



CASE STUDY

Wayfair Canada

Using direct mail to find
new customers and
generate huge returns



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The customer doesn't think of themselves as a physical or digital customer – they engage with you through multiple channels.”

Davinder Singh

Head of Marketing, Wayfair Canada.

After successfully expanding into Canada, Wayfair needed a partner to help identify targeting opportunities in this new market. Working with Canada Post produced actionable insights.

Expanding the business and maximizing growth

For years before retail giant Wayfair launched its Canadian website, many Canadians were already shopping on the U.S. site. “We benefitted from the halo effect of the U.S. market,” says Davinder Singh, head of marketing at Wayfair Canada. The Canadian customer knew the brand and understood the value proposition.

Specifically, that included 10 million SKUs of furniture, storage solutions, appliances, home décor and more, all at various price points and in various styles. “Combined with exceptional customer service, ease of check out and fast delivery, it was a winning combination,” says Singh.

Strong demand from Canada led the company to hypothesize that the market was underserved. “We thought we could benefit the customer by creating a holistic experience, where you shop at a Canadian website, in your local currency and don't pay duties on top of the prices,” says Singh. By 2016, wayfair.ca was up and running. “Two years later, we have achieved a level of brand awareness similar to that of the U.S.”

Still, sustaining and growing a new market requires on-going research. That's not a problem for Wayfair. “As a company, we're data-driven and testing-oriented,” says Singh. “Every decision we make is tested and once it's successful, we scale it.” With their Canadian market, there were two areas Wayfair wanted to explore: acquisition and remarketing. And the timing was right.

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Using data from over 3,000 shippers, Canada Post had created an e-commerce index that identified postal codes with the most active online shoppers. The company believed this exciting data held other targeting intelligence.

Along with Canada Post, Wayfair designed a test, launched the campaign and analyzed the results. "Working with Canada Post gives us an early start with new targeting opportunities and their impact on our customers," says Singh. The partnership also brought insights the company could use.

Test 1: Could a direct mail campaign generate even more Canadian customers?

The goal of this acquisition test was to answer two questions: Is Canada Post accurate at identifying online shoppers? And, are those shoppers motivated by direct mail?

To find answers, a test group and a control group were formed. The test group was created using Canada Post's proprietary e-commerce audience list. It

includes postal codes where Canadians score high for online shopping, meaning they do more of it than other Canadians. For the control group, Canada Post profiled Wayfair's customers to create a shopper lookalike list for the company.

To test, Wayfair mailed 100,000 postcards and 100,000 mini-catalogues to each group using Canada Post's Postal Code Targeting delivery method.

Since both Canada Post and Wayfair wanted to test acquisition, all of Wayfair's existing customers were suppressed. That way, only new customers received the message, which included an offer of 10% off any purchase.

The results were strong and clear: When it comes to identifying shoppers, the e-commerce audience list provided a 90% lift over the control group.

Test 2: If the company added digital to their outreach, what would the impact be?

E-commerce shoppers are also receptive and responsive to direct mail: The response rate from shoppers who received a



postcard or catalogue was 19% higher than that of the control group.

This remarketing test was designed to determine how to get shoppers who had abandoned their cart to come back and complete a purchase. Could direct mail bring them back and, specifically, would direct mail, in conjunction with digital outreach, be more effective?

Wayfair worked with Canada Post and one of their expert partners, AllM (formerly Prime Data), to examine customers who had abandoned their carts as well as the category of goods they browsed before abandoning their carts.

"The direct mail retargeting response rate was about double the digital-only retargeting response rate," says Singh.

Those two tests were part of what Singh calls "phase one" of the company's research. "What we do from here is even more important, and our relationship with Canada Post will continue to evolve."

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