Kate Boothby

is a senior consultant for the IDM.
Her roles have included managing
the Education Department,
advising a college about its
marketing database and acting
as a key architect for the IDM's
online digital marketing course.

Case Study

VisitScotland campaign: Climbing the ladder — The IDM Business Performance Awards 2006, Highly Commended

Kate Boothby

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Abstract

VisitScotland is Scotland's official tourism agency. VisitScotland's remit is to create and nurture a strong 'Scotland' destination brand by producing high impact marketing communications for a diverse target audience to encourage first time and repeat visits to Scotland. Eight out of ten visitors to Scotland arrive from the UK and Ireland. Approximately 10 per cent of the VisitScotland UK and Ireland team's marketing budget is given to direct marketing. The majority of the marketing communications budget is allocated to mass media in the form of television and cinema, press, including adverts and PR, online activity, sponsorship and events. VisitScotland has been developing its database over a number of years and has been actively profiling names to enhance its customer data since 1995. Visitor profiling techniques have been refined over the years, resulting in the introduction of a 'loyalty question' in 2003. VisitScotland's regional databases were merged following the full integration of VisitScotland with the area tourist boards in 2005. The 'Climbing the ladder' campaign was able to take full advantage of the wealth of customer data and knowledge that became available after the merger.

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Introduction

In 2005, VisitScotland and its agency, WWAV Rapp Collins, began a new strategic approach to market Scotland as an aspirational holiday destination. The 'Climbing the ladder' campaign was based on important insights into customers' actual visiting behaviour and in-depth database analysis.

Kate Boothby
Institute of Direct Marketing
The IDM, 1 Park Road
Teddington
Middlesex TW11 0AR, UK
E-mail: kateboothby@msn.com

Elevated campaign results

Customer and prospect research identified key drivers for each database segment's behaviour when visiting and staying in Scotland. Each database segment was allocated a position on the loyalty ladder, enabling VisitScotland to track each segment's loyalty ladder progression through time.

Segments were carefully defined using visitor behaviour and loyalty ladder position, enabling key propositions to be tightly targeted. Superior segment definition linked to relevant key propositions generated a significantly elevated seasonal campaign response rate, including one campaign that produced a return on investment that was more than 60 per cent higher than previous average campaign results.

Objectives

The annual campaign objectives for 2005 were to:

- maximise return on investment from the VisitScotland database at a target level of 25:1
- engage consumers in personal and relevant dialogue
- bring the new hub exploration strategy to market.

Marketing strategies

Product strategy

The UK and Ireland marketing team is divided into three different product area teams: 'active' (eg golf, walking, cycling); 'cities and culture' and 'freedom to explore'. Each product area is promoted using a full range of marketing communications tools.

Hub exploration strategy

The 'freedom to explore' team was set up in 2002 to market Scotland to visitors who are likely to be attracted to the country's quintessential image. These visitors are interested in activities, such as walking, wildlife and visiting historic sites. The 'freedom' team looked at the typical holiday habits of this visitor segment and identified that these visitors often favour a 'hub-based' holiday, as it facilitates easy exploration of the surrounding area from a convenient, centrally located base.

The 'freedom' team developed a hub exploration strategy in 2005 to target visitors with information to encourage longer visits and/or the exploration of new places. This hub exploration strategy was launched as part of the 'Climbing the ladder' campaign.

Database strategy

The database is the powerful engine that drives VisitScotland's direct marketing communications and return on investment. The team recognised that using the database strategically would give VisitScotland a competitive advantage over rival destinations. The database's information, analysis and testing capabilities were instrumental in informing VisitScotland's overall marketing and product development decisions.

Closing the information gaps

Historically, database selections were made on a campaign-by-campaign basis. Database selections were entirely driven by previous response history and principal interest data. The VisitScotland database holds a wealth of personal information about enquirers, including their main reason for taking a short break in Scotland. The database, however, largely lacks transactional information revealing whether or not these enquirers had ever visited Scotland before.

