



SAS® Customer Intelligence

Optimizing Return and Costs for Direct Marketing Activities

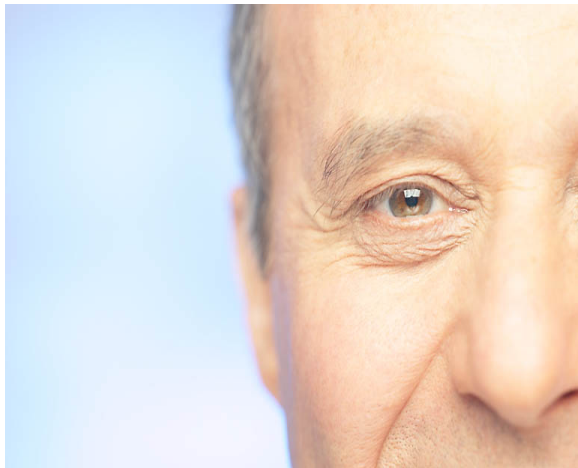
Norman Webb

SAS Global Customer Intelligence Practice

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POWER
TO KNOW®**

A Complex World - Challenges

Customers



- Many Customers
- Many Offers
- Many Channels
- Contact Strategy

Organisation



- Limited Budget
- Limited Channel Capacities
- Competing Goals
- Understand the implications of change

A Complex World - Outcomes

Customers



- Subjective Decisions
- “Cherry-Picking”
- Over Solicitation
- Dissatisfaction

Organisation



- Fights for Customers
- Channel Bottlenecks
- Sub-Optimal Business
- Lower ROI

SAS Marketing Optimization

Increases return from contacts by objectively deciding :

Which Optimal Contact / Offer / Recommendation

Should be sent to :

Which Customer

In order to :

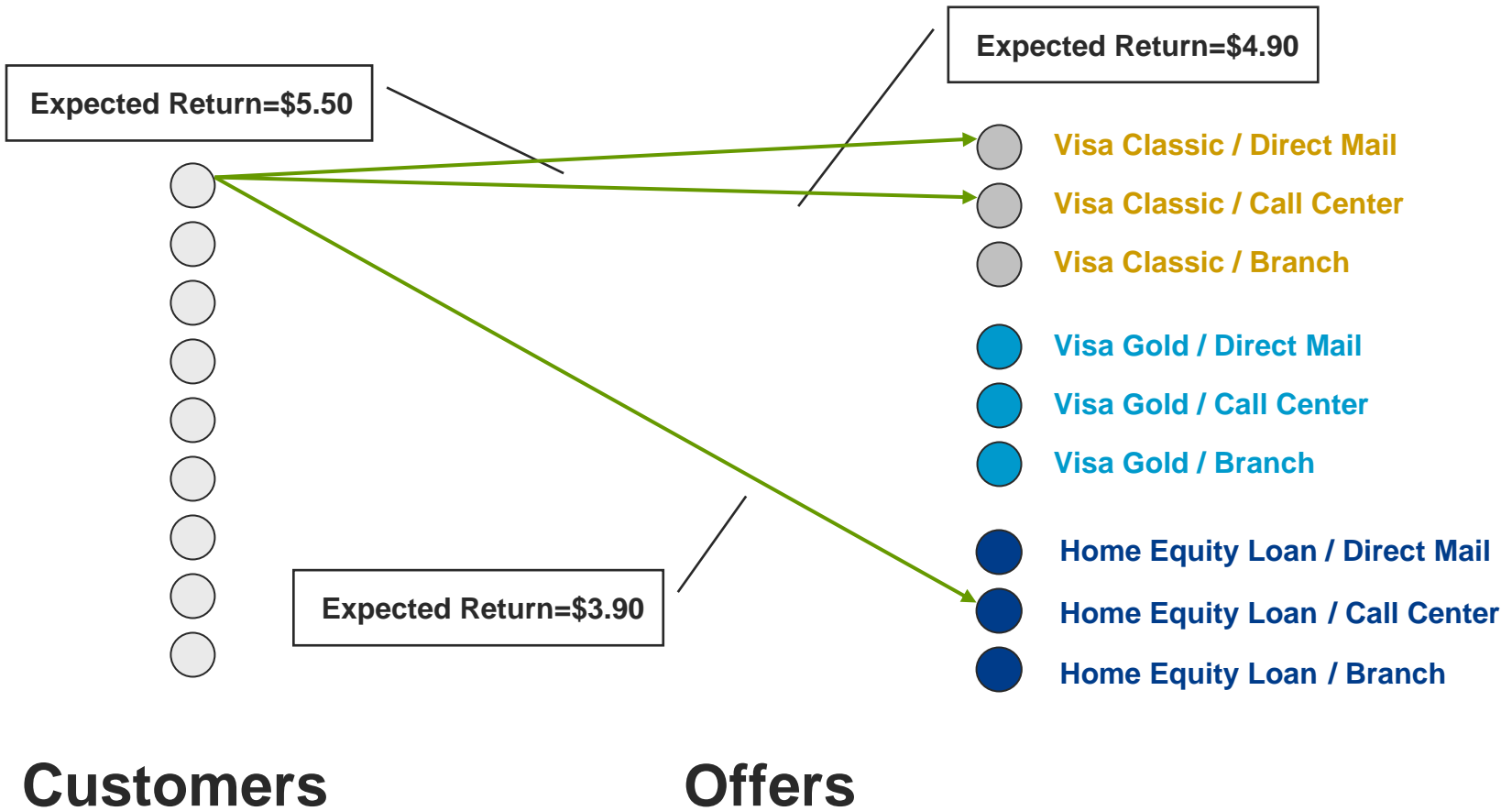
Increase Response Rates (or another objective – Maximise Marketing ROI; Increase Revenue Contribution)

