



## CASE STUDY: SUBWAY RESTAURANTS®

*Valpak® Serves Up Success for Ad Agency's Client*



### MARKETING OBJECTIVE

MarketSmart Advertising, a full service ad agency, was utilizing a broad multi-media mix for their clients in Southern Virginia, the owners of 117 local Subway franchise operations. In addition to broadcast television and radio, their aggressive marketing plan had included ADVO direct mail for two years. MarketSmart was interested to see if Valpak would produce a positive lift in sales.

### THE VALPAK SOLUTION

The local Valpak sales team created a presentation highlighting the advantages and strengths of the Valpak direct mail program, including the top three benefits that addressed the agency's objections:

- Valpak offers 100 percent coverage of the neighborhoods surrounding the 117 Subway stores represented by MarketSmart.
- The Valpak billing system provides the client with timely delivery of postal verification of the mailing, a sample of the piece, and the invoice – all at the same time, which overcame major billing difficulties that the agency had experienced with other media.
- The Valpak national television advertising campaign was an added value that was not being provided by ADVO.



"Valpak direct mail is an important part of the MarketSmart multi-media marketing strategy for the 117 Subway restaurants in our area. The market-specific demographic information Valpak provides has enabled us to successfully target the consumers most likely to patronize Subway. Over the past three years that we have been using Valpak in Southern Virginia, Subway has experienced a +45 percent average store sales growth compared to the previous year when we used another direct mail company. As part of our overall plan, the Valpak program helps us produce positive sales results. It is a completely turnkey program brought together by our Valpak representative, who gives us unprecedented customer service."

**Lewis Finch**  
President  
MarketSmart Advertising

## THE VALPAK CAMPAIGN

It was determined that the first Subway Valpak mailing would cover the total market. The campaign was designed with five offers – the lead offer of a free sub on side one of the coupon and four different offers on side two. The insert was delivered in the familiar blue Valpak envelope to 445,000 Hampton Roads households. The offer expired in 30 days.

## THE RESULTS

It became immediately apparent after the first mailing that the Valpak campaign was going to be far more successful than the previous direct mail program had been. Over the three-year period that MarketSmart has been using Valpak as part of their overall marketing campaign, average store sales have experienced a +45 percent growth rate compared to similar campaigns when ADVO was part of the marketing mix.

The combination of an extraordinarily successful lift in sales, the Valpak specialized billing system and the high level of customer service from the local Valpak sales team, have consistently produced positive sales results for MarketSmart and Subway.

## CONCLUSION

Valpak has proven to be a long-term viable and compelling part of the MarketSmart marketing plan for Subway. Now in its fourth year with Valpak, the Subway campaign has remained so successful that it has become the agency's standard direct mail buy, reaching the total market of 445,000 households each month.



### Subway Facts:

Subway reached a milestone in 2002 when it surpassed McDonald's in number of locations in the U.S. Today Subway is the world's largest submarine sandwich franchise with over 13,000 U.S. units and over 20,000 worldwide units.

Subway Restaurants has been serving consumers great tasting food since 1965 when it began in Bridgeport, Connecticut as Pete's Submarine Sandwiches. They began using the Subway name in 1968 and the first Subway submarine shop was franchised in 1974. In January 2004, the Subway Restaurant chain was named the #1 franchise opportunity, as it has been for 12 of the past 16 years in Entrepreneur Magazine's annual Franchise 500.

In late 2003 Subway announced an agreement with the Coca-Cola Company that will make Coca-Cola beverages available in more than 20,000 Subway restaurants worldwide.