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Case Study

VisitScotland: The IDM Business Performance Awards 2009: Silver Award-Winner Campaign: Keep Discovering

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Abstract

VisitScotland is the winner of the prestigious The Institute of Direct Marketing (IDM) Business Performance Silver Award. Entrants for the annual award are judged on multiple business and marketing criteria by three tiers of judges representing a cross-section of industry and marketing expertise. This is the second time in the last 3 years that VisitScotland's marketing achievement has been recognized and honoured by the IDM's Business Performance Awards judges.

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Introduction/Executive summary

The Keep Discovering programme is a new approach for VisitScotland and its agencies, Union Direct and Fraoch Marketing — a shift from product-focused direct marketing to a more customer relationship-based strategy. This programme was able to capitalize on VisitScotland's successful 2005 Climbing the Ladder campaign,¹ and many years of data collection and enhancement, including the introduction of a 'loyalty question' in 2003.

VisitScotland already had a good understanding of its visitors, but this programme signified a move to deepen its knowledge of their needs, motivations and revenue potential, in order that customer relationships could be strengthened and revenue increased. The Keep Discovering programme is believed to be the first of its kind undertaken by a tourist authority.

An enviable 68:1 return on investment is adequate proof that VisitScotland has successfully implemented a groundbreaking visitor relationship marketing programme, contributing £58m to the Scottish economy in 2007. The Keep Discovering programme exceeded its challenging targets in its first 12 months in a marketplace that is more intensely competitive than ever. Programme reviews and refinement are ongoing, to build on the programme's early success and enable the

Enviable return on investment

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marketing strategy to continue to meet VisitScotland's immediate and long-term business objectives.

Increasing market share is strategically important

Market background

VisitScotland is Scotland's official tourism agency. Its remit is the creation and nurturing of a strong 'Scotland' brand by producing high-impact marketing communications targeting a diverse target audience to encourage first-time and repeat visits to Scotland. Eight out of 10 visitors to Scotland arrive from the UK and Ireland. As UK consumers represent 83 per cent of the volume and 68 per cent of the value of Scottish tourism, worth £2.84bn² per annum, it is no surprise that increasing UK market share is of great strategic importance to VisitScotland.

VisitScotland's main aim is to increase Scotland's share of the UK holiday market by 50 per cent over the next 10 years. In order to achieve this ambitious objective, VisitScotland must demonstrate Scotland's richness and diversity as a holiday destination. It needs to balance the maintenance of a profitable long-term relationship with existing visitors with an effective strategy to attract new ones. As a holiday destination, Scotland faces stiff competition in the global holiday market. UK and Irish holidaymakers now have so many choices. The proliferation of budget airlines over the last 10 years, offering a good choice of flights from regional airports, has made far-flung destinations accessible to even modest budgets.

A product-led approach created two key issues

Prior to the Keep Discovering programme, VisitScotland's marketing communications strategy had concentrated on marketing activities and destinations, segmenting visitors and potential visitors according to their known interests, largely based on database records of previous information requests. VisitScotland recognized that this product-led approach had created two key issues:

1. Individuals might receive a variety of mailings and emails about different products and destinations, potentially leaving recipients with the impression of a disconnected series of rather disparate communications.
2. As the marketing communication budget was being allocated on the basis of expressed interest rather than individual revenue potential, low-value visitors might receive multiple mailings, while high-value visitors could be ignored.

Research findings

Research findings supported the view that, in most cases, multiple holiday interests needed to be addressed by VisitScotland's communications to both current and future visitors. VisitScotland recognized that it needed to shift the basis of its marketing communication planning from product to relationship marketing.

Keep Discovering programme objectives

It was imperative that the new loyalty programme supported VisitScotland's overall marketing objectives, to nurture a strong

Brand proposition

'Scotland' destination brand. All Keep Discovering communications had to deliver the core brand proposition that Scotland offers a 'powerfully enriching personal experience' to visitors.

Keep Discovering communications had to engage visitors on a personal level, demonstrating how the recipient could experience and build a unique relationship with Scotland, in order to ultimately achieve every visitor's full revenue potential.

