



SAS® COOKS UP SUCCESS AT WILLIAMS-SONOMA

Retailer saves millions with targeted marketing

Maureen Holbrow-Martin
Director of Consumer
Information Management
Williams-Sonoma

Industry

Retail

Business Issue

Mailing more than 300 million catalogs per year, Williams-Sonoma needs to target customers, manage costs and increase personalization.

Solution

SAS® Customer Intelligence solutions.

Benefits

SAS® solutions help Williams-Sonoma unite multiple brands and multiple channels, and provide millions in marketing-cost savings.

When it comes to selecting upscale household goods, many shoppers turn to the five major brands of Williams-Sonoma Inc. — Williams-Sonoma, Pottery Barn, Pottery Barn Kids, Chambers and Hold Everything. With more than 450 stores in the United States and Canada, as well as Internet and catalog channels, customers rely on Williams-Sonoma to furnish every room in their houses, from the kitchen and living room to the bedroom and home office.

Founded in 1947 as a small cookware shop, Williams-Sonoma now boasts more than \$2 billion in sales annually. The company's strong commitment to quality and service is evident in its product mix and customer relationship management programs. Using SAS to drive marketing campaigns, the company has recently improved its efforts to target customers, manage costs and increase personalization.

"We search the entire world for the best products for your kitchen and home. We seek the highest level of quality in our products as well as in the service we provide to our customers," explains Maureen Holbrow-Martin, Director of Consumer Information Management. "SAS is a critical part of our plan to provide quality service, allowing us to turn customer data into information and knowledge that drive the business."

Uniting multiple brands and channels

Using SAS' data mining software, SAS Enterprise Miner™, along with a suite of other SAS CRM applications, Williams-

Sonoma has created a new marketing system that models and explores customer data from more than 30 million households, helping the retailer create a personalized and cohesive shopping experience across multiple channels and multiple brands.

"Like many other retailers, we find that the customers who shop across multiple channels really are our best customers," explains Mark Dietrich, Manager of Statistical Development. "The more information that we can find out about where our customers are shopping, the more profitable our campaigns are going to be. With SAS, we can even run scenarios and measure the impact of one channel on another."

WILLIAMS-SONOMA, INC.

Dietrich develops SAS models that reveal how customers reach various channels, which channels they're most likely to shop and whether they prefer e-mails or catalogs for promotional purposes. "This information is crucial for knowing how to best serve our customers," he says. "SAS makes it easy for us to mine the data and understand customer behavior."

Targeted marketing increases ROI

One way that SAS helps Williams-Sonoma effectively communicate with its customers is through targeted marketing campaigns that select spe-



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cific groups of customers for catalog mailings and e-mail promotions.

“With SAS, we know the most effective and efficient ways to contact our customers, as well as how often and when to market to them,” says Dietrich. He uses SAS Enterprise Miner to separate millions of customers into dozens of different segments and is able to accurately predict how each segment will behave.

“We build hundreds of different customer models, and we're able to use that information to predict who is most likely to respond to a specific campaign or a specific mailing,” says Dietrich. For example, customers who are learning to cook might shop for completely different products than those who are already expert cooks. “With this information, we can specifically target the more responsive groups of customers. The savings translate into advertising cost dollars. With SAS, we've been able to show quite a bit of reduction in that cost. The savings are automatic.”

After all, for a company that mails nearly 300 million catalogs a year, even small increases

in return for each campaign can make a significant impact on bottom-line profits.

“As a solution for predicting and targeting marketing returns, SAS is pretty easy to justify,” says Holbrow-Martin. “Every tenth of a percent that we improve our targeted marketing efforts translates into millions of dollars in savings.” In other words, she says, “The value of SAS at Williams-Sonoma is substantial.”

And according to Dietrich, the return on investment (ROI) can be seen on many levels, including mailing-cost savings, efficiency increases and more. “I think a successful implementation of a marketing system really can reap benefits in every area of the organization, from actual revenue dollars to superior customer service.”

Picking successful store sites

In addition to its successful marketing programs, Williams-Sonoma also uses SAS in the process of determining strong regions for new retail stores. “We're leveraging customer information from SAS to understand which geographies

have customers with high affinities to our products,” says Holbrow-Martin. The company opened more than 35 Pottery Barn Kids stores in 2002.

SAS is also used throughout the company to increase productivity and to forecast annual sales. Overall, says Holbrow-Martin, SAS will continue to help Williams-Sonoma make smart business decisions. “Our growth in the future is going to come from doing things smarter, as opposed to just doing more things. That means taking advantage of better information, and SAS provides us with the customer information we need to drive the right business decisions.”

Dietrich agrees. He says, “SAS gives us the ability to extract data and turn it into information. Regardless of its format or where it comes from, we're able to bring all of our data together and use SAS to make the decisions that drive our business forward.”



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