

Transactional Mail Proves More Profitable Case Study



Sector & Brand:	Services
Country:	Denmark
Date:	2009

Background

Who was the advertiser?

Natur-Energi A/S is a young Danish company dedicated to delivering simple and effective solutions that reduce CO₂ usage. Their customers are private, small and medium companies that, like Natur-Energi, have a passion for making a difference to the climate.

Capacent is a leading consultancy in Scandinavia. It helps companies improve their business by focusing on the whole supply chain, from collecting and analysing knowledge, to developing strategies and optimising processes.



What was the challenge?

To create a better communication tool with customers and increase the number of invoices paid on time.

What were the objectives of the campaign?

The objective of this campaign was to establish what effect digital invoicing bears and whether switching to invoices sent via physical mail could improve the on-time delivery of payments with customers. Secondly, this campaign was to check whether digital invoices were cheaper than physical mail in regard to the overall operational costs.

Who was the target group?

The target group was 2,879 of Natur-Energi's newly acquired customers.

The campaign in detail

Which media were used?

Direct mail and e-mail were the main components of this campaign.

What was the mailing approach?

The behaviour of 2,879 new customers' was closely monitored over the course of two months – from when they first received their first invoice, either via letter or e-mail, until the first reminder was sent. The process, from the second reminder until the invoice was either paid, or written off was analysed based on the experience of Natur-Energi's management.

What was the creative concept?

In the analysis, the cost of sending a paper invoice was estimated to be 7 DKK (0.9 EUR), while the first invoice sent via e-mail was estimated at zero costs.

The first reminder was sent via direct mail, regardless of whether the customer had received a paper invoice, or invoice via e-mail initially. The cost of this combined was 7 DKK (0.9 EUR).

The results

The tests gave the following results:

Within the target group, 59% of customers receiving the invoice via e-mail were sent a reminder, while only 29% of customers receiving the invoice via letter needed to be sent a reminder.

After the first reminder, 80% of the customers that received their invoice via e-mail, and 50% of the customers that received their invoice via letter called the customer help-line. The cost of each call was estimated to 50 DKK (6.7 EUR).

The customers calling the customer helpdesk gave the following explanations as to why they had not paid their invoice: "I haven't received anything" and "It must have gone into my SPAM folder".

If the customer did not pay after the first reminder, another reminder was sent out. After the second reminder, the customer case management was very specific to the individual and the average cost was estimated to be 60 DKK per customer.

In total, it cost Natur-Energi 18.88 DKK (2.5 EUR) in direct costs to ensure payment via a paper invoice, and 33.01 DKK (4.4 EUR) when a new customer received their first invoice by e-mail. The difference was 14.13 DKK (1.9 EUR) – which resulted in paper invoices saving 42.8% of the associated costs.



Conclusions

The case shows that the new customers pay the required amount significantly later if they receive their invoice by e-mail, compared to physical mail. For Natur-Energi sending invoices via e-mail increases their overall costs. One reasonable explanation was the large strain on the company's service telephones. For these reasons, Natur-Energi has decided that customers would receive physical invoices only in the future.

“Liquidity is a vital success factor in a new and fast-growing company, and we will continue to send physical invoices to new customers for this reason.”

Gert Lund Storgaard, CFO, Natur-Energi

