Food Service Industry Case Study

Subscription Service Used Multi-channel Approach to Acquire High Value and Repeat Customers

Introduction
Graze is the first company in the world to marry tech and food, providing healthy, hand-picked, and pre-packaged snacks via a subscription service. Graze started its business in the United Kingdom in 2008 and has since expanded to the United States (U.S.). In November 2013, Graze launched a nationwide service throughout the U.S., exceeding the 100,000 customer mark within three months.

The Challenge
Customer retention and acquisition are important elements to Graze’s success as a subscription service. To remain successful, the service needed to utilize the most effective marketing campaigns to turn single purchase decisions into repeat purchasing behavior.

The Strategy
Graze used a multi-channel marketing approach to acquire new customers by combining direct mail, networking, social media, and email. While examining its multi-channel strategy, Graze found that direct mail attracted more customers with a higher lifetime value than television, displays, and inserts.

As part of its multi-channel marketing strategies, Graze tested the profitability of two direct mail list methods: Every Door Direct Mail (EDDM)—blanketing residential markets and Targeted List—focusing on finding customers who might be more interested in Graze offerings. While EDDM was a less expensive option for reaching out to a larger number of potential customers, Targeted List resulted in a much higher response rate from the customers.

The Results
Graze found that direct mail led to an increased customer profit compared to other channels. Specifically, Graze customers that received direct mail were 6% more profitable than those that received inserts, 30% more profitable than those that viewed TV commercials, and 50% more profitable than those that saw display ads. The cost per customer acquisition for EDDM mailing was $11.30 with a response rate of 0.54%. The cost per customer acquisition for Targeted List mailing was $38 with a response rate of 1.20%.

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