While simultaneously satisfying :

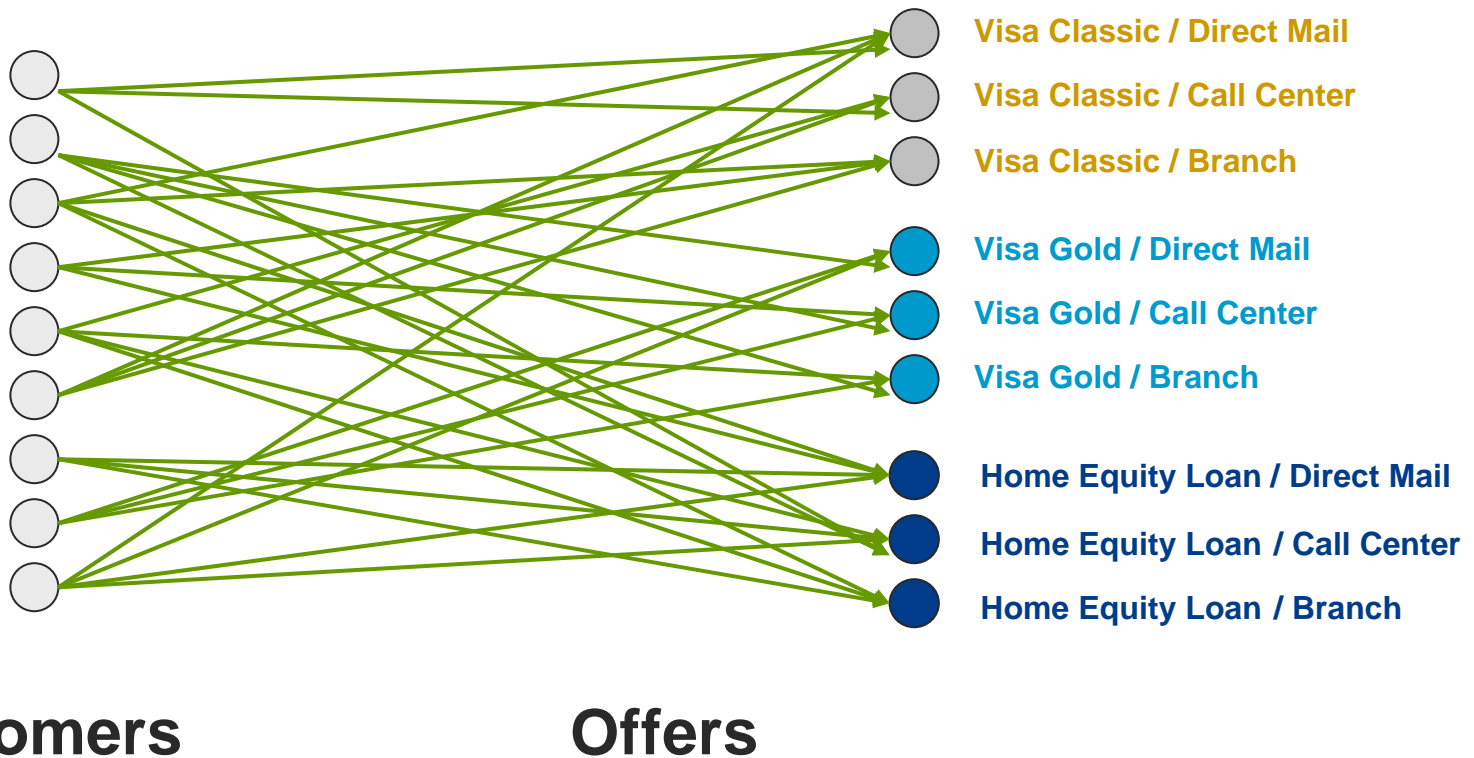
Business Constraints (e.g. Budget available, Channel Capacity, Contact Policy restrictions)

A simple example.

