

London Revenues Group campaign drives cost-saving Direct Debit sign up

Collective marketing works

Considerable cost savings can be achieved by converting council tax payers to Direct Debit. The scale of such savings was put into clear perspective, when Bacs joined forces with the London Revenues Group (LRG), which represents 33 local authorities within the capital.

Working in close tandem with the LRG, we launched a groundbreaking initiative which saw 20 of its local authority members take part in a collective marketing campaign – supported by a major prize draw – to boost conversion rates for council tax payments.

Local authorities can typically save £10 per annum when a council tax payer switches from monthly cash or cheque to Direct Debit. Yet despite this obvious saving potential – at a time when Government budget cuts continue to put pressure on local authorities – Direct Debit take up varies dramatically. Nationally, it ranges from 26% in some areas to over 70% in others.

Joining forces delivers economies of scale

The participating London authorities were quick to see the benefits of a collective, single-minded marketing campaign that would draw on the expertise of Bacs to maximise the number of cost-saving conversions. Many of them had tried individual campaigns in the past, with varying results. Some of the participating authorities had already had some success with Direct Debit promotions that utilised a prize draw incentive. But working on their own with limited budgets, the prizes were typically no more than £1,000. By joining forces, and drawing on the marketing resources and expertise of Bacs, the councils were able to mount a compelling Direct Debit campaign with a life-changing prize of £25,000.

Bacs coordinated the campaign; developing campaign messaging that would appeal to prime targets for conversion – consumers who are ‘selective’ about which bills they pay by Direct Debit.

The cornerstone of the campaign was a leaflet to non Direct Debit payers in with their council tax bills. More than one million copies, tailored for each of the 20 councils, were mailed. A further half a million leaflets went to existing Direct Debit payers, letting them know they would be automatically entered into the draw.

The authorities also benefited from a central PR campaign and the activity generated more than 50 pieces of media coverage across London, raising awareness of the promotion and providing a strong foundation for driving Direct Debit take-up.

Conversion up by as much as 600%

Participating councils enjoyed significant increases in their Direct Debit conversion rates almost universally. Figures monitored to date showed increases that ranged from 15% to more than 600%.

- Across the board the campaign has already delivered 43,500 new Direct Debit payers
- This has delivered an efficiency saving of approximately £435,000 per annum (based on a £10 saving per conversion per annum)
- With the campaign managed centrally by Bacs, the cost was divided between the councils depending on their requirements
- Against this investment, the councils saw a very acceptable average cost per sign up of £2.37 and typically achieved a full return on their investment within 2.8 months.

It wasn't just the participating councils who welcomed the success of the collective initiative. The IRRV also recognised its success by nominating the campaign for their Innovation Award 2010.

How you can benefit

The Bacs team can provide advice on how this proven collective marketing approach can be applied across the UK. Creative concepts are in place now based on a persuasive and timely theme of migrating cheque payers to Direct Debit.

For more details of how Bacs can support your Direct Debit marketing campaigns, please contact Dawneth Perry, Market Sector Manager at d.perry@bacsservices.co.uk