstrated that a Valpak direct marketing program is highly effective with upscale consumers who clearly favored the dollars-off offer over the free gift premium. Valpak generated incremental sales beyond coupon redemptions, demonstrating that the upscale Valpak audience is above-average spenders and responds enthusiastically to an ad campaign that includes strong offers.

TEST RESULTS

- The program generated more than \$68,000 in incremental sales (retail and Internet combined). Nearly \$12,000 in sales were attributed to consumers who used the offers; additionally some customers who received the Valpak offers made purchases not tied to redemption of these offers.
- Where Valpak mailed the \$15 Off offer, it generated nearly \$123 per sale. This is more than 1.6 times greater than the average sale in the same stores during the prior 12 months.
- The \$15 Off \$80 or more offer was redeemed almost six times as often by the Valpak audience as the FREE Microbeam Flashlight offer in this test.
- The average sale through the Internet channel was 15% higher in the areas mailed compared to the areas not mailed.