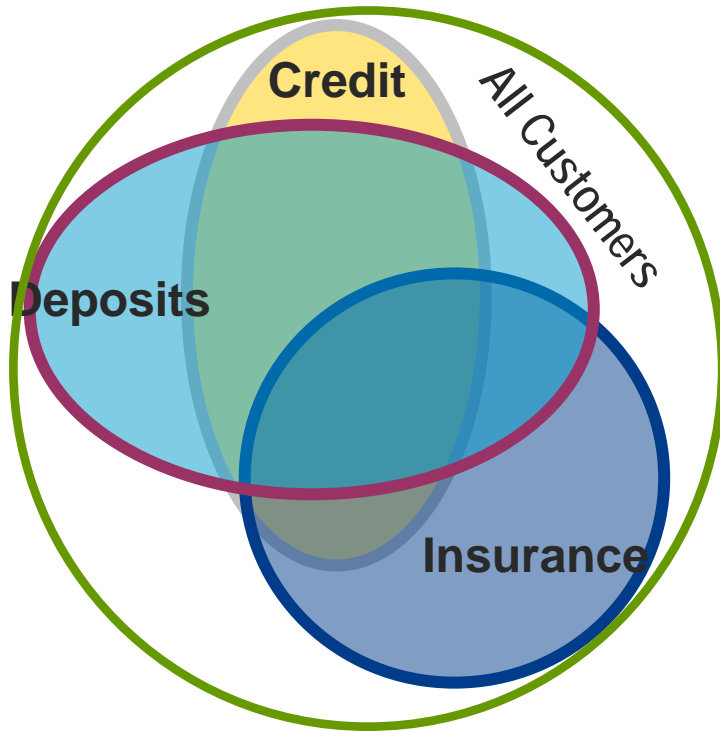
Marketing Optimization – An offer assignment problem



Marketing Optimization – An offer assignment problem



A Simple Example - The benefit of Optimization



Expected Values

| Customer | Credit | Deposits | Insurance |
|----------|--------|----------|-----------|
| 1 | 100 | 120 | 90 |
| 2 | 50 | 70 | 75 |
| 3 | 60 | 75 | 65 |
| 4 | 55 | 80 | 75 |
| 5 | 75 | 60 | 50 |
| 6 | 75 | 65 | 60 |
| 7 | 80 | 70 | 75 |
| 8 | 65 | 60 | 60 |
| 9 | 80 | 110 | 75 |

A Simple Example: Campaign Prioritization

Constraints:

