### Q2 2011

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get closer to your customer</td>
<td>2</td>
</tr>
<tr>
<td>Mikael Hagstrom</td>
<td></td>
</tr>
<tr>
<td>Five strategies for smart marketing in the digital evolution</td>
<td>5</td>
</tr>
<tr>
<td>Kadir Dindar</td>
<td></td>
</tr>
<tr>
<td>No confusion about customers at Confused.com</td>
<td>8</td>
</tr>
<tr>
<td>A framework for adding analytics to marketing decisions</td>
<td>11</td>
</tr>
<tr>
<td>Larry Mosiman and Marina Pashkevich</td>
<td></td>
</tr>
<tr>
<td>Telstra digs down under data to improve customer experiences</td>
<td>14</td>
</tr>
<tr>
<td>Hua Nan Financial Holding Company increases cross-selling power</td>
<td>16</td>
</tr>
<tr>
<td>Citizen intelligence</td>
<td>19</td>
</tr>
<tr>
<td>Marie Lowman</td>
<td></td>
</tr>
<tr>
<td>Sculpting your customer data into a work of art</td>
<td>22</td>
</tr>
<tr>
<td>Paul Coleman</td>
<td></td>
</tr>
<tr>
<td>Elion cuts churn, increases ARPU and ROI with customer intelligence</td>
<td>25</td>
</tr>
<tr>
<td>Česká spořitelna refocuses campaign management</td>
<td>27</td>
</tr>
<tr>
<td>10 things you can do with social media analytics</td>
<td>30</td>
</tr>
<tr>
<td>Alison Bolen</td>
<td></td>
</tr>
<tr>
<td>Best practices in marketing operations</td>
<td>32</td>
</tr>
<tr>
<td>Chetan Saiya</td>
<td></td>
</tr>
<tr>
<td>How is analytics dragging marketing into the future?</td>
<td>36</td>
</tr>
<tr>
<td>Steve Georgiadis</td>
<td></td>
</tr>
<tr>
<td>Going social the Organic way</td>
<td>38</td>
</tr>
<tr>
<td>Connecting with customers in a multichannel world</td>
<td>41</td>
</tr>
<tr>
<td>Jim Davis</td>
<td></td>
</tr>
</tbody>
</table>
Intelligence Quarterly is published quarterly by SAS Institute Inc. Copyright © 2011 SAS Institute Inc., Cary, NC, USA. All rights reserved. Limited copies may be made for internal staff use only. Credit must be given to the publisher. Otherwise, no part of this publication may be reproduced without prior written permission of the publisher.

SAS and all other SAS Institute Inc. product or service names are registered trademarks or trademarks of SAS Institute Inc. in the USA and other countries. ® indicates USA registration. Other brand and product names are trademarks of their respective companies.
Two billion people around the world now use the Internet regularly.

In the United States, digital expansion is a point of emphasis for President Barack Obama, who wants to connect “every corner of America to the digital age,” and plans to invest billions to that end.

In Europe, more than 250 million users surf the Internet daily for social and business purposes. To provide more online high-speed networks and more creative digital content, the new EU 2020 Plan includes an emphasis on a digital society that is well-detailed in the Digital Agenda.

In Asia, there will be 700 million more Internet users by the year 2015, which figures to generate a potential $80 billion in market revenue and opportunities, according to McKinsey research.

In Egypt, we saw the power and true arrival of the digital age, in what many now refer to as Egypt’s Revolution 2.0. Instructions and invites for the recent protests were distributed via Facebook by five tech-savvy activists who had never met but would eventually be credited with helping to spark the 18-day revolution.

In the business, personal and public spheres, the world is embracing the digital age. Are you? Does your business have a digital marketing strategy? Are you applying analytics to your efforts or measuring the activities surrounding your brand activities and mentions on the Web?

Looking back, three, four and five years ago, most people didn’t use social networks, wikis and blogs. The world is very different today, and it’s going to change at an even quicker pace in the years ahead. New digital channels and the capabilities they provide mean organizations can reach customers in real time, all the time, anytime and pretty much anywhere they go, as we all go mobile.

Analytics has become central to the digital strategies of many organizations, and will become even more important as usage increases. The emergence of massive online communities like Facebook, social media, mobile marketing and interactive advertising have changed the ways customers and citizens interact – in real time, all the time.
The digital revolution is compressing the reaction time itself, making it possible to bring timely and relevant offerings and experiences to customers wherever they are, and in the exact moment (think Egypt) when interest and opportunity will translate into an action. The digital revolution could ultimately deliver true “segment of one” personalization. To make good on that promise, companies need an integrated intelligence platform that delivers highly relevant data for generating valuable customer insight.

Even in the digital age, however, marketing is more than social media and search engine optimization. From the opposite perspective, marketing to customers is more than old-school campaign management, data mining or data management too. It’s really about connecting what you do to the customer experience.

How do you – as a modern, evolving organization – transition to supporting and marketing to customers through all the new digital channels while not ignoring the traditional methods as well? I see four must-have areas in the new marketer’s mandate:

1. The customer experience. How can you create the best experience for the customer inside and outside marketing, and all over the organization, from the call center, the retail store, the support area and even accounting? On page 8 of this issue, you can read how the UK’s best-known price comparison website, Confused.com, manages that experience across multiple business lines.

2. Marketing campaigns. How can you deliver integrated campaigns across channels at the right time and in real time? At Australia’s leading telecommunications company, Telstra, customer information is used to improve marketing campaign efficiency by 15 percent. Read about Telstra on page 14.

3. Brands. How can you understand the impact of the many people that voice opinions on the value of your brand? In an era where your organization is no longer completely in control of the brand, how can marketers still influence that conversation and create brand value for the organization? Macy’s is one of the best-known retail brands in the United States. On page 22, the director of marketing statistics at Macy’s explains how he develops customer data models that affect the brand.

4. Insights and analytics. How can you clarify patterns and understand what will happen today and in the future? How can you ensure accurate customer information, spot patterns and identify opportunities so you can react to benefit the organization? Organic, an advertising agency in San Francisco, can predict within the first few days what the long-term impact of a new social media campaign will be for clients. Read about its insights on page 38.

As you can see, the journey for each of these four areas starts with data. By combining internal and external data sources, you can begin to profile and segment customers for different types of treatment and campaigns.
As the Executive Vice President, SAS Europe, Middle East, Africa and Asia Pacific, Mikael Hagstrom is passionate about providing a culture where innovation can flourish, resulting in market leadership both for the organization and its customers. He is responsible for optimizing business performance, delivering revenue and managing operations in more than 50 countries with individual P&L (profit and loss) centers and nearly 4,000 employees.
The spread of new communication channels exerts a huge influence on consumer behavior. Today, consumers are less tolerant of negative customer experiences. They react faster, more clearly, and often with greater resistance after experiencing problems. They swap information directly with one another, and share their opinions openly. Additionally, consumers no longer share experiences with just their neighbors, friends and regulars at the local bar. On the contrary, their comments can find many interested readers in Web 2.0 channels.

At this point, marketing has ceased to be the predominant influence in communication with the customer. This may seem like a threat to some specialists in branding or PR. Yet, the changing situation generates considerable opportunities for companies – if they can adapt. Consumer-oriented companies in particular have to master one key task: the shift from conventional customer relationship management (CRM) to holistic customer experience management (CEM).

This transition completely alters the way that companies communicate with their customers. Instead of focusing solely on the sales and marketing perspective, CEM focuses directly on the complete customer experience. For instance, what consumers think about a company is at least as important as what the company knows about them.

To master these challenges and seize the opportunities of varied customer touch points, more direct and spontaneous interactions with consumers, a wider diversity of products and increasingly fragmented customer groups, marketers should turn their attention to five key areas.

1. Markets are conversations. Start listening
   The idea that markets are conversations comes from the *Cluetrain Manifesto*, published in 1999. Today it is one of the central theoretical explanations for the social media phenomenon. It states that to act appropriately in a market, companies must first of all listen to the conversations taking place there and understand the content in a differentiated manner. At present, however, very few enterprises are in a position to do so, either in terms of methodology or in relation to data volumes and resources.

   A study published by Harvard Business Review Analytic Services in December 2010 reports that the majority of companies have not yet developed an orderly
marketing discipline for social media. The study found that 75 percent of the 2,100 firms surveyed do not know what their most valuable customers say about them on the Internet. And hardly any firms have systematically evaluated customer opinions on the social Web.

This is where SAS Social Media Analytics comes in. This pioneering solution collects and archives social media content, checks the relevance to a company or its brands, and supplies the foundation for decision making to specialist departments and managers. Content from popular networks such as Facebook and Twitter is recorded automatically and refined with the help of text analytics procedures. The same method is applied to communities and discussion groups where consumers discuss their experiences in specific areas.

The solution moves beyond just counting key terms or blog entries to reduce the risk of incorrect assumptions with serious consequences. Only content that can be put into an unequivocal thematic order, and whose tone can be interpreted, will create the necessary knowledge base for entering into an appropriate and credible interaction with the customer in social media channels.

2. Measure and reinforce willingness to make recommendations

Today you’re being praised to the skies, and tomorrow you’re totally out of favor. With changing consumer behavior, the question arises: How do you measure customer activities in today’s Web 2.0 environment? Also, why does the digital evolution necessitate an addition to the existing CRM indicators, moving in the direction of CEM?

If we accept the “markets are conversations” thesis, companies should be doing things like striving for positive comments and avoiding negative ones. However, suitable indicators must be applied to continually examine whether these goals are being achieved.

Consumers’ experiences with brands or products often cause them to issue personal recommendations or warnings among the people that they know. Their willingness to make recommendations is seen as a suitable key indicator of customer orientation: the greater the willingness of consumers to praise a company, its products and brands to their friends and followers, the higher its net promoter score (NPS). Fred Reichheld created NPS based on consumer willingness to recommend a brand. Companies with a high NPS, such as Apple, are also successful in business.

Today, improving or stabilizing NPS should be a core objective of all customer-related activities. To this end, SAS Customer Intelligence enables not only the efficient, methodically correct assessment of NPS at all customer touch points, but also the use of both aggregated and individual customer survey results. And there’s more: A root cause analysis gives companies an exact picture of what is influencing their NPS – and what they can do specifically to raise it.

3. Become an analytical company

To quote Thomas H. Davenport, Professor at Babson College: “Successful companies are analytical companies.” Indeed, successful customer experience management requires an analytical corporate culture and an infrastructure to ensure optimum customer touch points, provide truly needs-driven advice, and to organize complaint management to make it more proactive.

