

CASE STUDY

Priszm LP

“PBBI’S PREDICTIVE ANALYTICS AND LOCATION INTELLIGENCE CAPABILITIES SUPPORT OUR HIGHLY SOPHISTICATED DIRECT MAIL INITIATIVES, HELPING US REACH THE RIGHT CUSTOMER AT THE RIGHT TIME.”

Annik Labrosse, Senior Marketing Manager, Priszm LP

PITNEY BOWES BUSINESS
INSIGHT HELPS CANADA’S
LARGEST KFC FRANCHISEE
BREAK INDUSTRY STANDARDS
WITH 11 PERCENT CUSTOMER
COUPON REDEMPTION RATE.



Challenge

Priszm’s KFC restaurants have achieved a coupon redemption rate unprecedented for QSRs, as well as the overall restaurant industry. To continuously improve this rate, Priszm needed to update its 10-year-old trade zones and develop a repeatable system to drive its direct mail campaigns.

Solution

With the help of PBBI predictive analytics solutions, Priszm has broken all industry records, sometimes achieving as much as a 17 percent coupon redemption rate. Through a multi-phase project, PBBI is developing a web-enabled platform that will enable Priszm to input new customer and market information and analyze campaign results in real-time, supporting continuous improvement of direct mail efforts for its KFC restaurants.

SUMMARY

Priszm LP operates 430 KFC restaurants and other quick-service restaurants (QSR) across Canada. To target customers and drive sales in its KFC restaurants, Priszm relies heavily on direct mail, primarily through flyer and coupon distribution. Priszm has a 20-year history of distributing customer coupons, typically conducting about 10 different programs and distributing more than 30 million flyers per year. In 2008 Priszm achieved an impressive redemption rate of 5.7 percent.

To set the bar even higher for 2009, Priszm aimed to drive more sales on a lower direct mail budget. The company began taking a closer look at all the variables that factor into a direct mail campaign, including number of flyers per store, where to drop flyers in a trade area, number of coupons per flyer, price points, flyer format, timing of drop and the type of coupon offer. Priszm needed to optimize each and every aspect of the campaign to be more efficient and effective. During this process, the company realized that it could no longer rely on its 10-year-old trade zones (area they drop around each store) given the neighbourhood changes that had occurred over time.

Priszm enlisted the help of Pitney Bowes Business Insight (PBBI), the leading global provider of location and communication

intelligence solutions, to help the company more accurately target flyer distribution, which would increase the coupon redemption rate and drive sales. Many companies make the mistake of practicing “hit and run” marketing, which lacks long-term strategy and follow-through. However, PBBI is helping Priszm develop a framework in the form of a web-enabled platform that will enable Priszm to execute a campaign, track the results, input any new information into the system and then repeat the process for the next campaign, thereby fostering continuous improvement and truly optimizing the direct mail program.

In the first phase of the project, PBBI focused on the modeling and underlying data analysis to improve the planning aspect of Priszm’s direct mail program for its 430 KFC restaurant locations. Using PSYTE® Canada Advantage, the company’s geodemographic segmentation system, PBBI analyzed each trade zone, looking at the different Canadian neighbourhoods around each store and classifying them into market segments, or “clusters” that correlate well with individual preferences and consumer behaviors. PBBI then scored each neighbourhood based on the propensity of residents to spend at KFC restaurants, taking into account proximity to a restaurant, competition in the trade zone and coupon redemption of each store.

"THROUGH THIS MULTI-PHASE PROJECT WITH PBBI, WE AIM TO ACHIEVE SIGNIFICANT IMPROVEMENTS IN OUR DIRECT MAIL PROGRAM BY CONTINUOUSLY INTEGRATING NEW INSIGHT."

Annik Labrosse, Senior Marketing Manager, Prizm LP

RESULT

Ranking the neighbourhoods in Prizm KFC restaurants' trade zones has enabled the company to capitalize on a completely new targeting capacity. Prior to working with PBBI, Prizm was only targeting select postal codes with a specified household income. Now, the company is able to utilize a wealth of information for each trade zone, including customer demographics and psychographics, store performance and competition, enabling the company to more accurately target direct marketing efforts. Rather than blanketing a very broad area and potentially wasting marketing dollars on neighbourhoods that are not a fit, Prizm is able to pick and choose the exact neighbourhoods they want to target.

Now, Prizm's direct marketing efforts are highly customized, taking into account restaurant drive time, sales history and consumer behavior. Prizm has identified new neighbourhoods to target and has stopped flyer distribution in others. This valuable market and customer insight also helps the company determine the ideal number, type and price point for the coupons on each flyer that is most likely to resonate with the customer.

While Prizm is still measuring the impact of the new trade zones, KFC's coupon redemption rate has increased to a remarkable 11 percent. Additionally, Prizm's sales per flyer have increased from \$0.45 on average to over \$1 in sales.

In phase two of the project, PBBI will focus on the execution of Prizm's KFC direct mail program, helping to make the process more repeatable and incorporating information from the restaurants POS system, which will fully integrate the system into the company's other business processes. With 430 stores and 12 different coupons, Prizm hopes to eventually be able to drill down to the store level to determine the ideal coupon offers for each store, in addition to aggregating the data by trade zone. This capability would also enable managers to better assess weaker performing stores.

The third phase will focus on analyzing the outcome of Prizm's KFC direct mail campaigns and how this input can be used for the next campaign, enabling the company to learn from the past, continuously improve and eventually truly optimize their direct marketing program. As the company faces its next challenge of maintaining sales levels with fewer flyers, PBBI will continue to deliver the resources the company needs to achieve its goals.

THE PITNEY BOWES BUSINESS INSIGHT ADVANTAGE

Prizm is the largest KFC franchisee in Canada and is also a leader in restaurant direct marketing, achieving an impressive coupon redemption rate. To set the standard of excellence even higher, Prizm is working with PBBI on a multi-phase project to support continuous improvement and full optimization of its direct mail program. By redefining Prizm's KFC restaurants trade zones using valuable customer and market insight gleaned through PBBI's powerful Canada PSYTE® segmentation system, the company is able to plan, execute and analyze its direct mail initiatives more effectively, helping to more accurately target customers and increase sales.

UNITED STATES

One Global View
Troy, NY 12180

1.800.327.8627

pbbi.sales@pb.com
www.pbinsight.com

CANADA

26 Wellington Street East
Suite 500

Toronto, ON M5E 1S2

1.800.268.3282

pbbi.canada.sales@pb.com
www.pbinsight.ca

EUROPE/UNITED KINGDOM

Minton Place
Victoria Street
Windsor, Berkshire SL4 1EG

+44.1753.848200

pbbi.europe@pb.com
www.pbinsight.co.uk

ASIA PACIFIC/AUSTRALIA

Level 7, 1 Elizabeth Plaza
North Sydney NSW 2060

+61.2.9437.6255

pbbi.australia@pb.com
pbbi.singapore@pb.com
pbbi.china@pb.com
www.pbinsight.com.au