1. Each customer must get an offer from at most one campaign
2. Each campaign must target at most three customers

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Objective = \$655

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Objective = \$715

A Simple Example: Marketing Optimization

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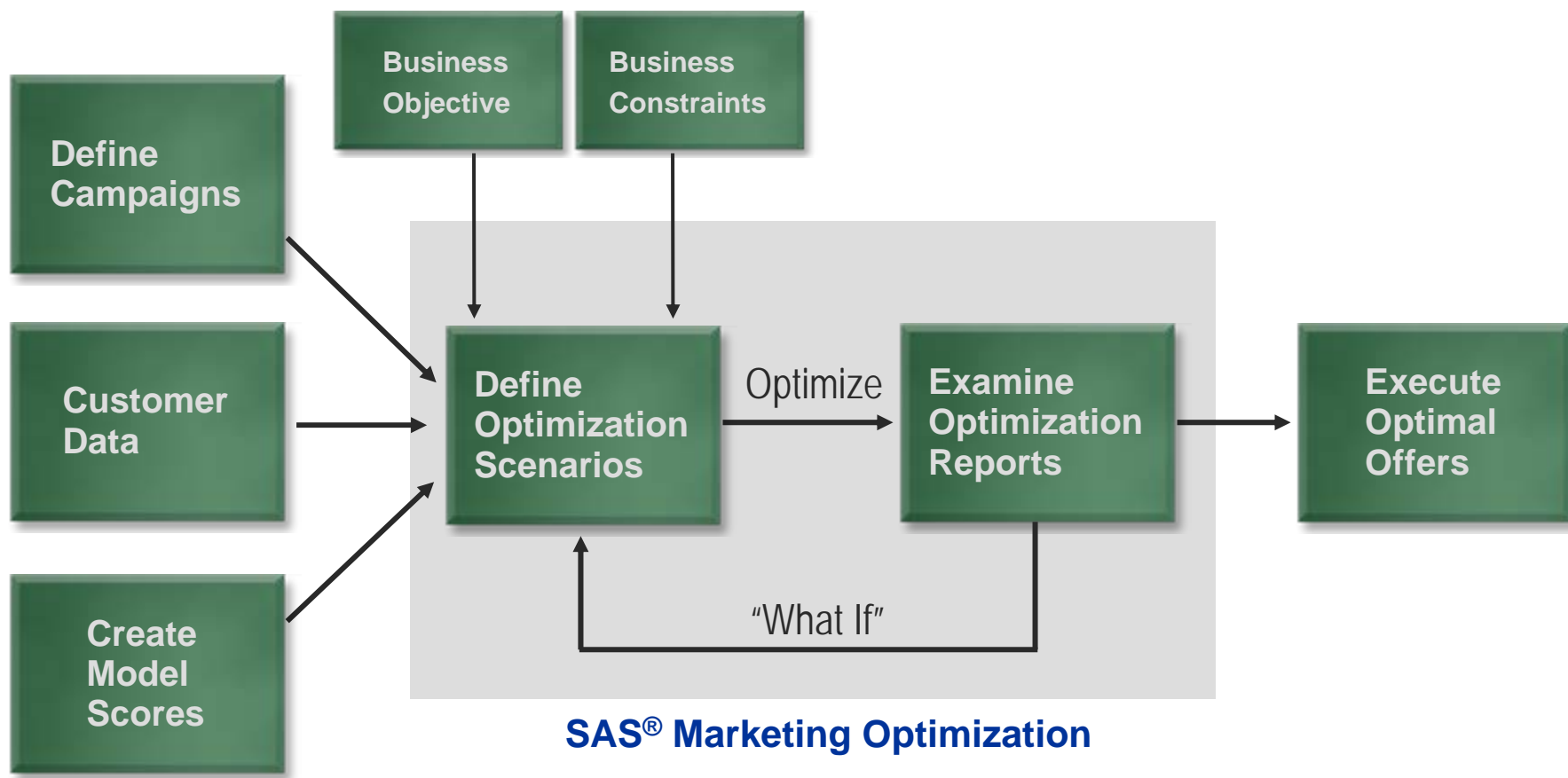
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Objective = \$745

Adding optimisation to the mix

Campaign Optimization Process



SAS[®] Marketing Optimization

Major European Telco

Company Overview

- International Telcomms (Mobile and ISP)

Strategy

- Reduce length and accuracy of “Churn” campaign planning cycle including Selection, Optimization, Forecast, Reselection, Re-Optimization, Execution
- Reduce number of contacts while maintaining the same level of Profit and ROI

Problem

- Improve Churn Management process
- Maximize Profit
 - Additional Revenue generated by up sell offers
- Subject to constraints:
 - Budget Limitations for Call Center
 - Rolling Contact Strategy that takes the past into account

Results

- **Campaign Planning Cycle is reduced from 4 weeks to a few days**
- **Number of contacts after the first two productive optimizations reduced from 2.1 M to 1.6M contacts for the call center**

Optimization Project Examples

Where to use optimization in Marketing

- Campaign Optimization
- Contact Optimization
- Credit Risk Optimization
- Cross-Channel Optimization
- Relationship Optimization
- All (or some) of the above

Typical Business Scenario

- Executing direct marketing campaigns and have multiple products or lines of business:
 - Typically the Organisation should have around multiple products or bundles and in the range of 1 Million+ active customers
- Supporting a Contact Policy that simply states that a customer should not get every offer they ever qualify for:
 - Common contact policies are things such as 1 contact per month but can be more sophisticated
- Ideally, building customer-level response probability scores for each product
 - While this is not a prerequisite, the chances of success increase if the customer uses predictive models

SAS® Marketing Optimization



- A solution to provides marketers with the ability to maximize economic outcomes by making the most of each individual customer communication.

- Users can:
 - Define optimization business objectives
 - Consider the effect of constraints such as budget, channel capacity, contact policies, and many others.
 - Define alternate scenarios within an optimization project that have a different set of constraints, marketing costs, business objectives and customer contact policies.
 - View optimization reports such as an offer, constraint, and optimization objective summary reports.



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