Introducing the ‘loyalty question’

VisitScotland wished to adopt a new strategic approach based on a more complete understanding of the nature of each consumer’s bond with Scotland as a destination. Existing database information was insufficient to support this deeper understanding of the customer’s relationship with Scotland, so a number of initiatives were undertaken to overcome the lack of transactional data during the Spring 2005 and Winter 2005/06 campaigns.

Rigorous testing doubles the mailing list

The introduction of a ‘loyalty question’ was the principle initiative to strategically enhance database data. The loyalty question was introduced at the first data capture point for new enquirers and visitors and at every feasible touchpoint for existing database enquirers and visitors. The information elicited by the loyalty question gave VisitScotland valuable data to drive their segmentation and targeting strategy and investment decisions.

Loyalty data were collected for over 40 per cent of the active database. A data analysis exercise was then undertaken to determine the key characteristics for each loyalty group. A series of database performance forecasts was constructed to test the approach as robustly as possible. Testing allowed a proxy loyalty attribute to be applied across the 60 per cent of the database for whom actual loyalty level was unknown, more than doubling the number of people available for mailing selections.

The following ‘loyalty’ questions were created so that each respondent could be allocated to an appropriate loyalty segment. The questions allowed VisitScotland to classify each new and existing customer’s current level of involvement with, and commitment to, Scotland (Table 1).

Table 1: VisitScotland’s ‘Climbing the ladder’ customer loyalty questions

<i>Please tick the statement which most applies to you:</i>	
<i>(A) I often take short breaks in Scotland and intend to do so again in the next six months.</i>	<i>(Database classification: regular visitor segment ‘A’)</i>
<i>(B) I sometimes take short breaks or holidays in Scotland, and intend to do so again within the next couple of years.</i>	<i>(Database classification: occasional visitor segment ‘B’)</i>
<i>(C) I have taken a short break in Scotland once or twice before and might do so again.</i>	<i>(Database classification: lapsed visitor segment ‘C’)</i>
<i>(D) I have never been on a short break or holiday in Scotland, but would like to.</i>	<i>(Database classification: non-visitor segment ‘D’)</i>
<i>(E) I am not likely to take a short break or holiday to Scotland in the future.</i>	<i>(Database classification: rejector segment ‘E’)</i>

Result validation

External telephone research was used to validate all the loyalty classifications by ascertaining the make-up of each group, scoping the universe of available targets and determining the future potential for tourism spend in Scotland.

Database selections could now be made based on people's existing bond with, or experience of, Scotland as well as on the product areas of interest to them. VisitScotland's loyalty ladder segmentation strategy could now be implemented.

Communications strategy

The 'Climbing the ladder' campaign communications launched the hub exploration strategy. All of VisitScotland's direct marketing must support the umbrella brand positioning of Scotland as a destination that offers a deeply enriching personal experience.

The campaign strategy aimed to raise conversion levels and maximise return on investment by targeting relevant content, offers and information to the carefully selected database segments. The 'Climbing the ladder' campaign aimed to increase seasonal response rates, particularly for spring and winter.

Refinement of key proposition targeting

Information about each recipient's specific areas of interest and their loyalty classification was used to refine the key proposition targeted to each segment. For example, information provided by the loyalty question was used to target regular visitors (occupying the highest rung of the loyalty ladder) with a winter message to encourage them to take an extra 'out of season' break.

The 'freedom to explore' team began by agreeing on the geographical areas to be featured in the initial test and choosing the ideal audience to receive the new hub exploration message.

Targeting strategy: The loyalty ladder

The visitor database was divided into key segments as defined by an Omnibus database value tracking study¹ of the UK population, correlated with responses to VisitScotland's loyalty question (Table 2).