Now, what factors cultivate analytic corporate decisions and processes? In their 2010 book Analytics at Work, Davenport and Jeanne Harris identify factors in five focal areas: data, enterprise, leadership, targets and analysts. Whether a marketing department is just undertaking its first analytical steps, or is already one of the pioneers in its field, the authors’ maturity model describes specific steps in each area for improving one’s own analytical competencies. These suggestions can help tailor customer dialogues to be both relevant and consistent across channels.

Another analytic opportunity arises from the fact that customer-related decisions are no longer restricted primarily to the marketing department. With customer interests and responsibilities touching a wide range of corporate units, it is of the greatest importance that event-based analytical insights should be available at all relevant customer touch points. This demand is explicitly addressed by the concept of the customer state vector that has been patented by SAS. The state vector holds all the data needed for successful customer management in one central data mart serving multiple divisions and processes. Theoretically, this aim – formulated by Jim Goodnight, CEO of SAS – has been tried before, but in view of the digital evolution, it can and must be realized without delay.

4. Fact-driven marketing in a data-driven world

When are customer conversations successful in business terms? Consider
the concept of performance marketing. It aims to measure the return on investment for online marketing expenditure and to improve it in a step-by-step fashion. Facts and test results count more than intuition, and individual activities are steered on the basis of items such as clickthrough rates for various types of online advertising or conversion rates for search engine marketing campaigns. Currently, the application of performance marketing has remained confined to typical online channels. However, longer-term effects of customer lifetime value and interactions with other channels will require a more far-reaching and holistic view.

Consistent marketing performance management enables fact-based control in marketing by combining online and offline channels, short-term and long-term effects, and above-the-line and below-the-line measures. Never before has marketing had so many varied sources of information at its disposal for rapidly assessing the impact of activities using conclusive indicators to determine the best possible influence on results.

This increased transparency, nevertheless, has two kinds of implications for marketing. On the one hand, it reduces the leeway for interpreting the marketing success of prior investments. On the other, negotiating future budget allocations benefits from reliable and sound indicators and performance forecasts. Only complete and consistent marketing performance management delivers the exhaustive, fact-based evidence of what marketing programs contribute to corporate goals.

5. Direct is interactive, interactive is direct

Naturally, direct marketing remains at the heart of this fundamental transformation process. The shift from one-way communications toward a dialogue-oriented interaction with the customer will continue to be influenced by the digital landscape. This thesis is put forward by Stan Rapp in his book *Reinventing Interactive and Direct Marketing*.

No matter when, where or how communication with target groups takes place, companies need a central customer contact policy taking all the channels into account and thus guaranteeing consistent messages for all customers. This includes counteracting a tendency observed in many companies where communication through digital channels runs parallel to and separate from other forms of communication.

**Relevant, consistent and credible dialogues**

Customers do not think in channels, but usually act intuitively. Modern marketing decision makers must act with foresight and flexibility to always generate a positive customer experience, and above all an authentic dialogue. Customers are clearly ready for it.

Kadir Dindar is the Head of Strategy for Customer Intelligence at the EMEA Center of Excellence at SAS. In this capacity he advises international companies on key issues for value-oriented customer management. Previously, Dindar spent many years as Head of the Customer Intelligence Competence Center at SAS Germany, successfully implementing large-scale projects, both national and international.
No confusion about customers at Confused.com

Analyzing millions of customer contacts leads to crystal-clear insights for the UK’s best-known price comparison website

Remember the bad old days when getting quotes on car insurance involved dealing directly with the insurer and filling out a mind-numbing number of repetitive forms? That all changed when Confused.com, the first insurance aggregator website, launched in 2002. Owned by UK insurance provider Admiral Group, Confused.com is designed as a one-stop shop for automated online price comparisons, helping consumers find the right deal in car, home and travel insurance as well as utilities, personal finance products such as credit cards, and more.

To support Confused.com’s continued growth – to help it understand customers and make customer contacts more relevant and thus more profitable – the company has implemented SAS Analytics.

Confusing changes in the market
According to Tom Beverley, Customer Director at Confused.com, the major driver for implementing SAS was increased competition among aggregator and price comparison websites, with higher acquisition costs resulting from extensive TV advertising. And the business opportunity continues to grow, with the recession meaning consumers want to “shop around” even more, further increasing traffic to the site. “Our main requirements for SAS were to reduce our cost of offer, bring down marketing costs, improve cross-sales with other products on the site, and improve retention marketing,” says Beverley. “We wanted to improve the level of customer insight available. We are also developing a lot of personal finance products that require an improved level of one-to-one targeting.”

Confused.com is responsible for high levels of media expenditure, an investment leading to a large data store that includes Europe’s largest motor insurance quotation customer database; data is stored in an SQL
Server. A logical next step was to ensure that the company had the people, processes and technology to transform this data into usable insight. "Previously, customer insight was limited to information gathered via the car insurance quotation process, with no segmentation apart from very simple demographics like age and TV region," Beverley says. The business used e-mail as virtually its sole customer contact marketing channel, delivered via a third-party provider. The opportunity was to become far smarter in targeting to improve uptake and response rates. Indeed, Confused.com already had millions of customer contacts, with a high proportion including active e-mail addresses; this potentially valuable resource was waiting to be exploited by the right analytics.

Confused.com's use of analytics at a glance

Challenge:
Making use of valuable data in a competitive marketplace to gain new customer insights, better target campaigns and improve operational efficiency, enhance cross-selling and increase revenue.

Solution:
SAS Analytics, including a range of models and customer segmentation.

Benefits:
Greater understanding of customers means smarter targeting, improved retention marketing, reduced waste and lower campaign costs, with communications channels.

“SAS gives us a much better idea of who we should be targeting… I can certainly see us improving customer retention significantly and improving the relevance of campaigns. And there’s also a lot of potential to improve onsite processes and help inform new product development, so there are wider impacts for the business.”

Tom Beverley, Customer Director, Confused.com

SAS delivers a versatile toolset for users to access data from anywhere and then transform it into usable insights. Data sources at Confused.com include the SQL-based main customer data warehouse, which gathers data from all the Website interactions, and data from the third-party e-mail services provider. The business plans to add more sources, including external data from information provider Acxiom, and also tying Web analytics tools into SAS.

Clarity on who buys what, why and when
Beverley describes the company’s use of SAS as a “server-based solution that interfaces with our data warehouse to provide data on all customers – we update it every week – and then carry out propensity modeling on who buys what, why they buy it, when they buy, and who are the best customers to target with different products like home insurance, utility services and, most importantly right now, financial services products.”

Initially, the company will focus on two types of segmentation: customer lifestyle and customer life stage. Results from...
analyses are already used, for example, to locate variables, enhance selections and improve targeting in e-mail campaigns. Beverley provides an example: “In our home insurance campaign, we use SAS to highlight the best customers based on a number of predictive variables. We can probably get 70 percent of applications through, say, 20 percent of the e-mail campaign, which is key for us in terms of data collection and reducing how many e-mails we send out, making sure it’s relevant. We do a similar thing with credit cards, using SAS to target fewer people to achieve more uplift.”

Confused no more
Beverley continues, “SAS gives us a far better idea of who we should target. Before, the home insurance campaign was fairly basic and used just a couple of variables.” A direct feed is planned with SAS used to support the data selections that drive the e-mail campaigns. The analytics now available will also feed into contact channels new to Confused.com, including direct mail and SMS, while other options being investigated include outbound calling and social networking sites. “It’s early days, but I believe how we use SAS will have a significant impact on our business. I can certainly see us improving customer retention significantly and improving the relevance of campaigns. And there’s a lot of potential in these analytics to improve on-site processes and help inform new product development, so there are wider impacts in addition to improved targeting and acquisition marketing.

“Compared to a single product provider, in credit cards, car insurance or elsewhere, we know certain types of customers will pick a certain type of provider. But we can offer consumers many more options, we have far more data and so have a far more comprehensive overview of the market and of customer behavior. So there’s a lot we can tap into. At Confused.com, we know we’re sitting on a very interesting repository of data – and I don’t think we’ll ever exhaust the analytical possibilities available in terms of both customer and market behavior.” Q
A framework for adding analytics to marketing decisions

Three ways to market smarter with customer data

By Larry Mosiman, Customer Analyst, SAS
Marina Pashkevich, Customer Intelligence Solutions Architect, SAS

Marketers know, in theory, that gaining insight from the incredible explosion of new digital information being generated, collected and stored requires analytics. And it’s this insight that marketers desperately need to keep up with the moving target of today’s tech-savvy consumers as they comparison shop online, blog and tweet reviews that can influence millions – and use spam filters to avoid marketing communications they don’t want to receive.

If marketers don’t deliver product and service information to consumers that’s personally relevant, timely and delivered via their preferred channels, they’ll ultimately frustrate and turn them away.

To be effective in this new environment, organizations must base their marketing processes and strategies on an analytical framework. To help you get from theory to execution, here are the three essential components you need to get started:

1. Analytically driven segmentation to identify the right customers for the right campaigns.

2. Predictive modeling capabilities to understand and predict the behavior of targeted groups.

3. Optimization capabilities that help you maximize ROI by making the most of each customer communication while considering such things as resource and budget constraints and contact policies.

Analytically driven customer segmentation

Customer segmentation is a very basic component of most modern marketing strategies. The process involves dividing a customer base into groups of individuals who are similar in specific ways that matter in the context of your marketing programs. It enables companies to target groups effectively and allocate marketing resources appropriately. The overall benefits of segmentation include: profitable campaigns that focus on customers most likely to buy a product or service; identification of the most and least profitable customers; and more loyal customers, which leads to higher customer value and increased profits.

To significantly improve outcomes, marketers today are shifting to analytically driven marketing strategies that leverage massive amounts of data to increase customer response rates, loyalty and profitability.
marketers to deliver consistent marketing treatments as part of a long-term customer strategy. All customers must be included, but each can fall into only one segment. Some of the key attributes of foundation segments include: value, profit, attrition, risk and demographics.

Targeting segmentation identifies customers with specific needs and preferences. Not all customers may be included and customers can fall into multiple segments. This type of segmentation is useful for specific marketing programs and campaigns, and identifies customer segments that are most likely to respond positively or customers most likely to leave for a competitor. It is focused on short-term marketing activities that deliver highly relevant messages and offers to recipients.

