

Sarah Van Laere

INCREASED MARKETING EFFECTIVENESS

In a time when consumers demand a balance between greener and less costly energy, European utilities provider Nuon decided to shift its Belgian marketing strategy in order to increase market share as well as the quality of its customer base. Instead of generalizing its marketing messages, Nuon Belgium opted for a more segmented marketing approach. Ensuring that the right offer reaches the right customer to optimize market penetration can be challenging. Nuon relies on SAS to gain customer insight and to improve the success of its marketing initiatives.

SAS PROVIDES GREATER INSIGHT INTO MARKET SEGMENTS

A “green” energy supplier

Nuon supplies electricity to private and professional customers in Belgium, Germany, and the Netherlands. 60% of all electricity supplied by Nuon Belgium comes from renewable energy sources such as wind, water, and sun. In this way, Nuon distinguishes itself from the competition. Moreover, Nuon offers a “Nuon Nature” product which is 100% guaranteed green, meaning the electricity is fully produced from renewable sources.

From mass marketing to segmented marketing

In order to gain additional market share and to target the right customers, Nuon Belgium decided to switch to a more segmented marketing strategy. “Increasing the effectiveness of our marketing strategy and campaigns requires careful customer segmentation. It’s all about offering the right product to the right customer through the right channel, and at the right time,” says Sarah Van Laere, Customer Insight Expert at Nuon. “Our marketing decisions used to be based on market experience, quick analyses, and plain old gut feeling.” The problem was they lacked sufficient precision. “We knew we could learn a lot from our internal customer data, but we didn’t have the tools to

dig into the raw data and discover the valuable knowledge we are searching for. We decided it was time for a professional data mining tool.”

Improving the predictive power of data modeling

Nuon laid out a number of specific technical requirements. Among other things, the new software had to be easy to integrate with its IT systems. For instance, it had to enable a direct link with the data warehouse. The company also defined a number of functional requirements related to the modeling of data, its ease of manipulation, and the flexibility of the tool. In addition, the software had to be able to process data rapidly, and to be user-friendly.

A proof-of-concept evaluation of various shortlisted tools highlighted SAS as the preferred choice. “The SAS software enables far-reaching, customized analyses, as well as more flexible predictive models,” notes Van Laere. “In concrete terms, SAS enables us to quickly put together a list of high potential target customers.”

Sector

Energy

Business Issue

Increase market share & build a qualitative customer base through a more customer segmented marketing approach

Solution

SAS® Analytics, SAS® Enterprise Miner™, SAS® Enterprise Guide®

Benefits

- **Improved customer segmentation:** SAS is used to identify the right customer segment for a specific product or service offering
- **More effective use of marketing budgets:** customer needs and habits are better understood, resulting in more successful direct marketing campaigns

“SAS enables Nuon to fine-tune its marketing approach, which leads to targeted campaigns and product offerings based on reliable insights.”

Sarah Van Laere,
Customer Insight Expert at Nuon

“The user-friendly interface enables the Customer Insight Department to build predictive data models by itself.”

Smooth interfacing with data warehouse

Nuon implemented a data warehouse that centralizes all internal and external data related, for instance, to sales, customer preferences, consumption habits, contact information or even place of purchase. The existing data warehouse runs on an SQL server which has been easily integrated with SAS. This setup enables the Customer Insight Department to fully exploit all the information from a central location instead of looking for the data on different source systems.

Making reliable insights available throughout the company

The new SAS possibilities make valuable insights available throughout the company. They enable the Customer Insight Department to decide on which segments they should focus or to suggest which products and services have the greatest likelihood of market success. These insights help all retail units in Nuon - i.e. Sales, Care, Marketing etc. - to make profound decisions and adapt their strategy.

An additional benefit of using this software is that specific management questions can be answered more rapidly and with greater precision, which enables the company to act more quickly in the “right” direction. For example, the tool has enabled Nuon to build an internal data mining model that predicts the risk of bad debt with an 80% accuracy

rate. The results are used for marketing and customer service purposes.

Offering is better matched with the market

Because SAS allows the pooling of data from across the company, it generates a more complete picture of each individual customer. This enables increased accuracy when making predictive models. Nuon can now evaluate more precisely which customers are most suited for which product offerings. Better targeting of customers increases the likelihood of reaching interested ones and reduces the risk of wasting resources on unsuitable clients. SAS is designed to answer important questions such as “Which customers are valuable to us and what offering should we develop in order to keep them?” and “What is the best channel to present a new service to a specific target group?”. Analysts at Nuon can provide answers to these questions by revealing differences based on customer profile, usage, needs, and attitude towards energy.

SAS also enables Nuon to gain insight in sub-segments. “Thanks to the sub-segmentation functions in SAS, we have discovered that among customers in favor of sustainable energy, part of them were simply opting for green energy as a basic product, whereas others were willing to invest more in green energy,” says Van Laere. “Based on this observation, we are able to develop a more appropriate marketing mix per sub-segment.”

User-friendly data collection and model creation

At Nuon, members of the Customer Insight Department are using SAS to gain quicker access to the required data. Van Laere notes that the SAS tools are user-friendly and highly advanced. “Using these tools enables us to have a better understanding of customers by performing descriptive and predictive analyses in a very intuitive way. Since we began using SAS, we no longer have to contact the IT team for data requests, which is more efficient and less time-consuming for all of us.”

Continuously improving marketing efforts

The tool is also providing useful feedback on the efficiency of marketing campaigns. This feedback can in turn be used to fine-tune upcoming actions. “The SAS data mining software has enabled a positive loop of continuous improvement in our marketing,” concludes Sarah Van Laere.



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