Table 2: UK loyalty analysis: Database visitor segment classification

<p><i>Regular visitor (A)</i></p> <ul style="list-style-type: none"> • 15% UK population — 3.7m households • Deliver 74% of annual tourism value to Scotland (<i>Source:</i> database tracking) • Limited incremental value 	<p><i>Lapsed visitor (C)</i></p> <ul style="list-style-type: none"> • 27% UK population — 6.7m UK households • Deliver 0% of current value • Some incremental opportunity
<p><i>Occasional visitor (B)</i></p> <ul style="list-style-type: none"> • 21% UK population — 5.2m households • Deliver 26% of the annual tourism value to Scotland (<i>Source:</i> database tracking) • Large incremental opportunity 	<p><i>Non-visitor (D/E)</i></p> <ul style="list-style-type: none"> • 38% UK population — 9.5m households • Deliver 0% of current value • Some incremental opportunity

Source: Omnibus. March 2003. Database value tracking 2003/4.

Figure 1: Visitor classification: Occasional visitor (B) 'Summed up by their guide books (or internet searches) covering Scotland and other destinations'. 'Scotland is one of their favourite holiday destinations, and they have visited recently. Attitudinally they are close to Scotland but behaviourally are less so — perhaps because they live a bit further away, predominantly in England. Still feel there's so much to explore — in Scotland, in the UK and throughout the world. Want to find a reason to come back to Scotland soon'

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Figure 2: Visitor classification: Non-visitor (D/E) 'Summed up by their photo albums featuring past holidays: Scotland and other destinations'. 'Enjoyed past holidays or short breaks in Scotland but have not visited recently. Meant to go back to Scotland, but now it's a bit of a distant memory. Perceive Scotland to be quite a long way away and a bit difficult to get around — can be quite expensive and the weather's not always that great. There are so many other options! Not really sure of where else they should go or what there is to do in Scotland'

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Thumbnail portraits

A 'thumbnail' portrait was created for each database segment to provide a starting point for the targeting and communications strategy. For example, see Figures 1 and 2.

Database analysis revealed that all the loyalty segments spent a similar average amount on each trip to Scotland. The key difference between the segments was the share of annual holiday spend that people allocated to Scottish holidays. Regular visitors in segment 'A' take an average of 2–3 Scottish trips per annum, so their contribution to Scottish tourism revenue is huge compared with other segments (Table 3).

Table 3: Topline database value

	All visitors	A Regular visitor	B Occasional visitor	C Lapsed visitor
Number of holidays taken per annum	2–3	3–4	2–3	2–3
Number of short breaks per annum	1–2	2–3	1–2	1–2
Annual spend on short break holidays	£2,000	£2,000	£2,000	£2,000
Percentage visiting Scotland annually	40	80–85	50	<20
Mean annual Scotland trips	1	2–3	1	<0.5
Spend on last Scotland trip	£650	£650	£650	£500
Annual spend in Scotland per person on database	£300	£1,000	£200–300	£60–80
Scotland's share of total holiday/short break spend	17%	45%	15%	4%

Identification of upgrade opportunities

VisitScotland and WWAV Rapp Collins identified that occasional visitor segment 'B' offered the best opportunity for upgrading, and this segment was accorded a higher proportion of the budget than other segments. Convincing the 'occasionals' to move up the loyalty ladder to become 'regulars', by increasing their overall number of trips to Scotland and the associated spend, would significantly improve the campaign's return on investment. It was also vitally important that ongoing communication with the regular segment encouraged additional visits and stays of longer duration.

Core concepts explained

Creative strategy

The creative strategy targeted the regular, occasional and lapsed segments. The creative approach introduced and explained hub holidays based around the concept of exploration. The communications aimed to excite, inform and convince the target audience that a wealth of holiday experiences awaited them in Scotland. Lapsed and non-visitor segments were targeted with a greater depth of information about places they may already have heard of. The regular and occasional segments were targeted with information about less well-known places with a lot to offer, known as 'hidden gems'.

Hub areas matched to segment requirements

The creative team's first task was to identify and match hub areas to meet each segment's requirements. The hub areas needed to tempt visitors to return to Scotland, go further afield and stay longer, depending on the segment classification.

The first acquisition hubs were identified during a series of brainstorming sessions and given the working title of 'honey pot' areas. The areas identified as being most appealing to first time or occasional visitors offered lots to do, were easily accessible and were likely to have already occupied a position on people's radar (Table 4).