Analytics enables you to go beyond foundation segmentation to targeting segmentation, allowing you to execute more effective, sophisticated campaigns with messages and offers that are highly relevant to recipients.

Predictive modeling
To know what customers will do in the future, marketers have to understand what they did in the past. Predictive analytics provide insight into the behavior patterns of a company’s best and worst customers. By having insight into customer attitudes, behavior, profitability and risk, marketers can make better decisions to improve marketing outcomes. The goal is to use one or more predictive modeling techniques to identify target populations that are likely to respond positively to a specific campaign or marketing activity. Predictive modeling is also used to understand target group behavior, including which customers are likely to leave, while helping marketers to identify the most appropriate marketing treatment to use for specific customer communications.

Consider what happens when a telecommunications company does a normal random marketing mailing versus a mailing based on predictive modeling. In this example, the company uses predictive modeling to generate the graph in Figure 1, which analyzes the first decile of customers (the top 10 percent by revenue) and shows that 30 percent of these customers have a high likelihood of attrition – a key group of customers for any company to focus its retention efforts on.

The graph also helps the marketing department focus its retention activities on key target segments (and save the money to spend elsewhere). Failing to target funds in this way leads to diminishing returns – but getting it right means the telecommunications company benefits from:

- Increased response rate by contacting the right customers.
- Reduced campaign cost by selecting the customers most likely to respond.
- Stronger customer relationships by understanding the target population and conveying messages that are highly relevant to it.

Questions you can answer with predictive modeling
- Why will my customer leave?
- When will my customer leave?
- Who can we retain?
- Who will buy? What will they buy?
- Which product will customers buy next?
- When will they buy?
Marketing optimization technologies

Issues such as competing divisional business goals, managing multiple marketing programs against constraints – such as channel capacity, budgets and customer contact policies – and internal politics can make decisions about which campaigns to send to which customers very difficult, especially for multiproduct companies. Factoring in and weighing all of these variables requires far more than just experience and human intuition. Marketers need optimization, a technology-based solution that applies mathematical techniques to maximize economic outcomes by making the most of each individual customer communication.

For example, by using what-if analysis, marketers can increase campaign ROI by analytically determining the right offers for the right customers, by taking into account things such as customer preferences, propensities, profitability, costs and contact policies. Targeting offers will effectively lead to higher response rates, improved channel effectiveness and reduced spending. It also means fewer deleted e-mails and fewer unwanted direct mail solicitations.

In addition, optimization analytics can help increase organizational efficiency by quantifying where changes in staffing and budget will really pay off, where money is being left on the table or where there is any unused capacity.

Given the rapid pace of change occurring in the world of marketing today, companies can’t afford not to employ analytically driven marketing strategies and tactics. With an integrated analytical framework for customer intelligence, marketers can make smarter decisions, solve more business challenges and, ultimately, get more insight from customer data to drive optimal marketing performance.

Top benefits of marketing analytics

1. Increase response rates, customer loyalty and ultimately ROI by contacting the right customers with highly relevant offers and messages.
2. Reduce campaign costs by targeting customers most likely to respond.
3. Decrease attrition by accurately predicting customers most likely to leave and developing the right proactive campaigns to retain them.
4. Deliver the right message by segmenting customers more effectively and better understanding target populations.

Online:

www.sas.com/sascom-mktanalytics

Larry Mosiman is a program manager at SAS and has more than 20 years of experience in a wide range of marketing roles for high-tech companies. Before joining SAS, Mosiman led the marketing organization for the Material Testing Division of MTS Systems Corporation in Eden Prairie, MN. Mosiman has a MBA from St. Thomas University and a BSEE from South Dakota State University.

Marina Pashkevich has provided strategic consultation services to executive teams, designed and managed statistical and analytical projects for many industries, including telecommunications, financial services, insurance and retail. She is currently a Principal Consultant in the Global Communications Practice at SAS, where she advises telecommunications and finance customers on a global scale.
Telstra digs down under data to improve customer experiences

*In Australia’s competitive marketplace, telecommunications providers battle for today’s sophisticated and price-sensitive customers*

Providing both residential and business services, Telstra is one of Australia’s leading telecommunications and information services companies, with one of the best known brands in the country. The company offers a full range of services – fixed line, mobile phone, Internet and Internet TV – and competes in all telecommunications markets throughout Australia. Telstra provides more than 8.6 million fixed lines and 10.6 million mobile services, including 3G services to 8.2 million subscribers.

Telstra operates in an extremely competitive environment. To increase the efficacy of its marketing, the company turned to business analytics and predictive modeling from SAS to help enhance customer service, provide relevant and value-added products to its clients, and help secure and grow its market share.

“We’ve invested in our analytics environment because we view it as a significant component of our customer service,” says Kate McKenzie, Chief Marketing Officer, Telstra. “Knowing what customer predilections are – like understanding when customers prefer to be called, what language they prefer to use and what services they’re interested in – is extremely valuable and important to Telstra.”

McKenzie adds that the SAS analytics environment is having a positive affect across the organization, and the resulting efficiencies and insight support increased business effectiveness. As a result of predictive modeling capabilities, Telstra can provide its front-line representatives with information that helps them reduce customer churn, cross-sell and up-sell products, as well as drive customer acquisition programs. McKenzie says the company is expecting a 15 percent improvement in some of its recent retention campaigns as a direct result of its new analytics environment.
“We help the call center. We can help our shops. We can help the whole organization make better, informed decisions,” explains McKenzie. “We can get information about what customers are looking for to the front-line customer service staff so much more quickly. We do it in such a way that is simple and makes sense to them; it clearly makes a big difference in our service delivery.”

Telstra’s Teradata enterprise data warehouse is the single database for customer interactions, utilizing segmentation, modeling and propensity scores for making marketing decisions. According to Sandra Hogan, Director of Customer Intelligence, quicker and more informed decisions are in part due to the partnership and tight integration between Teradata and SAS.

“A lot of opportunity arises from the integration of the two technologies. We can increase workflow and the controls around model development and maintenance so we can deploy significantly more models, giving us the ability to re-score customers daily rather than on a monthly basis. This gives us improved turnaround time on pricing decisions, promotions and content for improved customer satisfaction,” she says. “Aligned data and analytics capabilities allow us to streamline processes; it’s all about the timeliness of customer information for us now.”

“We’ve seen benefits already, particularly in processing large amounts of data and analytic computations,” Hogan explains. “We have jobs that used to take 11 hours to run. In the new analytics environment, they are running in around 10 seconds. As we get further down the road, we want to increase our ability to track and predict customer behavior, and improve customer experiences. This environment gives us 10 to 20 times the ability to do that.”

“There’s not many strong competitors in the analytics space,” says Hogan. “We did speak to a couple of other suppliers, but they had nowhere near the level of sophistication and expertise of SAS. It made perfect sense to me.”

Marketing efficiency

Telstra turned to business analytics and predictive modeling from SAS to help enhance customer service, provide relevant and value-added products to its clients, and help secure and grow its market share. The results are telling:

- Reduces analytic processing times from 11 hours to 10 seconds.
- Expects a 15 percent improvement in customer retention campaigns.
- Improves customer experiences and predicts customer behavior with 10-20 times more accuracy.

Kate McKenzie, Chief Marketing Officer, Telstra

ONLINE
Customer profitability in telco:
www.sas.com/reg/wp/corp/3603
Hua Nan Financial Holding Company increases cross-selling power

Hua Nan Financial Holding Company is the leader in Taiwan for current deposits, holding 52 percent of all accounts. With total assets of TWD 1.6 trillion (US$48 billion) and six million current deposit accounts it was the first in the industry to obtain a financial holding license. As an established bank in operation for almost 90 years it enjoys an excellent reputation for its innovative products.

Utilizing business analytics and marketing automation solutions across its business units, Hua Nan Financial ensures that everyone across the enterprise can analyze customer information from its current deposit accounts. As a result, more cross-selling opportunities are being recognized, leading to greater operating revenues even in today’s economic climate.

“These systems are also important tools for increasing business success,” said Liu Mao-Shien, Executive Vice President of Hua Nan Financial. “We have mastered the ability to properly use the data we obtain. This has generated valuable cross-selling results for Hua Nan Financial’s product sales programs.”

Understanding customer behavior

Hua Nan Financial has enjoyed success over competitors because of its ability to create innovative products based on customer data. For example, Hua Nan Bank developed an e-commerce system more than 10 years ago and its electronic payment program (Venus) won the 2003 Asia Pacific Electronic Achievement Award.

Since 2005, Hua Nan Financial has been investing in advanced business analytics and customer management solutions. “Implementation of a customer-centric policy was the initial focus of Hua Nan Financial’s CRM system,” Mao-Shien said. “We gather customer information, which then allows us to introduce timely marketing campaigns that meet customer needs, increase the number of financial products held by customers, and
ultimately increase Hua Nan Financial Holding Company’s total revenue.”

Utilizing SAS solutions Hua Nan Financial has built two important models: a customer segmentation model and a customer purchase trend model. The institution also employs automated marketing project management tools to implement and track the entire marketing program process - from planning and designing campaigns, screening target customer lists and selecting execution channels - to campaign execution, tracking and assessment.

By using this system to record all details of marketing execution, customer intent to purchase and transaction completion rates - and then coordinating with the system to generate results tracking and management reports, Hua Nan Financial can discover problems in a timely manner and quickly adjust its marketing strategy.

**First step: successful integration**

The Hua Nan Financial team learned that a successful implementation and launch of SAS depended on its compatibility with existing systems. Hua Nan Financial’s business units have different organizational cultures. So it was more effective to drive the process according to the needs and circumstances of each business unit instead of forcing everyone to implement and use the system in the same manner.

As a result, teams were encouraged to adopt solutions by giving data and intelligence a supporting role in the expansion of subsidiary business. “Business units of Hua Nan Finan-

cial may disregard launching marketing campaigns in times of flourishing markets. But during difficult economic times, customer management solutions are good tools for expanding business,” Liu Mao-Shien noted. “We allowed the units to take the initiative in increasing their data needs. Only this approach ensures the diligent use of data.”

**Recovering 95 percent of inactive cardholders**

After a successful deployment across its business units, Hua Nan Financial began a trial marketing campaign driven by these solutions. Five campaigns were executed in five months, one of which was directed at credit card customers who had not used their cards in six months. The results were astounding. Approximately 95 percent started using their cards to make purchases.