The specific objectives for Keep Discovering were:

The loyalty ladder

- To deliver a minimum return on investment of 25:1; this represented a significant uplift on previous direct marketing campaign performance.
- To move 10 per cent of the visitor database from the 'Occasional' segment to the 'Regular' segment. These segments are VisitScotland's two top-performing database segments, classified according to its sophisticated in-house segmentation system, the loyalty ladder.

Segmentation and targeting strategy

In order to optimize the £500,000 direct marketing budget, it was imperative that the Keep Discovering programme selected the most promising of 3 million database records. VisitScotland possesses a wealth of high-quality visitor and enquirer data; the critical issue was how to make the best use of them to achieve optimum results.

Visitor attitude insight

VisitScotland has an impressive database as a result of the merger of all of Scotland's regional area tourist board databases in 2005, and its long-running data collection and enhancement strategy. It has been continuously improving its database profiling techniques since 1995. The inclusion of a 'loyalty question' in 2003, a precursor to the successful Climbing the Ladder campaign, provides a vital insight into a person's attitude to Scotland as a destination and the likelihood that they will visit. The loyalty question is asked at the first data-capture opportunity, allowing a person to be assigned to an appropriate rung, or segment, on VisitScotland's loyalty ladder. The lowest rung on the ladder is 'Rejecter', moving up through 'Prospects', 'Lapsed' and 'Occasionals', and ending with the most loyal 'Regular' visitors who reside on the top rung.

Database records provided the richest source of good prospects for the Keep Discovering programme, as many of them had already indicated a much stronger affinity for Scotland than the wider public. Research revealed the percentage of people on the database, and in the wider market, who could be allocated to VisitScotland's 'Regular' and 'Occasional' loyalty ladder segments (Table 1).

Extrapolated 'potential visitor' segmentation supports acquisition strategy

Research also enabled VisitScotland to calculate 'Regular' and 'Occasional' visitors' potential annual value to the Scottish economy: £900 and £320, respectively. This finding quantified how much the Scottish economy could benefit from encouraging visitors to progress up the loyalty ladder by deepening their relationship with the Scotland brand.

Table 1: VisitScotland segmentation

	Database record (%)	Wider UK market (%)
Regular loyalty ladder segment	45	10
Occasional loyalty ladder segment	30	14

Source: VisitScotland.

Database segmentation using a variety of tools

VisitScotland carried out extensive database analysis and profiling, quantitative research and segmentation modelling, to identify the five inter-related factors that best defined the most promising visitor segments for the Keep Discovering programme:

- Geodemographics;
- Location, that is, proximity to Scotland;
- Preferred holiday marketing channel, for example brochure or website;
- Existing relationship with Scotland, that is, the loyalty ladder; and
- General preference for holidaying in the UK or abroad.

Prioritisation of ten strategic UK population segments

This database segmentation exercise created a classification of the UK population consisting of ten strategic segments, each with a defined potential value to the Scottish economy in the short and long term. VisitScotland prioritized six segments, which were then overlaid onto existing database records to improve targeting, specify communication tone of voice and content, and highlight data gaps. This sophisticated segmentation approach allowed spend marketing to be targeted to the individuals who offered the greatest revenue potential, paving the way for two layers of personalization, at individual and segment level. Now that the visitors with the highest revenue potential had been clearly identified, VisitScotland could develop communications to encourage them to take more breaks and deepen their interaction with Scotland, strengthening their relationship with the brand and helping them ascend the loyalty ladder.

Communications strategy

Increasing brand interaction to deepen the relationship

VisitScotland's communication strategy has been developed to reflect well-established visitor booking and holiday patterns. The Keep Discovering programme had to be fully integrated with this rolling 12-month seasonal communications plan to ensure that VisitScotland's communications did not appear fragmented to recipients. Thus, within the existing communications framework, the Keep Discovering programme aimed to deliver timely and relevant messages to maximize each recipient's engagement with each communication and the Scotland brand, ultimately leading to positive action by the recipient.

A product portfolio was developed in conjunction with each Keep Discovering communication. The product portfolio offered people a good range of options reflecting their areas of interest and expectations.