The areas chosen to appeal to repeat visitors were all aspirational to varying degrees. Known as 'hidden gems', these areas offer numerous reasons to explore further afield to encourage frequent visitors to extend their stay (Table 5).

Table 4: Acquisition hubs or ‘honey pot’ areas, targeted at Occasional Visitor segment ‘B’

Hub	Target audience	Key attributes
Skye and Lochalsh	Couples aged 35–65	Romantic: romance, traditional culture, purity/fresh air, escapism, the journey
Inverness, Loch Ness	Families aged 55+	Awe-inspiring: scenery, accessible wilderness, legends/myths, walking
Loch Lomond and the Trossachs	Families with children aged 7–13	Authentic/fun: national park/classic views, driving, history/heritage, easy highlands
Edinburgh, Fife and Lothians	Couples aged 35–65	Famous/contrast: culture, beach, golf
Borders	Planners aged 45+	Gardens: heritage/abbeys, Glentress/walking, St Cuthbert’s way
Galloway	Aged 55+	Discovery: beaches/coastal, arty, gardens, outdoor/wildlife, heritage

Table 5: Retention hubs or ‘hidden gems’ targeted at Regular segment ‘A’

Hub	Target audience	Key attributes
Orkney North West Highlands	Couples aged 35+ Independents aged 35+	Mystical: Norse culture, culture, seabirds Pure escapism: white beaches, true wilderness, dramatic and awe inspiring, forces of nature
Deeside	Aged 50+	Grand Scotland: castles, whisky, royal connections
Oban and Mull	Adventurous families and couples	Spiritual: wildlife, sailing, Kilmartin, Iona, spiritual, Staffa
Highlands, Perthshire and Angus	Families	Full on fun: Pictish culture, traditional industries, walking, nature reserves, waterfalls, great outdoors
Arran	Families	Scotland in miniature: food and craft, accessibility, unlimited choice

Flexible fulfilment

The ‘freedom to explore’ team produced a range of mini-guides focused on each hub called *Essence of Scotland*. Each guide featured key visitor attractions and useful information about what to do in the area. The guides were designed to be used as fulfilment for general direct marketing activity and website enquiries via visitscotland.com, and for distribution through the Tourist Information centres (Figures 3 and 4).

Campaign execution

The new hub exploration strategy was rolled out in a series of successful campaigns, as shown in the following examples:

‘You’ll find it here — Spring 2005’

‘You’ll find it here’ was the first campaign to promote the new hub-based exploration strategy to selected loyalty ladder segments. The *Essence of Scotland* guides were used to target different database segments with appropriate messages.

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Figure 3: Essence of Scotland guide. Inverness, Loch Ness

Figure 4: Essence of Scotland guide. Edinburgh, Fife and Lothians

Insight-defined core propositions

A mailing pack was designed to appeal to a range of audiences with varying depths of knowledge and commitment to Scotland. The pack was flexible enough to permit tailoring to target ‘honey pot’ or ‘hidden gem’ hubs (Table 6).

Two insights defined the campaign’s core propositions. The insight for the acquisition segments was ‘I know a bit about Scotland and what it has to offer, but I don’t know where or how to start my first trip there’. The proposition ‘Discover the part of Scotland that is right for you’ was developed in response to the requirements identified for these segments.

For the retention segments the guiding insight was ‘I feel I’ve done Scotland as a short break destination and now other places are starting to appeal to me. If I thought there was more for me to discover in Scotland then I’d consider coming back sooner’. The proposition, ‘Let Scotland surprise you this spring’ was developed to meet the needs of the retention segments.