Hua Nan Financial plans to conduct marketing campaigns that continue to apply cross-selling techniques across its banking, securities, property insurance and investment trust business units. Marketing campaign numbers have increased 213 percent compared to the previous year, and service fees generated this year are expected to exceed TWD 700 million (US$20.9 million).

In addition, Hua Nan Financial is also building an e-portal that allows customers to access all products and services provided by the financial group through a single login and Web interface. To achieve its goal of providing more convenient access for customers, Hua Nan Financial is actively integrating its back-office data resources.
“For financial holding companies, joint marketing and cross-selling of products across subsidiaries are always important policies,” said Mao-Shien. “At present, we have 6 million current account holders, and many of them only use products from a single subsidiary. So, there is still a lot of room for cross-selling growth.”

**Leveraging SAS’ technology and expertise**
Hua Nan Financial adopted SAS Business Analytics and customer management solutions because of their integrated data management, data analysis, data mining, integration tools and maintenance management capabilities. In addition, SAS is widely renowned for the assistance and guidance it provides to leading global companies, and for its extensive, practical experience in the construction and installation of enterprise systems.

“We hope in the future to be able to fully realize the benefits of SAS Business Analytics and customer management solutions through a strategy of continuous revision,” said Mao-Shien.

Using SAS has brought substantial business benefits to Hua Nan Financial. The organization can: better target customer needs by providing the right financial products; increase cross-selling and up-selling of products across the financial group; and enable all business units to rely on the resources of this internal marketing channel, which reduces sales costs, generates greater profits and creates better customer relationships.

**Initial joint-marketing results:**
- Recovered 95 percent of inactive card holders.
- Marketing campaign results increased 213 percent.
- Service fees exceeded TWD 700 million (US$20.9 million).

---

**ONLINE**

SAS Marketing Automation screenshots:
www.sas.com/solutions/crm/mktauto/index.html#section=4

The changing face of marketing automation:
www.sas.com/reg/wp/corp/22446
Citizen intelligence

Because government agencies have customers too
By Marie Lowman, Worldwide Marketing Manager for Government and Health Care

If customer relationships are important for consumer organizations, what about citizen relationships in the public sector? They are just as important, and the same customer intelligence technologies used by business are being used by government organizations to better serve citizens, understand citizen needs, keep citizens healthy, and combat fraud, waste and abuse.

Around the world, government organizations are looking to the private sector to enhance service delivery while maximizing the use of, and benefit from, every taxpayer dollar. Citizen intelligence helps government organizations provide better services to citizens in a transparent, fiscally responsible manner with the ultimate goal of gaining a 360-degree view of a citizen. This “holistic view” allows government organizations to hone their service delivery in the most efficient and effective way possible.

Read on as we offer four examples of public sector agencies using analytics and citizen intelligence to work toward their ultimate goal: a better, safer place for all citizens.

Public safety and security
Increasing volumes of data, shrinking budgets and limited resources can hinder law enforcement and criminal justice agencies from effectively sharing information and proactively maintaining public safety. Following the tragic murders of two North Carolina college students, the state General Assembly recognized the urgent need for state-of-the-art integrated criminal justice information and mandated the development of a criminal justice data integration pilot program.

The North Carolina Office of the State Controller (OSC) developed the Criminal Justice Law Enforcement Automated Data Services (CJLEADS) pilot application. The goal of CJLEADS is more efficient, better-informed decisions and improved public safety. Historically, compiling a complete offender profile, or “360-degree view of an offender,” was time-consuming and inefficient, and data was not readily available to all criminal justice professionals. CJLEADS provides a secure, Web-based application for up-to-date North Carolina criminal information.
CJLEADS had two primary objectives: 1) to define a comprehensive profile of an offender’s North Carolina criminal history including photographic images; and 2) to provide a watch-list capability to alert criminal justice professionals when offenders have a change in status such as an arrest or release from custody.

The primary technical challenges involved data access, quality and integration. Given the complexity of criminal justice information, including regulatory and security issues associated with this data, as well as the urgency of the project, the state recognized the need to work with an industry leader in data integration and business analytics. CJLEADS is an on-demand, Web-based application hosted by SAS, employing technologies such as SAS Enterprise BI Server, SAS Enterprise Data Integration Server and SAS® Enterprise Miner.

CJLEADS benefits society at the most fundamental levels. It saves lives and increases the safety of citizens and law enforcement. Better information leading to better-informed decision making helps deter and capture criminals and improves the effectiveness and efficiency of the criminal justice system.

Combating fraud, waste and abuse
Louisiana provides an example of an innovative statewide fraud and abuse detection system – the first of its kind in the United States. The system could recoup millions of dollars over time in state revenue lost because of illegal practices by some businesses and workers – all possible through implementing a system provides a holistic view of citizens and businesses.

The Louisiana Workforce Commission (LWC) is the first state agency to use the system, and its first goal is to improve detection of a fraud scheme known as “SUTA dumping.” SUTA stands for State Unemployment Tax Act, so SUTA dumping is a scheme shady employers use to illegally dodge at least a portion of their unemployment insurance taxes. The practice involves improperly shifting payrolls to other entities that have lower tax rates.

This is the first effort of its kind by a multi-agency partnership to uncover fraudulent activity through the development of a central data warehouse. This effort involves analysis of information such as wage and tax filings, unemployment insurance claims and new-hire listings – enabling a 360-degree view of a citizen or business entity. Louisiana is now at the forefront of the fight against those who would defraud the government and try to gain an illegal advantage over other businesses or take advantage of their employees.

With this system, state agencies will be able to create a composite view of individuals’ or companies’ interactions with government programs, which will uncover previously unknown links and leads for investigations. It will support SUTA dumping investigations by pulling from multiple sources to detect companies that file as new corporations but do not have corresponding workers’ compensation coverage; show the same workers listed as employees for tax purposes, but classified elsewhere as independent contractors to avoid workers’ compensation premiums; and identify individuals who collect workers’ compensation or unemployment insurance benefits, but are working elsewhere at the same time according to employer wage reports.

As the program expands, it will broaden the scope of fraud investigations, such as a person applying for food stamps who might claim to be unemployed, but on a separate application for child care services, claim to be working. The system, which will also use predictive modeling and social analysis to identify interpersonal associations and potential fraud rings, supports Louisiana’s growing reputation as a state with strong good-business practices.

Improving health outcomes
The County of San Bernardino, California’s Department of Behavioral Health uses citizen intelligence technology to improve client outcomes for the residents it serves. The department will use a data warehouse to standardize, consolidate and access existing data. It will apply SAS software’s advanced analytics and predictive models to generate insights to help direct the department’s funds and resources to programs that are most effective and beneficial to constituents.
We continuously look for better ways to serve our people, particularly in challenging economic times,” said Keith Harris, PhD, who manages the department’s Research and Evaluation Section. “With SAS software, we will be able to identify which services work best for which clients and more effectively address the mental health service needs of our residents while at the same time attending to our fiscal responsibilities as a public agency.”

The County of San Bernardino’s Behavioral Health Department serves approximately 45,000 of its residents each year through programs that support prevention, intervention, recovery and resiliency for people suffering from mental and emotional disorders and/or substance abuse problems. It also conducts outreach and education activities to support individuals, families and communities affected by behavioral health problems.

By integrating knowledge within and across county organizations, CI technology allows agencies to create a holistic and integrated view of residents and families, analyzing their service utilization and needs and designing effective programs of care. Modeling capabilities enable administrators to predict the future needs of clients and families to plan appropriate services that will achieve the best long-term outcomes.

CI technology can help public health agencies ensure that residents receive the most effective services in the most efficient manner. With CI technology, agencies can increase the quality of their services while managing and reducing costs, improving program effectiveness, adhering to reporting and accountability standards and, where applicable, ensuring the safety of those clients who are at high risk for hospitalization.

Using citizen feedback to enhance service delivery
The Hong Kong Efficiency Unit proactively identifies potential public risks and concerns from call detail records, e-mails and inquiries. The 1823 Call Centre of the Hong Kong government’s Efficiency Unit acts as a single point of contact for handling public inquiries and complaints on behalf of many government departments. 1823 operates around the clock, including during Sundays and public holidays. Each year, it answers about 2.65 million calls and 98,000 e-mails, including inquiries, suggestions and complaints.

The Efficiency Unit aims to be the preferred consulting partner for all government bureaus and departments and to advance the delivery of world-class public services to the people of Hong Kong. The Unit launched the 1823 Call Centre in 2001. One of 1823’s main functions is handling complaints – 10 percent of the calls received last year were complaints.

The Efficiency Unit recognized that there are social messages hidden in the complaints data, which provide important feedback on public service and highlight opportunities for service improvement. Rather than simply handling calls and e-mails, the Unit seeks to use the complaints information collected to gain a better understanding of daily issues for the public. By decoding the messages through statistical and root-cause analyses of complaints data, the government can better understand the voice of the people and help government departments improve service delivery, make informed decisions and develop smart strategies. This in turn helps boost public satisfaction with the government and build a quality city.

Citizen intelligence aids government organizations at the grass-roots level – providing insight into which citizens are most in need of their services while allowing the organization to enhance its service delivery to those individuals. Without this holistic view of a citizen, governments will continue to provide services of unknown quality, regardless of need, to those for whom the benefit remains unknown. Through the simple adoption of CI technology, government organizations can better fulfill every aspect of their mission – improving the lives of their citizens.

As International Marketing Manager for the Government practice at SAS, Marie Lowman is responsible for leading a marketing team that brings the power of SAS Analytics to public sector organizations in more than 80 countries. Lowman’s team is committed to helping government organizations provide high-quality services to their constituents, while maximizing resources and budgets.
Sculpting your customer data into a work of art

Creating and using analytical models for retail marketing

Paul Coleman, Director of Marketing Statistics, Macy’s Inc.

Every interaction with a customer represents an opportunity to get useful data. Never before could marketers compile so much information about customers and markets, transfer that information into useful knowledge, and guide the investment of resources with precision.

Trouble is, never before could marketers compile so much information. Data pours in from every conceivable channel, from incompatible computing platforms and silo information systems, in mismatched data definitions and redundant customer entries. Transforming all this data into a clean, analysis-ready format can be a daunting challenge.

It’s like creating a sculpture out of a block of marble. When carving his masterpieces, Michelangelo felt that the figures were within the stone, and it was his job to liberate them. The artist chips away at whatever doesn’t look like the form to be revealed. Similarly, it is our job to liberate the customer insight from all the data.

The modeling process is a series of five steps—equivalent in some ways to the artistic process, whether working with stone, wood or data.

