

CASE STUDY

Hostelworld optimise their email campaign using multivariate testing



→ “Working with eCircle has helped us to develop an effective email marketing strategy which allows us to optimise our campaigns through multivariate testing.” (Debs Kennedy, Group Strategic Marketing Manager, Hostelworld)

 Email Marketing Software

Overview

Challenge:

- To perform Segment Optimisation
- To carry out a simultaneous test over four different segments (over four currencies USD, GBP, EUR, AUD)
- To generate an average of 4,000 readers per segment to determine the winning image

Solution:

- To use the real time optimisation service of 8Seconds to improve the email campaign
- To show different header images to people opening emails and measure which image performs the best
- To send out the highest converting header image to the remaining recipients

Result:

- Average increase in click through of 209%
- The best performing image converted 62% better than the worst performing image
- After the final testing phase there was an increased overall click through rate of 3.19%

Hostelworld

Location:	UK
Industry:	Travel and Tourism
Website:	www.hostelworld.com
Products:	Email Marketing Software



Hostelworld offers an online booking service to thousands of hostels worldwide. Hostelworld has a vision to be the fastest-growing online provider of great value accommodation, using innovative technology to inspire independently minded travellers everywhere. Since March 2010, eCircle has been working with Hostelworld to develop an effective email marketing strategy which focuses on customer loyalty and to increase conversions and revenue through optimised creative and automated programmes. eCircle's partnership with 8Seconds offers multivariate testing to improve the response rate and ROI of email campaigns. Through a fully integrated solution, eCircle's clients are now able to go further than the traditional A:B split testing, and dynamically analyse the most successful emails in real time.

→ Using multivariate testing to optimise email strategies

Multivariate testing is a process by which more than one component of an email may be tested in a live environment. Through a fully integrated solution, multivariate testing is more than traditional A:B split testing. A:B tests are usually performed to determine the better of two content variations, whereas multivariate testing can test the effectiveness of limitless combinations. The only limit on the number of combinations and the number of variables in a multivariate test are the amount of time it will take to get a statistically valid sample.

This case study looks at how Hostelworld optimised the main header image of their June 2010 newsletter by using multivariate testing to improve response rates and ROI. Different images were shown to the recipients who opened the email. The effectiveness of the combination of images based

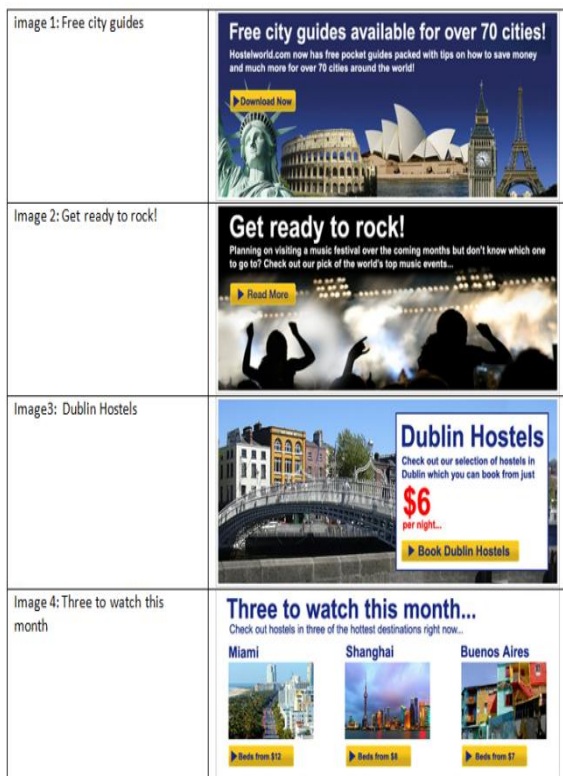
on open rates and clicks was measured in real time once the statistically significant or pre-determined measure was reached. The optimised email was then shown automatically to the remaining recipients.

"The multivariate testing project has been a very productive exercise. Any future newsletters that we send now will be highly targeted with content that we know our subscribers are interested in receiving."

Debs Kennedy,
Group Strategic Marketing Manager, Hostelworld

→ Testing four different header images to determine the best performer

Using real time optimisation Hostelworld was able to optimise their email campaigns. Four separate image headers were tested including 'Free city guides', 'Get ready to rock!', 'Dublin Hostels' and 'Three to watch this month'. In addition, Hostelworld performed 'Segment Optimisation', which meant not only were they testing four separate images but that the test ran over four different segments: namely four different currencies (USD, GBP, EUR, AUD).



Four different header images tested

→ The process

When the email campaign series had been sent out, Hostelworld were able to see how each header image had performed and measure which image had worked the best. An average of 4,000 readers per segment was needed to determine the winning image with a 100% statistical validity. All the remaining recipients subsequently received only the best converting header image.

→ How the results were determined

Following the testing phase the 'Free City Guide' proved to be the best performing image. It converted on average 62% more successfully than the 'Get ready to rock!' image, which was worst performing. Unsurprisingly, the 'Dublin Hostels' image worked well in Europe and the UK, but the Americans and Australians did not respond as well to this header. However, the Americans and Australians did respond well to Miami, Shanghai and Buenos Aires 'Three to watch this month'.

"We are pleased that our partnership with eCircle has enabled Hostelworld to use our optimisation technology to improve the header content of their email campaigns making them more tailored to the recipient's needs."

Pieter Wuyts
Account Director, 8Seconds

→ Redesigned campaigns boosted response rates

The 4 different images were shown 1,435 times each. 5,739 unique recipients were needed and 142 unique clicks to determine a winning header with 100% validity. The remaining 53,486 recipients (or 38,084 unique recipients) were only sent the email with the best performing image header resulting in an impressive 1,214 clicks or a click through rate of 3.19%.



The Campaign

When only the best performing image is shown to the remaining recipients of each segment, the average click through rate was 3.54% which is 48% more than during the testing phase!

Running a campaign that enabled recipients to decide what they like best – all in real time was the success of this campaign. The result was a boost in open rates and campaign ROI for Hostelworld.



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➔ **About eCircle:** eCircle is one of the leading providers of online marketing services, providing state-of-the-art technology, permission marketing databases and professional services for email marketing to the world's biggest brands. Since 1999 eCircle has stood for innovative and efficient email marketing for customer acquisition and retention. Leading organisations including Asda, HBOS and Halfords trust eCircle's consistent customer care, long-term experience and, not least, its highly motivated and professional workforce. The company has more than 300 employees, with headquarters in Munich and additional offices in London, Paris, Milan, Utrecht and Madrid.
