



CASE STUDY: CARMAX

Valpak® Drives Car Store Traffic



MARKETING OBJECTIVE

- CarMax wanted to evaluate the performance of Valpak and a competing national direct mailer. CarMax would judge the effectiveness of each by measuring total redemptions, return on investment, and lift analysis.

TEST STRATEGY

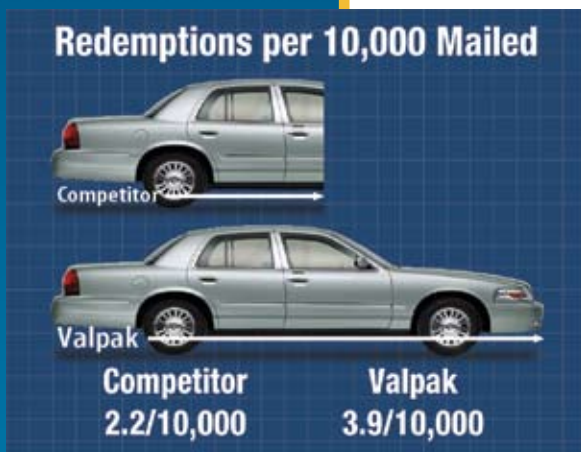
- Target audiences for Valpak and the competitor were selected by CarMax, based on: proximity to a CarMax store, estimated expenditures at auto stores, propensity to shop at CarMax, and concentration of multiple-vehicle households.
- Identical CarMax offers were mailed with Valpak and a competing direct mail company.





CAMPAIGN ELEMENTS

- Valpak inserts were mailed twice to the same 500,000 households for a total of one million coupons. The Valpak mailing was sent to three CarMax markets – Austin, TX, Birmingham, AL and Richmond, VA.
- The competitor mailing was sent three times to similarly profiled consumers for a total of 1.5 million coupons. The competitor mailing was sent to three CarMax markets – Clearwater, FL, Albuquerque, NM and Indianapolis, IN.
- Valpak households received a 3-panel flyer and the competitor's households were mailed a comparable full-page flyer. The offer on each mailing was identical – a \$100 gift card with the sale of customer's car to CarMax. No consumer purchase was required.
- The expiration date on all offers was approximately six weeks after the final mail date.



TEST RESULTS

- Valpak had 3.9 redemptions per 10,000 mailed households, while the competitor managed only 2.2 redemptions per 10,000.
- In comparison to their control groups, there was a 6.5% increase in car sales in Valpak test stores compared to a 2.8% decrease in car sales in the competing mailer's test group.

CONCLUSIONS

The Valpak mailing generated a higher redemption rate and more redemptions overall, even though it mailed only twice to 500,000 households, versus the competitor piece which mailed three times to 500,000 households.

Following the test mailing, CarMax provided a summary of results and stated, "Although both companies sent flyers to 500,000 households, (the Valpak) results came in stronger despite sending only two-thirds the total number of flyers sent by the competitor mailer."