

Colchester Borough Council strikes gold with data mining tool from Bacs

Local authority converts additional residents to automated payments

Colchester Borough Council (CBC) has significantly improved the effectiveness of its Direct Debit marketing campaigns, thanks to a new data mining solution developed by Bacs Payment Schemes Limited (Bacs) and Experian.

The software, developed in late 2007 to enable UK councils to pinpoint likely converts to Direct Debit, helped CBC convince an additional 2% of residents to pay their council tax bills this way between March and early May 2008 – increasing levels from 72 to 74% in just two months.

The team from CBC first encountered Bacs' data mining tool when it was launched at the Institute of Revenue, Rating and Valuation (IRRV) conference in Brighton in October 2007.

Exploiting an existing database of local residents, who at the time were not paying their council tax bills by Direct Debit, CBC employed the tool to predict the likely levels of individuals in its catchment area who could benefit from switching to automated payments.

Explaining more Phil Pettit, CBC's ICT Programme Manager said: "When we first mined our data, the scores were a real surprise. We had thought we were very close to, if not already at, saturation point. However the information from Bacs and Experian revealed that of the original list of non-Direct Debit subscribers we supplied, 40% were in groups where there was significant scope for us to convince them of the merits of using Direct Debit."

CBC also received qualitative data from the Bacs/Experian solution that showed which key messages would have the most resonance with each group – and critically what might encourage them to move away from more traditional payment methods such as cash and cheques.

The council then re-assessed its Direct Debit marketing strategy, developing a tailored campaign aimed at those groups most likely to switch. This decision paid dividends straight away helping CBC halve the number of residents it normally targeted, reducing the cost of producing and sending out campaign literature.

Cllr Paul Smith, Portfolio Holder for Business & Resources said: "The results of this campaign speak for themselves and spell out the value that can be gained by using the Bacs data mining tool. Of those residents targeted, 11% switched immediately to Direct Debit – a response rate double what we would normally expect. We hope that both our residents and staff experience significant benefits from changing to an easier and quicker payment method."

Headline results

- 1) Size of council's normal mailing halved to target just those residents most likely to switch to Direct Debit.
- 2) Of those residents targeted, 11% switched immediately to Direct Debit – double the normal response rate.
- 3) Almost 84% of Colchester residents who signed up to pay by Direct Debit during the campaign period did so as a direct result of the propensity data mined and the approach taken.
- 4) Over two thirds (70%) of residents targeted by CBC during the campaign signed up to pay by Direct Debit over the phone.
- 5) Direct Debit penetration levels increased from 72 to 74%.



Phil Pettit also added: "Looking at the growth achieved during the campaign, we can tell that almost 84% of residents who signed up to pay by Direct Debit between March and May, did so as a result of the data mining and the subsequent approach we took. The information provided by Bacs and Experian has been very effective and we'll definitely be using the system again to guide future campaigns. I would urge other local authorities to do the same."

Michael Chambers, managing director of Bacs Payment Schemes Limited – the organisation behind Direct Debit – said: "When we launched our data mining tool back in October 2007, we knew it would prove popular in the local authority sector where the tactics employed to market Direct Debit are already very mature. It's good to know that councils like CBC are mining data of real value from the system, refining their campaigns accordingly and importantly, for both them and us, increasing the number of people that pay for key local services by Direct Debit."

Bacs' data mining tool draws on information from the organisation's annual Consumer Payments Survey and Experian's UK Consumer Dynamics Database. It uses over 340 attributes to describe the demographic, socio-economic and lifestyle characteristics of all adults and households in the UK.

Contact us

For further information, visit www.bacs.co.uk/marketingdirectdebit or contact us at bacsacademy@bacsservices.co.uk