Step 1. Know what you have been commissioned to sculpt.
Is it an enterprisewide promotion or a brand-building task? A one-time mailing or an integrated campaign? A one-day sale or a loyalty program? What is the target? You have to have a clear idea of what the analytics are intended to reveal, because the most appropriate modeling approach will depend on what you’re trying to achieve.

Here is where the marketing community can make their most valuable contribution. There’s a certain amount of information you can glean from models, and models provide a structure for decision making, but the business community has to engage and decide upon what will create success.

Step 2. Choose the right tools for the job and the medium.
Are you going to press forward with intuition or take advantage of advanced analytics? Does the marketing team gather in a big room to brainstorm, or do you put yourselves in the hands of mathematical models? Both approaches have their merits and limitations.
An intuitive approach is easy to understand and communicate, because the logic will generally be self-evident. It is quick and easy to change course if something isn’t working as expected. However, you could course-correct so many times that you lose track of the process. In contrast, an analytic approach provides a consistent and reproducible structure for the decision-making process. Everything has a place and everything makes sense – even if the behind-the-scenes logic is so complex that it requires users to have blind faith in the model. If your data went through all the steps properly in the modeling procedure, you’re going to get the results.

The best approach is to marry creative vision with technical expertise – the qualitative with the quantitative.

**Step 3. Find the right piece of marble or wood.**

In data modeling, that means capturing the right customer universe and variables that will reveal your ideal target customers, working from raw material – data – that is as high-quality and free of defects as possible.

An interesting angle to the concept of data quality is that analytical models travel freely through time – learning from the past, projecting into the future, and using that speculated future to create information for the present. This time-traveling ability blurs the concept of “now” and can distort your data if you’re not clear on how the time dimension affects the information.

Your data captures a past “now,” which is a picture of what customers looked like in the past and how they responded to a previous event. You have a future “now” that describes what customers will look like on the day you want to select them. Then there is an even more far-reaching future “now” that describes how customers will likely look after some future event that is similar to the past event. For example, will they buy or not buy? How much will they spend? Eventually, all of these “nows” will become past “nows,” and the model moves on to looking at future “nows” to influence a new present “now.”

Sound confusing? It can be. If you’re not careful, this time traveling can cause damage to your data. We call
them temporal leaks, where you inadvertently leak information from the future to the past. Data sets built during the modeling process incorporate forward-looking insight about events and behaviors that haven’t actually happened. To preserve the quality of your raw material – the data foundation for modeling – the process must not taint the data by using future unknowns in the same way as past certainties.

**Step 4. Chip away at everything that imprisons the figure.**
Remove all the marble that isn’t the image being sculpted. Chip away all the extraneous data and variables that don’t matter. We have lots of numbers in front of us, but only certain ones are actually useful. The process entails data wrangling to make the data model-ready, then rough-cutting the data to remove extraneous data points and variables.

We might initially start with 1,000 variables and reduce that to about 100. This is critical. Think about hearing somebody sing in a chorus of 1,000 people. After the performance, a singer may ask how he or she sounded. You say, ‘You were wonderful,’ but you really have no idea. If you start to break down your chorus into smaller and smaller ensembles, you can start to hear the individual’s voice more clearly. That’s what the data reduction process achieves. It creates an environment where the true voices become clear.

**Step 5. Polish and present your creation.**
Build, test, refine and execute analytical models that will deliver on your desired goals. You’re not limited to just one type of modeling method. Some are more insightful, others more mathematical. Not all give the best results for all applications. The idea is to choose the modeling routine that works the best for your application. That means the model assessment stage is quite important.

Multiple models can work in complementary ways to create a big picture. At Macy’s we build at least two models for most events, one that predicts the probability of somebody shopping and another that predicts how much they’re going to spend. We combine these models to maximize the combination.

For a high-volume marketer such as Macy’s Inc.—parent company of Macy’s and Bloomingdale’s department stores—even a small increase in response rates for each campaign can make a significant impact on the bottom line. Our use of analytics over the last two years has improved marketing results by millions of dollars. And that’s just for direct mail campaigns. Q

“An accurate perspective on your customer is within your data. You just have to take away everything that’s not important.”

**Paul Coleman**, Director of Marketing Statistics, Macy’s Inc.
When deregulation led to increased competition in the Estonian telecommunications market, Elion, the country’s largest communications provider, witnessed a decline in its customer base. With help from SAS Marketing Automation, Elion reversed that trend. By strengthening cross-sell and up-sell capabilities and refining and automating campaign management processes, Elion regained its edge over competing providers.

And as customer loyalty grew, so did average revenue per user (ARPU) – by 9 percent. Meanwhile, marketing budgets fell by nearly 40 percent, yet campaign results grew to twice Elion’s previous levels.

Using an integrated solution for predictive modeling, marketing automation and digital marketing, the system helps the Elion marketing team prepare data for modeling with SAS Enterprise Miner and feed information into SAS Marketing Automation to instantly launch campaigns using SAS Digital Marketing.

“The efficiency we’ve gained allows us to develop more offers and campaigns and the marketing project managers can handle campaigns by themselves. It has definitely given us an edge,” says Arti Ots, Elion’s Chief Marketing Officer.

**A targeted, automated approach**

In addition to being Estonia’s largest communications provider, Elion is the market leader in fixed phone-line networks and Internet and data communication services. Elion boasts a growing business in the digital television market and it owns Estonia’s most popular Internet search engine, NETI, and Internet portal, hot.ee.

“We have a mature market in Estonia, and the competition is fierce,” says Ots. “Therefore, the market conditions demand that our team exactly understand what works in the market and what doesn’t. We have moved from a mass-marketing approach to a targeted and automated campaign approach, using the most efficient channels.
Real results with business analytics

Elion experienced higher churn rates after deregulation of the telecommunications market increased competitive pressures. After implementing SAS technologies, the company saw the following benefits:

- Realized a 2-to-1 ratio of return on its campaign investments.
- Increased ARPU by 9 percent.
- Decreased churn by 10 percent compared to control groups that did not receive retention offers.
- Reduced marketing budget 30-40 percent.
- Achieved twice the results of previous marketing efforts.

“Providing the right information to customer service agents has contributed to our success in recent years. We are moving towards having up-to-date information on every customer and being able to know what offers are best for each of them. The system is continually updating itself to provide more value to customers.”

2-1 ratio for campaign ROI

Ots says the communications company regularly runs churn and customer lifecycle campaigns, and tests results against control groups to understand campaign effectiveness, costs and profitability. “On average the company is seeing a 2-to-1 return on its campaign investments and has seen an increase in ARPU of 9 percent. With multiple campaigns running every day, our marketing team now has the tools to implement campaigns instantly, as well as provide campaign performance updates to the system to help inform and improve future campaign efforts.”

According to Janek Leis, Analytical CRM Manager, Elion’s data quality and modeling capabilities have improved dramatically since his team began using SAS. He points to a recent video-on-demand campaign that increased uptake for a campaign offer.

Leis says the SAS customer segmentation capabilities have allowed his team to experiment with offers and delivery channels. In one campaign, the team sent an e-mail offer to customers segmented by gender, using a different creative treatment for each gender segment. It performed five times better than the same campaign that was sent to a control group, in which the males received the female creative and vice versa. Leis says the experiment emphasized his group’s approach to segment marketing. The team is employing similar tests with other market demographic segments.

“We understand that it’s important to sell products in a way that is relevant to customers and not treat them all the same way. If a customer contacts our call center, the salespeople can see what the next-best offer would be for that person. And, thanks to SAS Marketing Automation, we can easily do customer lifecycle campaigns,” explains Leis. “SAS has also given us the means to know what customers have a high probability to churn. We now understand them better, how best to provide service to them and what kind of retention programs will or will not work.”

Rational decisions make money

Business Analyst Priti Leemet says customer satisfaction is a priority for Elion. His team measures net promoter scores, which provide insight into customer attitudes and satisfaction. “The net promoter score is higher than it used to be; it has increased significantly in recent years,” explains Leemet. “SAS helps us know which campaigns to push to loyal and not-so-loyal customers. We can see that the offers have a positive impact. We can actually see how satisfaction relates to ARPU.”

Leemet adds that “the company reduced churn by 10 percent, through improved customer service and targeted retention offers, compared to control groups that did not receive retention offers.”

“Due to the efficiencies enabled by SAS, we have also reduced our marketing budget by 30 to 40 percent and achieved twice the result of previous marketing efforts,” adds Ots. “Justifying marketing campaign costs is easier now that the company can accurately track data on prior campaign costs and profits. Results from SAS make decisions rational and rational decisions make money.

“The biggest difference between SAS and other vendors is that SAS is always focused on a customer’s business results,” continues Ots. “SAS provides solutions, not just software. That is the innovative thing to do; to really understand a customer’s business, deliver real business results and provide value-added support rather than just selling software.”

ONLINE
Adaptive Customer Value Optimization for Communications Service Providers:
www.sas.com/reg/wp/corp/3541
Česká spořitelna (Czech Savings Bank) refocuses campaign management

Česká spořitelna sees a 20 percent time savings and a 38 percent increase in campaign profitability

How can you save money on television and print advertising budgets that may or may not be grabbing the attention of consumers? How can you add direct marketing to your already complex campaign management process?

Build a smart direct marketing program and develop a team for comprehensive customer relationship management. These are lessons from Česká spořitelna, the largest bank in the Czech financial market.

Česká spořitelna (ČS) is a modern bank with 5.3 million clients. It’s a member of a Central European financial group called ERSTE Group that has a client base totaling nearly 17 million. ČS products and services offerings are designed for small-scale clients, small and medium-sized companies, towns and municipalities.

ČS’s research showed that the bank and ERSTE Group could gain competitive advantage in the region if ČS developed a comprehensive customer relationship marketing (CRM) approach. Using SAS Marketing Automation’s point-and-click user environment, a new team of six campaign managers are performing the entire campaign process for each direct marketing campaign, beginning with the target group selection through to the fully automated campaign evaluation. The results? A 38 percent increase in profitable campaigns and a 20 percent time savings as a result of automation and efficiency.

During financial crises, companies face increasing pressure to reduce costs while increasing the efficiency of marketing budgets,” said Václav Hrubý, Head of the Campaign Management team. “We plan to transfer more marketing resources to below-the-line activities and consider a direct marketing approach to be a real winner during a financial crisis. Direct marketing has an advantage over above-the-line marketing communications such as television, radio
and newspaper because we can accurately calculate our expenses and measure output and responses.”

