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Cinnabon Uses Direct Mail to Tempt Potential Customers

With all the focus on social media, mobile, and other cutting-edge technology, is there still room for direct mail to make an impact? It depends. A Forrester report from earlier this month, *Marketing Budgets Suffer Significant Cuts*, finds that 52 percent of CMOs will reduce their direct mail spend in the next year. Nearly half (47 percent) of those same CMOs will increase spending on social media, 44 percent on website development, and 38 percent on email marketing. This data may leave some thinking that direct mail has outlived its usefulness. Not so.

Bakery chain Cinnabon is one company embracing direct mail over more tech-savvy channels and seeing customer acquisition rise as a result. The days of direct mail's marketing dominance may be over, but don't call it dead yet.

Direct mail plus aroma equals success

As a franchised company Cinnabon has no media budget and a very limited marketing budget. President Geoff Hill describes its acquisition strategy as "aroma-based," capturing mall customers who smell the products and decide to buy. During last year's holiday season Cinnabon wanted to adopt a more targeted approach to customer acquisition, so the company experimented with direct mail.

Cinnabon's parent company also owns Money Mailer, a direct mail solution provider. After learning of the connection, Hill and his team designed a program to send direct mail pieces to small businesses within a two-mile radius of certain Cinnabon mall locations. "We started with 100 locations," Hill says. "We mailed out 60,000 posters that companies could hang in their break rooms, each containing 20 perforated coupons." Giant images of gooey cinnamon buns and other desserts wooed prospects the closest Cinnabon bakery.

The redemption rate for the coupons was 4.6 percent, which Hill says is higher than most coupon programs he's been involved with, especially considering that some coupons are never sent from the franchisee to Cinnabon's headquarters. "It's great to track redemptions, but we're also concentrating on the intangibles that can't be tracked," he says. "We really wanted these bakeries that are enclosed in a mall to be more visible, and we did that by reaching these businesses that probably didn't even know we existed."

Cinnabon doesn't track ROI because the company shares revenue with franchisees, but Money Mailers' numbers show that the campaign produced a

54 percent return on investment. "Looking at what we generated versus what we spent, we were very happy," Hill says. "We're talking about doing another campaign during Jollybon (Cinnabon's term for the holiday season) or possibly designing something around a major product launch in late January."

Hill says the flexibility to target geographically and reach a new audience in small businesses is something that direct mail does much better than newer technology. "Typically in some channels you can get lost with all the messages that are out there," he says. "We were able to focus on a very specific area and saw a great return."

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