Realising visitor revenue potential

This directly supported the overall programme objective of realizing each visitor's revenue potential. This new product development approach was informed by the insight that, if potentially high-value visitors are given inspirational ideas for 'things to do on a Scottish holiday' of particular relevance to them, supported by related personalized offers from travel, accommodation and activity companies, then they are more likely to visit Scotland, and keep coming back.

Relevance and personalization

The communication strategy focused on relevance and personalization as the keys to achieving the higher engagement and response levels required to generate incremental visits and tourist spend.

Programme execution — The five 'Is'

Acknowledging the existing relationship

Segment-based research indicated that migrating people from 'Occasional' to 'Regular' segments represented a potential annual revenue uplift of £580. Therefore, it made sense to initially concentrate the marketing budget and effort on the 'Occasionals' on the database. This segment received four programme mailings during the year, whereas 'Regular' segment visitors were sent only one, relatively expensive, high-impact communication. 'Regulars' were already demonstrating a high degree of loyalty to Scotland as a holiday destination, and it was therefore more likely that they would be proactive about contacting VisitScotland for information or to arrange a trip. In recognition of the 'Regulars' existing relationship with Scotland, the decision was made to acknowledge their loyalty by allowing a more natural two-way dialogue to develop without further, potentially intrusive, prompting.

Communication content reflected each person's areas of established interest from the database.

To achieve excellent implementation, the Keep Discovering team focused on the five 'Is', as follows:

Excellence in implementation

1. *Inspire* — Scotland's beautiful scenery is its strongest attraction for many visitors, so stunning photography was used in all programme communications to create and reinforce a desire to visit Scotland (Figure 1).
2. *Individual* — Communication content was personalized and tailored to correspond to each recipient's current level of engagement with Scotland, in addition to featuring content known to be of interest to them:
 - 'Regular' visitors received a handy glovebox-sized filofax-style folder, with personalized 'off the beaten track' ideas in a glossy insert format, ideal for future reference and practical use. For example, a known 'foodie' who enjoys walking received inserts featuring walks in leafy glens culminating in a country pub or noteworthy restaurant.
 - 'Occasional' visitors received personalized information featuring Scotland's better-known attractions, as non-regulars may not yet be familiar with all of Scotland's headline venues and experiences.

Figure 1: Keep Discovering envelope.

Cutting edge techniques

Interaction and integration

- ‘Occasionals’ received an invitation to request the filofax-style folder, allowing VisitScotland to simultaneously gauge interest, encourage interaction and manage costs (Figure 2).
3. *Incentives* — Cutting-edge digital printing techniques meant that personalized tailored offers could be compiled and delivered cost-effectively. For example, potential visitors travelling from Ireland received a travel discount offer from Stena Line ferries and known walking enthusiasts were sent a discount offer on walking maps, while those preferring to stay in bed and breakfasts were given an appropriate accommodation offer (Figure 3).
4. *Interaction* — Relationship marketing programmes must encourage response and provide recipients with a range of options for interacting with the brand, including updating personal information. Every mailing incorporated a pre-personalized incentivized survey. Consistent with an ongoing dialogue with its visitors, VisitScotland pre-printed any individual data it already held on its database in the survey, recognising its existing relationship with the recipient and saving them the trouble of re-supplying the data.
5. *Integration* — Keep Discovering was fully integrated with VisitScotland’s other channels and promotions to ensure that all communications contribute towards a harmonious dialogue with visitors, for example:
 - visitscotland.com/keepdiscovering — A sister website was created to enable visitors to develop their own online filofax, and a monthly e-zine keeps registered visitors up-to-date with new information and offers (Figure 4).

Figure 2: Keep Discovering tailored direct mail content — ‘Occasional’ segment.

- National promotions — VisitScotland’s rolling marketing communication plan incorporates several high-profile promotions to encourage tourism during the quieter times of year, notably the Autumn Gold and Winter White promotions. The Keep Discovering programme maximizes its synergy with these promotions by including related offers in its mailings and reflecting seasonal themes in its creative content and imagery (Figure 5).

Results

Huge positive impact

All Keep Discovering programme metrics show the positive impact of the new visitor relationship marketing strategy. The Keep Discovering programme will continue to deliver benefits in the future, helping to strengthen strategic partnerships with regional councils and business partners. Maintaining and developing these relationships is essential in ensuring the programme’s ongoing success, enabling it to reach a wider audience with the most appropriate products, offers and communications to steadily increase the revenue from Scottish tourism in the longer term.

