



## Impact

According to Forrester's Peter Kim, organizational silos have battled over the right to sell to the most valued customer. Contact optimization software turns the traditional direct marketing campaign paradigm upside down by enabling marketers to identify the best offers for each customer rather than the best customers for each offer.

Peter Kim  
*Best Practices: Customer-Centric Marketing*  
 July 2007

## Challenges

- **Conflicting business goals.** The goals of one campaign may be at odds with another campaign's goals.
- **Multiple, overlapping marketing campaigns.** With so many campaigns going through so many channels, there's often no way to know what is going out to whom and when.
- **Insufficient contact policies.** Contact policies tend to be too broad, too constraining or too vague, making them more of a hindrance than a help.
- **Channel constraints.** A campaign that generates lots of response may end up failing if the contact center can't handle the volume of interest generated.
- **Budget constraints.** With costs soaring, it's hard to know where to put marketing dollars to get the most impact.



## How can we plan and prioritize our marketing campaigns to get the best possible results?

### YOUR GOAL: Increase profitability across multiple campaigns

All marketing organizations, regardless of industry, are under increasing pressure to do more with less. Gone are the days when the sheer volume of marketing activity determined a marketing department's worth – these same departments are now expected to produce a profit. That means only conducting marketing activities that will get results. But with the multitude of combinations possible for customer, offer and channel, how can a marketer know which combinations will yield the desired results?

Traditional prioritization and rules-based systems have improved marketing effectiveness, but they alone are incapable of navigating the complexities associated with millions of customers, numerous products and product lines, multiple communication channels, a variety of campaign choices, competing business goals, and constraints like channel capacity, budgets and customer contact policies. And there's a lot at stake. Money spent on campaigns sent to less-than-ideal targets could have gone toward highly targeted campaigns. Customers who get irrelevant or repetitive offers may become frustrated and turn to the competition. And overall, your ROI can decline dramatically.

The solution lies in enabling marketers to anticipate the economic outcome of campaigns using a scenario-planning environment that integrates predictive analytics with constraint-based optimization.

### OUR APPROACH

Traditional prioritization or rules-based systems are insufficient for maximizing the success of marketing activities. Only through true optimization can marketers gain critical knowledge about factors that influence the success – or failure – of marketing campaigns, such as adding a new channel, reducing a budget or altering a customer contact policy. SAS approaches the problem by delivering software and services to help you:

- **Evaluate multiple campaigns simultaneously** using mathematical optimization and predictive analytics to determine which products should be marketed to individual customers for maximum return.
- **Define objectives, change constraints and rerun scenarios with different parameters quickly** with an easy-to-use interface that makes even the more complex optimization processes intuitive and logical.
- **Create, view and share optimization reports** and optimization objective summary reports, then feed the results into your campaign management solution.

With SAS, marketers can plan and prioritize all outbound customer communications in order to maximize effectiveness while balancing the organization's capacity to deliver and the likelihood that customers will respond. And the results can be executed seamlessly when integrated with a campaign management solution.

## THE SAS® DIFFERENCE: Effectiveness, speed, ease of use and integration

Tapping into more than 30 years of experience with optimization, SAS has developed a patented, custom algorithm for marketing that includes innovative new approaches born from that experience. With SAS, you get:

- **Effectiveness.** Although many vendors claim to provide optimization, most only look at a small subset of possible solutions, and therefore are not really optimizing. True optimization lets you find the best of *all* possible solutions. With SAS, the difference is measurable, and the ROI can be enormous.
- **Speed.** While complex mathematical computations have typically caused processing bottlenecks, the patented SAS algorithm has reduced optimization approaches from days to minutes. This gives marketers quick and easy access to accurate information for making smarter marketing decisions.
- **Ease of use.** An interface designed specifically for marketers allows users who know nothing about optimization techniques to enter objectives, constraints and contact policies and run all reports and analyses through the interface.
- **Integration.** Based on the same robust, flexible platform as other SAS solutions, our marketing optimization solution enables you to take advantage of existing technology investments, which decreases your total cost of ownership.

Only SAS combines mathematical optimization, user-defined constraint modeling and integration with industry-leading predictive analytics and marketing automation, enabling you to reach the next level of effectiveness and profitability in campaign management.

## CASE STUDIES

### ■ A large financial services institution

With multiple marketing channels and myriad products, but limited channel capacity, the bank wanted to move beyond standard database marketing solutions to lift campaign returns. After implementing a SAS solution that included predictive modeling, the bank was able to create the best multichannel offer selection and targeting solution in the industry – and achieve a 50 percent return on investment.

### ■ A leading telecommunications company

The company was conducting four monthly campaigns that covered its DSL, wireless, cable and telephone offers. The company wanted to optimize customer lifetime value, but no one could determine which combination of campaigns could provide the highest ROI. After implementing an on-demand optimization solution from SAS, the company increased its profit stream by \$6 million in the first month.

### ■ A successful catalog retailer

The company had multiple call centers, direct mail and e-mail channels available, but did not know how to spread offers, or combinations of offers, across these various channels. By leveraging an existing modeling effort using SAS, the company was able to exploit the knowledge it gained about these different channels for significant campaign performance improvements.

## ■ The vision

### Mathematical optimization and predictive analytics

What if you could simultaneously compare the expected ROI of multiple campaigns given your budget and resource constraints, so you could maximize your overall ROI and filter out offers that don't help achieve this goal?

### An easy-to-use interface

What if marketers could define their own constraints and optimization objectives and run what-if scenarios easily, without having to understand the complex math behind the optimization process?

### Flexible reporting and graphics

What if marketers could share reports on possible competing or conflicting offers with others across the organization before those campaigns are executed?

## SAS FACTS

- SAS has been in business since 1976 and today has customers at more than 44,000 sites worldwide.
- SAS customers make up 96 of the top 100 companies on the 2007 FORTUNE Global 500®.
- *CRM* magazine has named SAS the leading provider of CRM analytics for four consecutive years.

Learn more about SAS® software and services at [www.sas.com](http://www.sas.com)



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