

Commonwealth Bank of Australia – Lousy Pen

BACKGROUND

A new mandate was enforced across all award programs that meant all Award points generated on a Commonwealth Bank (CBA) credit card would be able to be directly converted into Qantas Frequent Flyer (QFF) points without having to go through a redemption process at Commonwealth Bank. However, from CBA's perspective, it was a risk as QFF is the most expensive redemption item that will cost 25% more than the other redemption items.

Research findings further showed that the take-up of awards items was very low and that people were more interested in converting their points for cash or for QFF points.

The challenge was to entice these customers to redeem their awards points for something other than QFF points.

MARKETING OBJECTIVES

- To prevent customers who had accumulated large awards points from getting their points automatically converted to QFF points.
- To ascertain why the customers had chosen to keep large amount of award points.
- To cover the cost of this campaign (as long as CBA recouped the money they had invested and shed some light on the above question, it would be a worthwhile exercise).

STRATEGY

Target audience were high-valued customers with over 300,000 award points, namely Platinum card customers.

CBA decided to offer “anything” in the award redemption that the customer wanted, as long as the cost of the points covered the cost of the item redeemed.

CREATIVE SOLUTION

The direct mail pack had the headline “I had XXXXXX points and all I got was this lousy pen” – which reflected the truth that people perceived awards redemption offerings as underwhelming. The pack went on to explain that for the first time ever, customers could use their awards points to redeem anything they wanted.

RESULTS

- Savings of \$40,879 overall by preventing customers from converting their award points to QFF points.
- Response rate of 3% out of 2,316 customers targeted, at cost per response of \$134.26, but a saving of \$592 per response.
- Achieved 341% ROI – derived from total savings of \$40,879 against total campaign cost of \$9,264.

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