Table 6: ‘Freedom to explore’ campaign segmentation

Loyalty segment	Segment description	Campaign status
‘A’	Often take short breaks and holidays in Scotland and intend to do so in the next six months	Retention
‘B’	Sometimes take short breaks or holidays in Scotland and intend to do so in the next couple of years	Retention
‘C’	Taken a short break or holiday in Scotland once or twice before and might do so again	Acquisition
‘D’	Never had a short break or holiday in Scotland but would like to	Acquisition
‘E’	Not likely to take a short break or holiday in Scotland in the future	Acquisition

Figure 5: Campaign pack. ‘You’ll find it here — Spring 2005’

Acquisition and retention packs

A pack was created that would work for both acquisition and retention audiences. The main message was ‘Whatever type of holiday you are looking for, you can find it in Scotland’. Both acquisition and retention versions of the pack previewed a tempting Scottish holiday, from the magic and mystery of Orkney to the pure escapism of the North West Highlands (Figure 5).

Campaign results: ‘You’ll find it here — Spring 2005’

	Loyalty segments ‘A’, ‘B’	Loyalty segments ‘C’, ‘D’, ‘E’
Response rate	41.50%	16.12%
Cost per response	£1.16	£2.99
Conversion rate	40%	23%

ROI target more than doubled

The spring mailing campaign generated an ROI of 38:1 overall. This result represented an increase on the 2004 figure of 23:1 and is more than twice the overall VisitScotland target of 15:1.

Figure 6: Campaign pack. ‘Scotland: The months you’ve been missing — Winter 2005’

Targeting off-season visitors

‘Scotland: The months you’ve been missing — Winter 2005’

Winter is always a quiet time of year for the Scottish accommodation sector and, as a result, attracting regular off-season visitors is one of VisitScotland’s core objectives.

The winter campaign targeted the most loyal segments, ‘A’ and ‘B’, capitalising on their existing bond with Scotland. This audience has a deep and lasting affection for Scotland and pays many visits.

Previous research had revealed that these segments regularly take winter breaks but did not consider Scotland as a viable destination at this time of year.

Bespoke calendar

The proposition, ‘See Scotland in a different light this winter’ gave these segments a reason to re-consider a Scottish winter holiday. A bespoke Scottish calendar was created for December, January and February packed with exciting events and enticing accommodation offers (Figure 6).

Campaign results: ‘Scotland: The months you’ve been missing — Winter 2005’

At the end of December, the response rates were as shown in the table below.

Loyalty segment	Response rate (%)
‘A’	30.5
‘B’	24.4
Overall	26.8

Figure 7: Loyalty ladder shifts as a result of the 2005 campaign

Firm foundation for the future

Moving up the loyalty ladder

Overall campaign effectiveness

The central aim of the campaign was to ensure that regular visitors kept visiting Scotland and that occasional visitors visited more often. At the end of 2005, VisitScotland commissioned research to assess the overall effectiveness of the hub-exploring strategy (Figure 7).

The research revealed that 87 per cent of acquisition customers now described themselves as either regulars (61 per cent) or occasionals (26 per cent).

The 2005 campaign had established a firm foundation for VisitScotland's future growth. Ongoing campaigns will be able to continue using the hub-exploring strategy to increase the level of visitor engagement with Scotland, moving people up the loyalty ladder and increasing VisitScotland's tourism revenue.

Conclusion

This case study demonstrates the following key points:

- The strategic importance of creating a well-designed customer database to gain a competitive advantage.
- The importance of selecting key database segmentation criteria for segment definition and segment evolution tracking through time.
- The long-term value that can be generated if a customer-led marketing proposition is targeted to a well-defined customer segment.
- How to use research, validation and testing to ensure that the information used to underpin visitor classification is reliable and

that the assumptions drawn from the information are based on a truthful foundation.

- The value of having a single, accessible, well-populated customer data repository to produce one view of the customer that can be used to direct product development and marketing communications.
- The key insights into customer behaviour that result from tracking data consistently over time.
- The importance of profiling customer data and identifying key information gaps to create customer knowledge.
- How testing can be used to reinforce the correctness of an approach, allowing assumptions about data to be extrapolated and applied across the database to significantly increase the volume of useable names and addresses.
- The importance of viewing the relationship between the customer and the organisation as a journey that can be modelled using a 'loyalty ladder' framework.

Reference

1. Omnibus. (2003). *Database value tracking 2003/4*, March.