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LIFTING DIRECT MARKETING RESPONSE RATES

San Diego, February 2006

“GREAT COLLATERAL, MULTIPLE DATA VENDORS’ MAILING LISTS, BUT RESPONSE RATES ARE DISMAL AND CONVERSIONS ARE FALLING. LET’S JUST BUY MORE LISTS AND DO MORE MAILINGS!”

Believe it or not, there are still businesses that approach direct marketing in this way. They wonder why campaign costs spiral, response rates do not improve and margins continue to be eroded. They are clearly not optimizing the value of their own customer data and/or their data vendors’ lists of prospects. The solution is better marketing NOT more marketing.

Better marketing starts with rethinking and accurately profiling the businesses’ best customers. Often, the determination of ‘best’ can be problematic, depending on whether the business prioritizes revenue or profitability as the key criteria and whether it takes a long or short-term view of its sales performance.

Today’s industry-leading businesses choose to define ‘best’ by understanding which customers are the most profitable, have the greatest potential life-time value and/or provide the highest return-on-customer. Then they apply these criteria to define the attributes of similar customers that may be attracted to specifically designed products, value propositions or services.

Once these business rules and attributes have been established, mailing lists can be cleaned and merged into customized data-marts that facilitate advanced analytics and modeling based specifically on these rules. As a result of the analytics, prospects are ‘scored’ and greatly improved target lists are created to which very specific value propositions can be made.

Advanced marketing analytics and modeling predicts the ‘lift’ in likely response and conversion rates and therefore the likely financial outcome of the mailing before it is released. Knowing the costs and expected returns, campaigns can easily be designed and prioritized based on ROI.

However, the real industry-leading breakthrough occurs when the results of these direct campaigns are automatically fed back into the data mart and used to condition the next series of marketing models. Models can be ‘rescored’ or ‘refreshed’ and ‘lifts’ can be improved based on this automated closed-loop system. The bottom-line is more responses, more conversions and/or less mailings; all very valuable in qualifying new leads, reducing customer acquisition costs and attrition, while greatly improving profits.

Modern Analytics advises on the most effective use of marketing analytics, undertakes advanced analytical modeling and automates the data marts that create the fact-based environment for enterprise decision-making and business performance breakthroughs. The firm is known for its quality, speed and affordable solutions.