**Marketing rethinking equals restructure**

With SAS, this approach will allow the bank to mine data and target marketing materials to the largest client portfolios on the Czech market. To deploy CRM, however, ČS needed organizational restructuring that would include a direct marketing department staffed with campaign managers and data miners.

To prepare, the bank worked with SAS partner Capgemini to build and develop a data warehouse optimized for CRM. After that, the bank identified a structured and centralized approach to direct marketing. To implement CRM and customer intelligence within the broader banking system, clear definitions and disciplines needed to be developed, and not only in ČS. This represented a long-term project, so the bank’s leaders also decided to embark upon the more immediate implementation of data mining capability. To help accomplish these goals, ČS created a new, independent data mining team focused on using SAS software.

Goals for the new data mining capabilities included increasing customer knowledge about improved product targeting. An important starting point was effectively segmenting the client base using data about customers and bank products and services, combined with demographic data. The segmented data provided a foundation for effective campaign management in the future and an opportunity to stay a step ahead of the competition while progressively meeting clients’ needs.

**Campaign management before SAS**

During the early stages of restructuring, the campaign management team used SAS’ Enterprise Miner to identify which customers had the highest probability of buying one product over another. For instance, a customer may choose to buy more life insurance rather than invest in mutual funds. But the actual campaign process was managed in Excel, where the bank stored all of the information about the campaign.

The original process had many limitations. The first was apparent before campaign launch, when the campaign manager was forced to ask the data mining team to prepare a customer target group sampling. This activity used countless extra hours of the team’s time as it focused on SQL queries instead of the actual analytics to build predictive models.

Another limitation was obvious during campaign evaluation. Three or four months after the campaign’s completion, the data mining team spent even more hours to evaluate the results – which, due to the time lag, could only be used to improve future campaigns and not to modify and improve the current campaign.

**Campaign management: Quantity or quality?**

The client portfolio of ČS represents 5.3 million individual clients. If you compare this to the population of the Czech Republic – 10.4 million people – that means that every second inhabitant of the Czech Republic is a client. With that data in mind, it might stand to reason that more marketing materials would equal more customers. However, with SAS, ČS found that targeted marketing had more effective customer reach.

ČS had always been very communicative with its clients. The bank used various communication channels, including fliers, e-mails and phone calls. The clients received SMS (short message service) text messages and messages from the ATM machines. The bank also addressed client communication at each local branch.

With SAS, the bank also initiated “event campaigns.” It mined customer data for events, such as university graduations, the birth of a child and wedding dates, to send a targeted offer to the client. This is an innovative approach in the Czech – or even central European – banking market. Customers are often surprised that their bank knows and uses their general data, let alone more personal information.

The bank is still calculating the return on investment for this novel idea, but the competitive gain of being first is clear.

**Campaign management after implementing SAS**

Campaign managers at ČS – who may have no programming or SQL knowledge – are now responsible for the entire campaign process, starting with the selection of the target group through to the fully automated campaign evaluation. The campaign manager is autonomous, thus freeing the data mining team to dedicate its time to developing sophisticated statistical models and improving predictive capabilities.

ČS can also test each campaign before sending it into full production. ČS tests each campaign on target groups ranging from 1,000 to 5,000 customers each. The campaign manager sets a goal (ROI or profit), monitors the test group results for potential issues, modifies and refines after testing, and then pushes to the rest of the customers. Testing the campaigns allows ČS to improve the campaign before real operations. It may also give a campaign manager the opportunity to stop an unsatisfactory campaign. By using SAS to automate recurring campaigns and eliminate unprofitable
to optimize existing marketing campaigns. The goal of marketing optimization is to deliver greater income, while maintaining both the current number of solicited clients as well as the number of executed campaigns. SAS was chosen as a strategic partner to help ČS address this challenge and implement its SAS Marketing Optimization solution.

In the first year of using SAS Marketing Optimization, campaign income is estimated to increase by 15 percent to 50 percent per year.

“We will now really be able to do the right thing: carefully calculate and pick the right treatment for each customer. We are finally making a true turnaround from the desperate efforts to manage target groups (selecting clients good for a particular product offer), to the opposite: selecting treatments for a given individual client. This is, of course, a more difficult and more demanding concept from the technical, process and organizational point of view. However, I am very confident that we can do this with SAS Marketing Optimization,” states Seifert.

How ČS handles customer inquiries
Česká spořitelna has made a giant leap forward in its ability to respond to customer feedback. Instead of simply processing customer contacts, ČS handles them properly and quickly by documenting problems and learning from feedback to make necessary improvements.

In 2008, ČS handled more than 156,000 customer contacts, including inquiries, suggestions, requests and complaints. As of September 2008, it had successfully met its goal by investigating at least 80 percent of all client contacts within 24 hours. Achieving this response speed enabled Česká spořitelna to meet the best practices standards of European banks.
10 things you can do with social media analytics

Protect your brand, create a better customer experience and more

by Alison Bolen, Editor, Intelligence Quarterly

By now, most companies, both large and small, have realized the importance of listening, leveraging and engaging in social media conversations about their brands. Examples from companies in every industry—including Zappos, HSBC, Comcast and Amazon.com—illustrate the importance of this new medium.

But it’s still early days for deeper analysis of social media data. Even the biggest social media success stories to date are only just starting to include analytical capabilities as part of their projects. As more products become available for monitoring, measuring and predicting the tide of consumer-generated media, however, more companies will realize the power of social media data for building brand awareness, conducting market research and providing customer support.

Read on to learn what you can do with social media analytics. Perhaps you can find even more ways to use this new data source to help meet some of your organization’s existing goals.

1. Protect your brand. Identify complaints early in the process and react accordingly. For example, a hotel chain with eight sites under construction can react to online complaints by editing e-mail promotions to adjust expectations.

2. Engage the most influential voices in your market. Customizable scores for influence and reach help identify the sites and individuals whose opinions are most likely to affect your bottom line. From media outlets to bloggers who write about your brand, SAS helps you pinpoint who they are, so marketers and press managers can create strategies to engage with them and prioritize messaging efforts.

3. Understand what trends lead to sales. Combine customer service chat logs with online reviews. Then, integrate offline attributes, such as customer segments, into a complete system that flags key phrases and offers next steps based on historical sales data. Telcos are using this data to understand what trends are
driving awareness, Web traffic and sales – and to have their call center staffs react accordingly.

4. Identify an untapped market. Combine sentiment analysis with segmentation, and find marketing inspiration for a new market. For example, marketers for a pro sports team might find data supporting the need for a campaign aimed at 30-something hockey moms.

5. Enhance market research. Classify market feedback to zero in on specific product details and recognize trends over time for individual product lines and customer service levels. Department stores and grocers can use this data to plan product lines and displays.

6. Understand the impact of industry changes. How did your customers feel about the federal bank bailout? What actions on your part have helped improve customer sentiment since the banking crisis started? With SAS Social Media Analytics, you can compare sentiment levels before and after.

7. Improve online advertising effectiveness. Identify specific destinations on the Web where the markets in which you compete are being talked about. Combining social influence scores with the topics consumers are talking about on the Web can improve your online effectiveness, and guide you to making a more prominent advertising presence on those sites that are more favorable to your products and services.

8. Gather competitive intelligence. What are customers saying about the rival phone carrier or newly launched, next-generation smart phone from the competition? Enhance your current competitive reporting by collecting and monitoring information about specific competitors, markets of interest, products, features and growth opportunities for your business. Results help you plan for your competitive response in a more accurate, efficient and thoughtful manner.

9. Improve warranty analysis. Pharma companies and manufacturers can analyze social data to detect product failures before they affect a large pool of customers. No company wants faulty products on the market, but when mistakes do happen, social media analytics can help you recognize issues sooner and react immediately.

10. Create a better customer experience. Whether customers are looking for recommendations for their next big purchase or providing feedback on the social Web about a recent shopping experience, they are going online to comment and collaborate. SAS Social Media Analytics can help you isolate the service factors customers care about, those where you’re doing well – and those that are negatively affecting your service.

Customizable scores for influence and reach help identify the sites and individuals whose opinions are most likely to affect your bottom line.

Alison Bolen is the Editor of Intelligence Quarterly and the Editor of the “sascom” voices blog, where SAS experts publish their thoughts on popular and emerging business and technology trends. She also enjoys coaching new SAS bloggers on technical and community-oriented aspects of blogging.
Best practices in marketing operations

Integrate and plan your marketing campaigns to delight marketers, executives and customers

by Chetan Saiya, Founder, Chairman and CEO of Assetlink

With the proliferation of media channels, microsegmentation of customers and increased globalization, marketing is becoming more complex. This article lists seven best practices that marketing executives can use to significantly reduce the gap between expectations and results, and increase the returns from marketing spending.

Bring transparency into the marketing planning process

Challenge: Complete alignment between marketing plans and corporate objectives is difficult to achieve. As a result, marketing spending fails to deliver on an organization’s brand awareness and revenue growth objectives.

Best practice: Require various stakeholders to collaboratively and transparently work together in creating and approving marketing plans. Marketing objectives, target products, customer segments, distribution channels, a list of campaigns (along with key activities within a campaign) and expected results should be documented in a marketing plan. Once the marketing plan is approved, detailed milestones and deliverables for each campaign can be created by marketing managers. Such a process brings complete transparency, accountability and alignment into the planning process by providing full visibility into the objectives and schedules of each plan to all stakeholders.

Integrate budgeting and spending tracking into the marketing planning process

Challenge: The marketing budgeting process is under increased pressure for better visibility, transparency and accountability. Marketing typically has one of the largest budgets, yet most marketing organizations lack a consistent, clear way to integrate budgeting and spending tracking into their marketing planning and execution processes. As a result, they are challenged to ensure that budgets are appropriately allocated to each program; track program spending for each plan/campaign at a detailed level; and easily report on planned vs. committed vs. available funds for plans/campaigns.

Dashboards give the marketing organization instant visibility into key operational metrics, as well as the day-to-day status of various components of the marketing plan.
Without this detailed visibility, it is difficult to put controls in place to reduce or eliminate negative spending surprises. It’s also difficult to realign marketing budgets mid-year because one cannot easily understand the impact of any realignment on current campaigns and overall marketing objectives.

