



CASE STUDY

Princess Auto

Royal retention results

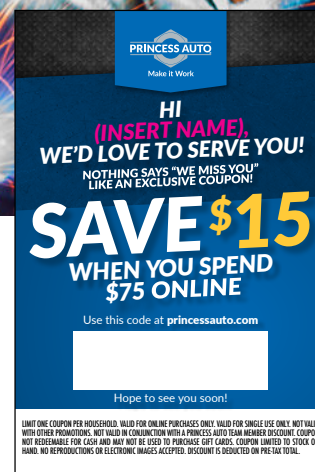
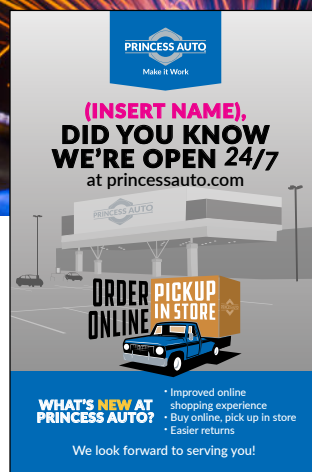
Princess Auto uses direct mail to reactivate lapsed customers and increase sales.

Building relationships

With roots dating to the 1930s, Princess Auto is a private, Canadian-owned retailer operating more than 50 stores nationwide along with a thriving ecommerce site. The Winnipeg-based company offers a unique assortment of high-end farm, industrial, and garage equipment for hands-on professionals.

Family owned and operated for its entire history, Princess Auto prides itself on deep customer relationships developed over nearly a century of dependable sales and service.

"Our customers love us, depend on us, and stick with us, not just year after year, but generation after generation," said Jake Arida, Traditional Channels Specialist at Princess Auto. "Those relationships mean everything to us."



Plugging the 'leaky bucket'

As part of its regular marketing efforts, Princess Auto uses Canada Post Neighbourhood Mail™ and Personalized Mail™ to connect with more than 500,000 potential and existing customers 26 times a year. Those frequent flyers have become an important touchpoint in building customer relationships.

"If we ever missed a week, it would impact our bottom line. No question," Arida said. "Our customers count on those flyers."

During routine budget planning, however, the Princess Auto team discovered a 'leaky bucket' – a large (and growing) segment of customers who had not made a purchase in some time.

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Customers are considered 'at risk' if they go nine months without a purchase and 'lapsed' if they go a full year.

That means the three-month window between the two categories is a pivotal time for retention efforts.

The company had never specifically targeted this group in the past, but now saw an opportunity to reactivate by speaking directly to them. Needing a campaign to prevent these customers from slipping away, Canada Post had the perfect solution.

Unlocking power of personalization

The Princess Auto team knew Personalized Mail™ would be the perfect tool for the campaign – mail had helped build these customer relationships, now it needed to help rekindle them.

Focusing on retention, the company launched a multi-touch direct mail campaign that targeted at-risk customers with a maximum of three mail touchpoints. Each piece promoted a different aspect of the business, starting with its 'buy online-pickup in-store' service, then one featuring new products, and finally a 'we miss you' message and coupon.

Working with mail service provider Prolific Group, a new piece arrived every two weeks, until either the customer made a purchase or failed to respond and was placed in the lapsed category. The company pulled an updated list of at-risk customers every two weeks to start a new cycle.

"There is power in personalized messages, especially when retention is your goal," Arida said. "When we can address them by name, and deliver that right to their door, it gives the customer comfort and confidence that the messages are not only to them, but about them."

Rethinking retention

In Q2 2021, Princess Auto targeted nearly 12,000 at-risk customers with the multi-touch retention campaign and saw an incredible 27.6% return to make a purchase. That number was not an outlier, as the campaign continued to find incredible success in bringing customers back – a winback rate of 46.8% in Q3 2021, 57.1% in Q4 2021, 34.4% in Q2 and Q3 2022. Since it started in Q1 2021, the campaign has resulted in more than \$27 million in sales attributed to formerly at-risk customers – that includes more than \$3.5 million in six months of 2022 alone.

Campaign at a glance

Initial mailing: Personalized Mail™

Targeting: Inactive customers
(no purchase in nine months)

Timing: Launched in Q1 2021 – ongoing

Reactivation strategy:

- Multi-touch direct mail campaign, with a maximum of three mail touchpoints.
- Each piece promoted a different aspect of the business.
- Dropped every two weeks, until either the customer made a purchase or failed to respond and was placed in the lapsed category.

Campaign at a glance

Reactivation rate:

Q2 2021: 27.6%

Q3 2021: 46.8%

Q4 2021: 57.1%

Q2/Q3 2022: 34.4%

Sales

**attributed
to campaign:**

\$27,000,000

Going forward, the company plans to test its strategy by altering both content and creative, even tweaking the offer on the final piece. But one thing is for certain – the direct mail plan isn't going anywhere.

"When we were planning this, we thought, 'Let's try it for six months and see.' It didn't take us long to see the value in delivering on our personalization strategy," Arida said. "This is no longer just a one-off campaign – this is an ongoing, integral part of our retention strategy."

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