Key programme measures include the following:

£18m incremental revenue

- Return on investment — Research results show that 127,529 Scottish breaks had been taken by 160,000 visitors in the Keep Discovering programme. This equates to a revenue contribution of £58m, of which £18m is considered to be incremental, directly attributable to the Keep Discovering programme. The programme budget was just under £265,000 at this point in time, meaning that Keep Discovering has achieved an exceptionally high return on investment of 68:1, significantly exceeding the 25:1 target.
- Progress up the loyalty ladder — Movement was measured using a telephone tracking study of mailed and non-mailed (control) visitor sample groups. Research conducted after phase three of the

Research used to trade campaign impact

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Figure 3: Keep Discovering personalized offers.

programme showed that 5 per cent more of the mailed group had become 'Regulars' and lapse rates in this segment had fallen by 10 per cent compared to the control — overall, a 15 per cent increase in loyalty compared to the control sample. Database analysis at the end of 2008 demonstrated that the number of visitors classifying themselves as 'Regulars' has increased by 19.75 per cent. Loyalty development will continue to be a key success measure as the programme develops.

- **Response rates** — The first four communication phases of the programme achieved good response rates, exceeding expectations and revealing a high level of engagement with the programme among the target segments (Table 2).

Figure 4: Keep Discovering — visitScotland.com/keepdiscovering.

- Quantitative research confirms a high level of engagement:
 - 74 per cent of the ‘Occasionals’ surveyed agreed that the programme’s communications made them ‘feel that VisitScotland knows what interests me personally’, rising to 80 per cent among ‘Regulars’.
 - 82 per cent of ‘Occasionals’ said they ‘looked forward to receiving the literature’, with 84 per cent of ‘Regulars’ feeling the same way.
 - 75 per cent of ‘Occasionals’ agreed that the mailings ‘made me want to take a break in Scotland’; 86 per cent of ‘Regulars’ agreed.

Lessons learned

Fully integrated visitor communication strategy

Keep Discovering’s customer relationship-building programme has created a unifying focus for VisitScotland’s communication strategy, helping to drive fully integrated visitor communications that reflect the customer journey across channels. Improving the synergy between on and offline communications has strengthened VisitScotland’s brand,

Figure 5: Keep Discovering Autumn Gold mailing.

Table 2: Direct mail results — ‘Regular’ and ‘Occasional’ segments

	Phase one (%)	Phase two(%)	Phase three(%)	Phase four(%)
Mailed ‘Regular’	17	Not mailed	Not mailed	Not mailed
Mailed ‘Occasional’	14	11.8	10.4	14.8
E-zine	6.5	4.9	5.0	5.6

contributing to its longer-term goal of establishing www.visitscotland.com as the principal portal for Scottish tourism. The programme objective to significantly increase the number of visitors classified as ‘Regular’ provided a clear aim for the Scotland programme in the short and long term, and has created a useful springboard for continued revenue and market share growth.

VisitScotland’s sophisticated segmentation approach, using rigorous data analysis and research, underpinned every aspect of the Keep Discovering programme. The carefully developed segmentation and data strategy enabled the Keep Discovering team to define and implement tight targeting and deliver highly personalized content and products to generate an impressive and prompt return on investment. This approach also enabled it to deliver a positive and consistent brand experience, open dialogue and excellence throughout the programme’s implementation.

The programme could not have succeeded without the great data and insight legacy inherited from previous campaigns and strategies. VisitScotland’s enviable database has been developed over many years; its understanding of customer loyalty was considerably enhanced by

the 2005 Climbing the Ladder campaign. It is clear that VisitScotland has long recognized the value of collecting, analysing and enhancing good-quality visitor data, and that it has succeeded in instituting a culture of ongoing learning and improvement that allows it to capitalize and build on its constantly growing body of knowledge.

Notes

1. The full case study appears in the *Journal of Direct, Data and Digital Marketing Practice*, Vol. 9, No. 4, (April–June) 2008.
2. United Kingdom Tourism Survey (UKTS), 2007.