**Best practice:** Integrate the budgeting and marketing planning processes, as well as the spending tracking and marketing execution processes. It enables marketing managers to define and track how much is budgeted, planned, already committed, already spent and remaining at an overall marketing plan or at a detailed campaign or activity/event level; track these numbers by month or quarter or fiscal year; and link them to specific G/L accounts in financial systems.

Instead of using multiple spreadsheets and reconciling them manually, a marketing operations management (MOM) system makes it easy to achieve these objectives.

### Top 3 benefits of marketing operations management

- **Get campaigns to market faster.** Align all staff around a common marketing enablement infrastructure by streamlining and automating marketing processes as well as accelerating review and approvals.
- **Enable more reuse of existing assets.** Marketing collateral, advertisements, product photos and brand identity elements can be quickly accessed and customized online for real-time, one-on-one personalized communications.
- **Achieve greater marketing accountability.** Provide management with complete visibility into time schedules, budgets, cost overruns and more through graphical and interactive dashboards.

**Manage and track spending commitments at a detailed level**

**Challenge:** Marketers need to ensure purchase orders are issued to external service providers once the detailed milestones and deliverables for each campaign are created and approved. As a result, spending commitments on a project get automatically aligned with the specific deliverables, as well as overall budgets and targets. However, most organizations do not have an integrated view into detailed marketing plans and budgets. As a result, it’s a challenge to align third-party spending commitments with project deliverables, goals and objectives.

**Best practice:** Use a system that manages planned and budgeted amounts for each activity/event in a marketing plan before the plan is approved. Once the tasks and deliverables are defined, the system should prompt marketing managers to issue purchase orders to external vendors.

Once the purchase order is issued, the dollar amount of the purchase order should automatically be tracked as a “committed” amount in the campaign/activity/event listing. Similarly, when the invoice is received, the dol-
lar amount of the invoice should be tracked as “spent” in the campaign/activity/event listing. While possible to do all this using manual spreadsheets, as the scope of the marketing operation grows, managing commitments and actual spending using spreadsheets becomes cumbersome. It is recommended that organizations use a MOM system to manage this process.

**Manage project collaboration and execution**

**Challenge:** Marketing organizations have typically managed their creative development process – which includes creating content and presenting it to the review team; markup and feedback from the reviewers to the content creation team; and approval of content and execution of the tasks in the plan – through a series of ad hoc meetings, phone calls, e-mails and hallway conversations. Lack of a transparent and integrated creative development process leads to longer review cycles and more revisions than required, which results in higher marketing costs and longer delivery times.

**Best practice:** Use a collaboration framework that’s enabled by technology (such as a MOM system) to manage project collaboration and execution. As a result, workflow capabilities of the system will move the process along and provide visibility to marketing managers.

For example, the marketing services teams use the system to assign tasks to external creative agencies and internal contributors and reviewers. These extended team members continually update the task status on the system. External creative agencies and internal contributors use the system to review and approve creative artwork. All stakeholders work together in a collaborative manner - resulting in reduced creative development cycle times, shorter review cycles, lower marketing costs and increased predictability in hitting milestones.

**Share, Reuse and Leverage Existing Marketing Assets**

**Challenge:** In a large distributed organization, teams don’t have good visibility into existing marketing assets (such as brand logos, product photos, collateral, packaging material, etc.). As a result, money is wasted on new assets instead of reusing existing assets. Plus, it’s often difficult for sales and field organizations to find and use the right assets created by the marketing organization.

**Best practice:** Implement an easy-to-use digital asset repository system. Approved marketing assets can be easily stored, searched for, downloaded and printed by marketing, sales and partners. Guidelines for use and templates can also be associated with specific content.

Templates enable field marketing, sales and distribution partners to localize and customize any content for specific geographies, customer segments and
Chetan Saiya is the Founder, Chairman and CEO of Assetlink, a provider of integrated marketing operations management (MOM) solutions. Chetan has spent the last 14 years working very closely with leading marketers to deeply understand, streamline and automate end-to-end marketing processes. Assetlink was acquired by SAS in February 2011 and Chetan is now Executive Director for Global Marketing Resource Management Sales at SAS.

customers. These capabilities promote sharing and reuse by sales and field organizations – delivering a better return on investment. Most MOM systems come with an asset repository.

**Gain visibility into schedule and budget performance of marketing projects**

**Challenge:** When the marketing organization runs its operations using manual and ad hoc processes, teams end up operating in multiple silos and visibility into the status of various activities is affected.

Marketing managers cannot get easy access to key operational metrics to measure the performance of their plans. Without such clear insights, it becomes difficult to remove the “credibility gap.”

**Best practice:** Dashboards give the marketing organization instant visibility into key operational metrics, as well as the day-to-day status of various components of the marketing plan.

Visibility into planned vs. actual budget usage, as well as future commitments of any campaign/activity/event is easily available. Campaigns that are not meeting planned performance metrics (or are delayed) can be easily identified and proactive actions taken. Bottlenecks in the planning, content creation and content distribution processes can be easily identified and the process streamlined. While such dashboards can be created and tracked manually, it’s a painstaking process that can be difficult to keep up-to-date. MOM systems enable organizations to create and manage these dashboards in an automated manner.

**Summary**

As marketing processes become more complex, these seven best practices enable marketing organizations to significantly reduce the gap between expectations and results, and increase the returns from marketing spending.

**ONLINE**

More on marketing operations management: www.assetlink.com
How is analytics dragging marketing into the future?

Business analytics is changing the way businesses communicate with customers

By Steve Georgiadis, Head of Customer Intelligence, SAS UK

Marketing has been around for as long as civilization; I have no doubt that early traders were artful in promoting their wares, even before money was introduced. But marketing as we know it – using modern communications to reach mass markets, promoting brands and offers – only emerged about 150 years ago with the formation of companies and brands, as well as the expansion of cheaper and faster transportation.

Early customer marketing focused on lists: creating and storing details of customers and prospects. Lists were small, limited by the physical space required to store, collate and select record cards. Then, with the computer, came the database, making marketers’ lives more complicated. Even today, managing the database is a continuing challenge for marketers – gathering data and keeping it accurate. And that’s before regulatory demands for proper data governance and stewardship are factored in.

Lists remain the currency of direct, outbound marketing. But list-based marketing suffers from one fundamental problem – cost. Reaching out to thousands, perhaps millions of customers, with one generic offer is rarely justified given low response rates.

By the 1980s, database marketing employed data analysis to subset lists into collections of records (segments) that shared common features and could be processed as groups. Data mining – the statistical process of finding hidden patterns and trends in data – matched groups of records with predetermined criteria such as propensity to buy or prior behavior. Marketing to segments improved the ratio of offers to acceptances – even relatively small uplifts in response rates could dramatically improve the net margin of a campaign. Better yet, data mining techniques could “learn,” building results from previous campaigns into the models to improve targeting accuracy in the future. Analytics has been the staple of database marketing ever since. It’s still outbound marketing, albeit more efficient and effective.

Smart selling to smart buying

Recent years, however, have witnessed a completely new phenomenon made possible by widespread access to the
What is business analytics?

Any article about business analytics had better include a definition. Here is mine: business analytics is a methodology that encompasses the whole process of transforming data into valuable and useful information. This covers gathering raw data, enriching and managing it, analyzing it via a knowledge discovery process, reporting new insights to users in meaningful and relevant ways, and then harnessing this deeper understanding to support decision making. This is why analytics plays a crucial role in the evolution of marketing.

More about business analytics: www.sas.com/businessanalytics

Internet. The market is doing its own analysis, comparing offers, sharing experiences with products and services – in essence taking control of brands. Marketing has had to adapt to the shift from smart selling to smart buying, as clients become increasingly savvy to the marketing techniques of the past.

Now, still working hard to distribute messages to the right audience, organizations also need to manage inbound communications, addressing queries, resolving complaints, gathering feedback and maintaining a consistent, high-quality user experience. The modern marketer who ignores such things risks being the target of a client revolt. In minutes, social media networks can turn one disgruntled client complaint into a boycott. Worse still, social networks resist attempts to manipulate public opinion; woe-betide the organization that gets caught trying to manipulate its own standing in social networks.

So today’s marketers need to manage outbound communications more tightly than ever, making sure exactly the right offer is made to the right client in the correct way; manage the interface between organization and client across all channels; maintain a consistent experience; and analyze social media chatter to address concerns before they escalate into damaging backlash. And if that weren’t hard enough, the global economic downturn has left marketers doing it all with frozen or reduced budgets.

So the time is right for business analytics. More than ever, marketers must base decisions on reliable data that is both comprehensive and comprehensible. Using proprietary data – about customers, suppliers and internal processes – as competitive a differentiator, business analytics lets marketers identify activities that provide the greatest value. They can optimize ongoing activities and find areas where savings exist. They can transform how the organization acts – using social media to engage in dialogues with, rather than broadcasting to, customers. They can even use techniques such as sentiment analysis and social media analysis to understand those who did not buy the product and track what people are saying about their brand. Perhaps most importantly, they can transform the business – using new insights to identify new service offerings for existing markets, forecast more accurately and so control costs better.

There is always more value to be gleaned from proprietary data – data about spending habits, preferences, unaddressed needs. An organization’s data and the knowledge it holds provides a unique competitive weapon. Products can be copied; but know-how is much harder to imitate. Imagine an organization that can use a deep understanding of its customers in one service line to provide the intellectual head start for an entirely new product or service. Now look around you: it’s already happening.

Steven Georgiadis is responsible for digital business development at SAS, working to define cutting-edge solutions for today’s business challenges and helping organizations address the needs of socially connected customers. With more than 15 years of in-depth expertise as a marketing practitioner, Georgiadis has worked in a number of senior client and agency roles, including: Head of Database Marketing for the Direct Line Group and Group Account Director for DMB&B Financial.
Going social the Organic way

From sentiment analysis to predictive ROI, digital advertising agency Organic gives clients social media measurements that matter

What if you could predict – within a day or two of launching it – what the long-term results of your social media campaign would be? What if you could use that prediction to direct and improve the campaign on the fly? Organic is helping brands do just that with SAS Analytics.

Here, Jonathan Prantner, Manager of Statistics for Organic, explains how statistical methods like sentiment analysis and velocity and acceleration calculations inform his clients’ digital marketing decisions.

A lot of traditional marketers’ heads are still spinning over this new era of social media engagement. I’m wondering – as a digital marketing agency – was social media marketing and measurement a natural transition for you?

