

CTAM Multicultural Marketing Case Study Competition/October 2003

Company: Cablevision

Multicultural Marketing Program Title: Optimum Online Hispanic Direct Mail Test

Background:

By late 2002, Cablevision's high-speed data product, Optimum Online, had achieved phenomenal penetration (within the DOCSIS footprint) of over 19% of homes passed. The challenge was to identify opportunities to increase penetration in urban markets within Brooklyn, The Bronx, and mid-New Jersey. Secondary data indicates that these are heavily multicultural markets, and in particular have Hispanic populations ranging from 15% to 48% of total population.

With large sales goals looming in 2003, our strategy was to simply obtain the data to develop plans to better identify, address and attract high-speed data prospects within Hispanic markets. We decided to use the remaining months of 2002 to test direct mail to Hispanic markets prospects, to gain an understanding of our potential to drive results with Hispanic consumers through targeting and tailoring direct mail versus using the general markets tactics that we had historically applied. To supplement gaps in our data and experience, we contracted with a partner, *handshake* Marketing, to assist in the identification of primary targets. In addition to the actual direct mail test, primary research was conducted during this test, in the form of a direct mail yield-loss study conducted via telephone to a sample of prospects from each test cell.

Objectives:

The objectives for our first test were three-fold and all intended to provide data to shape our 2003 marketing plans:

- 1) Validate our ability to identify through *handshake* Marketing's methodology the Hispanic households with propensity to purchase high-speed data that exceeds the propensity of the total market average, as measured by sales yield;
- 2) Establish baseline data on the performance of self-mailer format versus white mail (letter in #10 envelope) format with both Spanish- and English-dominant Hispanics, and;
- 3) Establish baseline data on the incremental value of bi-lingual direct mail versus English-only direct mail for HSD acquisition with both Spanish- and English-dominant Hispanics.

Tactics:

- 1) Develop creative to test against standard, English-only white mail. Three direct mail pieces were used:
 - a. White mail Control
 - b. Bi-lingual self-mailer test, designed for cultural relevance for Latinos
 - c. English-only self-mailer test, designed for cultural relevance for Latinos
- 2) Use *handshake* Marketing's proprietary methodology to identify within our homes passed file, those English-dominant and Spanish-dominant households with high propensity to purchase Optimum Online because they mirror current Hispanic customers or have behaviors that would make them likely subscribers.
- 3) Construct and mail test cells to keep audience (English-dominant and Spanish-dominant) and creative tests separate for readability
- 4) Analyze results to complete objectives above

Results:

Sales yields for high-propensity English-dominant Hispanic households (2.42%) significantly outperformed the total market baseline (1.55%). Of additional note, this yield also significantly outperformed the baseline urban market yield (1.04%) and outperformed the baseline suburban market yield (1.67%).

These results confirmed the existence of a sizeable, attractive target market of Hispanic households for Optimum Online. The results also reinforced that effective ethnic marketing must be grounded in effective marketing principles: First use behaviors, needs and interests to identify targets, then apply approach in the form of media and creative to address the target segment appropriately, with ethnicity and language preference as creative cues.

Sales yields for high-propensity Spanish-dominant Hispanic households (1.19%) outperformed the baseline urban market yield but fell short of the total market baseline and the suburban market baseline.

As seen in many general market tests, white mail format yielded higher response rates than self-mailer formats, both with English-dominant prospects (35% higher) and with Spanish-dominant prospects (33% higher), although some caution is warranted in the case of results with English-dominant prospects due to smaller sample size.

With Spanish-dominant prospects, the bi-lingual, in-culture self-mailer significantly outperformed the English in-culture self-mailer and the English-only self-mailer with general market messaging, although as noted in the previous paragraph, English-only white mail outperformed all three self-mailers.

Note: Due to complexity of test cell configuration, Bi-lingual white mail was not included in this particular test. This may have contributed to the poor overall results for the Spanish-dominant prospects quite significantly, since English-only white mail so significantly exceeded all self-mailers tested, and a large portion of Spanish-dominant prospects received one of several self-mailer test pieces, with no bi-lingual white mail option presented to this population. (This was a good test-design reminder: Test fewer hypotheses more thoroughly.)

With English-dominant prospects, the English-only self-mailer with general market messaging outperformed the English in-culture self-mailer. While we found this result somewhat counter-intuitive, through data collected via yield-loss research and through socializing the creative with Hispanic markets researchers, we identified as a possible cause the loss of some factual product information and detail in the attempt to inject imagery and emotion into the creative.

We found this to be a strong reinforcement that Hispanics tend to value advertising and marketing that educates and clearly communicates features and benefits vs. simply entertains.