Jonathan Prantner: From a marketing point of view, social media is the next logical extension for us. Organic has a long history around marketing mix work with direct-response mediums. Social media offers an outlet for brand messaging and brand experiences that don’t have an immediate impact on purchases. Social media measurement is tricky in much the same way that tracking how TV advertisements relate to sales has always been tricky. Historically, measuring awareness-building activities and tracking how they affect your brand has relied a lot on surveys, which allow you to gauge those changes in awareness. But they’re generally very slow-moving and one-off processes.

However, social media allows for much more reflective and reflexive measures. Using responses to measure your impact helps you calculate a real-time impact to see how marketing efforts are affecting brand awareness and consideration.

What concerns do your clients have about adding social media to their marketing mix?

Prantner: People are definitely more excited about it, but measurement and ROI are big issues right now with clients. Clients are treating social media much the same way that traditional media was
Social media best practices

Chris Brogan, President of Human Business Works, recommends building your social media strategy around these three activities:

1. **Listen**, using social media scanning tools to find out what people are saying. Listen for public relations opportunities, marketing opportunities and customer service needs. Track the sentiments in conversations. Align all of this to internal metrics. For example, how many customer service complaints are you finding via the Web?

2. **Connect** by commenting on blogs and participating in conversations — and not just to hawk your product or service. Be visible, be where the community is, answer questions, reply to e-mails, offer help, funnel complaints into the customer service workflow, and build relationships with bloggers.

3. **Publish** useful, informational and responsive content via blogs, online newsletters, photos, slide decks and videos.

   Online: [www.sas.com/sascom-brogan](http://www.sas.com/sascom-brogan)

---

treated in the past: “It’s great. It’s interesting. But we don’t know what value it provides. We know we need to do it – but we don’t know what it means.”

**Has your focus on digital measurement given you an edge over other agencies?**

Prantner: I definitely think it has. Since we have a laser focus on the interactive piece, that’s where we put effort on the way we tell our story. As a digital agency that seamlessly blends creative and predictive intelligence, we have carved out a space for ourselves. It makes the conversation a little more equal when sitting at the table with other marketing partners.

Tell us about the velocity and acceleration model that was mentioned in MIT Tech Review.

Prantner: That model is something that’s fairly straightforward. It looks at the rates of change in how your social media imprint is growing. At the point when you examine results and you’re able to see spikes in your increase, you look at the cumulative social imprint and look at first and second derivatives. When we see the spike, we’re able to relate the height of that spike to the ceiling that you’ll eventually see from that spike further on down the line.

Take a Facebook ad. If you get a spike in new fans or likes the first day, we’re able to judge the long-lasting impact and predict how it will trail off in the future. When doing PR activities like events, we can use the same model to judge the success of that event not just based on that day but on the long-term impact of the event.

For any campaign, based on what the overall goals are, you can use these measures to course-correct.

---

**What other ways are you using SAS to measure social media campaigns?**

Prantner: Another method we’ve developed with SAS is to use interactive and social media sentiment measurement as a proxy for consideration. If you’re able to measure your imprint and your Web traffic, you’re able to capture that for computation as well through social sites. We then distill that down into an overall consideration score.

Essentially, clients can see how they’re gaining or losing compared to competitors. If your competitor had a market increase this month, we can see which social metrics are driving that.

**Can you provide an example of how this works?**

Prantner: With a homebuilder client, we were able to link online consideration scores to the leads and inquiries that were generated by them. We were able to find that relationship and helped compare this with competitor sites, and estimated what lead volume competitors were receiving at the same time.

Changes in customer habits helped inform the client’s marketing plans. One of the main things we learned is that one of their competitors had artificially propped up their scores in a way that wasn’t sustaining because it was driven by sweepstakes. This measurement helped influence the discussions about sweepstakes and the usefulness of those programs.

**Given all the different scenarios in a digital advertising agency, how important is the flexibility that you get from SAS?**

Prantner: The great thing about SAS is that it’s so powerful and has such a broad offering. You’re able to have all
these tools at your fingertips to develop distinct models for each part of the process. So, even just trying to capture the spread of a message, you may use one tool to deal with multiple social media and interactive touch points and then another for removing correlations between those touch points and looking at causes. Then, you can use a different area of SAS to develop models for ROI and another for forecasting models, yet it’s all self-contained. Once you build your data sets, you can slice it in so many different ways without having to switch from one software package to another.

The other great thing is all the SAS user blogs and the wide reach of SAS, not only through SAS users groups, but the ability to sit in presentations from different industries and learn from what they’re doing. Sometimes I hear how the Census Bureaus or medical research companies are using SAS, and that outside perspective just fits perfectly for how we’re looking at customer life cycles in a different way.

That’s one of the great things about working for something as broad as the consumer life cycle. Everything from Google to market basket analysis gives you a starting point. You just need code and a different way of looking at something than what you had originally thought.

Seven steps to effective social media measurement

Katie Payne, CEO of KD Paine & Partners, shares her battle-tested seven steps to an effective social media measurement system:

1. Define the expected results. As in traditional media, the goal determines the metrics.
2. Define the investment. Social media is not free. The payback can be tremendous, but you do have to know what and where to invest, to expect to show credible ROI.
3. Understand your audiences and what motivates them. This knowledge determines which channels to focus on, what tone of voice to adopt, and what types of responses, offers and online content to provide.
4. Define the metrics. Click-throughs, unique visitors, number of friends, followers, comments – metrics will vary by goal, audience and vertical market.
5. Determine what you are benchmarking against. How do your social media metrics compare to your closest competitors? To your performance last quarter or last year?
6. Pick an analytical tool and conduct research. Mine useful insights from structured data (hits, unique visitors, etc.) and unstructured data (free-form text in comments, tweets, blogs, etc.).
7. Analyze results and glean insight, take action, measure again. Do this in a continuously improving, closed-loop process.

Online: www.sas.com/sascom-smmetrics

Jonathan Prantner, Manager of Statistics, Organic

ONLINE
10 things you can do with social media analytics: www.sas.com/sascom-10sma
Experts weigh social media’s business value: www.sas.com/sascom-smpanel
Connecting with customers in a multichannel world

*Increasing customer lifetime value in the age of social media*

By Jim Davis, Chief Marketing Officer, SAS

Financial institutions have certainly demonstrated their resilience to challenging economic events and pressures over the course of modern history. However, the current period of global economic upheaval has proven to be one of the most complex hydra-headed evils the financial industry has ever faced, making the road to recovery less of an uphill trudge than an endless ride on an anxiety-fueled roller coaster.

While some stability has returned to the banking industry following an intense period of financial institution collapse and consolidation, regulatory rigidity and the slow-to-recover economy have severely constrained a bank’s ability to grow its revenue and profits, forcing many to reengineer their processes to make them more efficient and cost-effective. Nowhere is this more apparent than in retail banking, where institutions must refocus their efforts on improving customer service and retention efforts while increasing each customer’s lifetime value.

Retail banks that will survive and thrive in the current economic climate are using new technologies and channels to grow revenue from basic services, such as deposits and loans, by understanding customer needs, providing relevant products and services cost-effectively and calculating the unique lifetime value of customers to the institution. Further emphasizing analytically supported decision making, related to multichannel marketing optimization and client service, will be critical to improving customer experience, loyalty and profitability.

To illustrate this, one US financial institution is incrementally generating $250 million in revenue by using behavioral models and predictive analytics to comb through more than 19 million transactions per day from more than 17 million customers. With the insight it derives, the bank delivers consistent messages to customers across all touch points and channels. The solution also helps the bank understand and anticipate future customer needs, using event-driven technology to alert representatives when significant behavioral changes occur so that the bank can intervene immediately to address a new customer requirement or save an at-risk relationship.

Consumer and business depositors will be more valuable to the banks than ever before; failure to communicate with these customers at the right time,
through the right channel, with the right offer will slowly wear away the client base. Customer communications must be personalized and interactive and offer tailored products and services. This requires sophisticated analytics and marketing automation technology to create customer insight, increase interactions across channels, and monitor and respond to changes in customer behaviors.

Social media is one evolving channel that will help banks to generate insights on customer attitudes and preferences, which can be used to inform marketing campaigns and help deliver better customer experiences. However, an August 2010 study, conducted by Harvard Business Review and SAS, shows that banks lag behind other industries by 10 percent when it comes to using social media to understand and communicate with customers. In fact, 57 percent of bankers polled admitted that their social media efforts were ineffective, compared with 43 percent of those polled from non-banking industries.

For banks, social media has its pros and cons. One influencer can drive thousands of potential customers to a website. However, that same influencer can spread his or her dissatisfaction, causing erosion in brand equity and profitability. Regardless, embracing social media isn’t a choice for banks; it’s an imperative. Fortunately, as social media has evolved, so too has the technology to understand users and their networks. The myriad benefits that come from analyzing social media data include product and service quality improvements, assessing customer sentiment and uncovering fraud rings.

With the increasingly sophisticated customer analytics and marketing automation technologies that exist today, retail banks have the perfect opportunity to improve the value of customer relationships through closed-loop customer marketing processes with a complete view of customers and include the ability to:

- Collect meaningful customer data from all channels, including social media, in one place.
- Apply advanced predictive analytics for more accurate forecasting and insight into customers and households.
- Match individual customer profiles to the most relevant offers.
- Run intelligent campaigns that account for different customer interactions.
- Learn from campaign results and build lessons back into the process to improve future marketing and customer service efforts.

In addition to the belt-tightening effects of the recession, consumer behaviors and expectations have radically changed in recent years, requiring banks to improve outreach to customers and earn their trust and good old-fashioned loyalty. To accomplish this, banks have to meet customers where they work and play – on the Web, through mobile devices and social media sites. They can then use the wealth of customer intelligence that is generated to create new product and service offerings, acquire and retain customers, and maximize the profitability of each relationship.

Top 10 benefits of customer analytics in banking

1. React quickly to changes in customer behavior.
2. Reduce customer and counterparty risk.
3. Reduce operational risk.
5. Predict the right communications channel to use for each customer.
6. Efficiently provide branches with lists of solid sales prospects.
7. Manage debt collection.
8. Catch criminals right away, before they leave the branch.
9. Detect credit card and online banking fraud.
10. Provide better research and reports to salespeople.

Online: www.sas.com/resources/whitepaper/wp_16253.pdf

Jim Davis, Senior Vice President and Chief Marketing Officer for SAS, is responsible for providing strategic direction for SAS products, solutions and services and presenting the SAS brand worldwide. Additionally, he oversees a number of operational units including Publications, Education, and Alliances and Channels.