



■ Business Impact

By better allocating budget dollars, overall profitability goes up. Analytical insights (i.e., marketing mix models and direct response models) and business simulation capabilities empower users to take full advantage of their marketing investments by determining the best mix for maximizing profit.

■ Challenges

- **Inefficient resource allocation.** Money spent on advertising, trade promotion, etc., is done with little to no strategy, which can erode a company's bottom line while not improving market share or revenues.
- **Insufficient contact policies.** Contact policies are often underinformed and insufficient, rarely taking all channels into account and often resulting in over-contacting customers.
- **Lack of channel interaction.** With little understanding of how direct and indirect channels interact, there's typically a lack of coordination among channels.
- **No single view of the customer.** Because there's no common reporting environment, there may be conflicting and inconsistent customer views.
- **Wasted marketing dollars.** There's often no reliable way to determine whether marketing money has been spent effectively – money spent on campaigns sent to less than ideal targets could have gone toward campaigns sent to highly targeted prospects.

How can we better allocate marketing funds to maximize revenue and profitability?

YOUR GOAL: Increase profitability in a budget-slashing environment

Regardless of industry, marketing organizations are under increasing pressure to do more with less. In tough economic times, the knee-jerk reaction of many companies is to slash budgets, and marketing departments are particularly vulnerable. But the “not spending is saving” mentality is misleading. Rather, the old saying “you have to spend money to make money” is true; the trick is to spend money wisely.

The sheer volume of marketing activities no longer determines a department's worth – marketers must now justify expenditures by showing how they contribute to profitability, growth and long-term competitive advantage. While it is well-known that integrated marketing messages yield the best results, it's hard to know which channels – or combination of channels – will get the message across more effectively. With the multitude of marketing media and channels coupled with unlimited combinations of campaigns, products and offers, cross-channel campaign planning is a big challenge.

OUR APPROACH

Today's marketers need a strategic, top-down approach to allocating the marketing budget across all marketing media – direct and indirect – as well as a way to anticipate the economic outcome of campaigns. SAS approaches the problem by providing software and services to help you:

- **Determine the right combination of channels** – whether it's print ads, online banner ads, direct mail, trade promotions or e-mail – using an analytically driven approach fueled by SAS marketing mix models to determine which products should be marketed to individual customers for maximum return.
- **Refine your contact strategy** using customer-specific information in the form of models, product eligibility and channel constraints to determine which customers to contact under what circumstances across all planned direct campaigns and customer communications.
- **Compare differing objectives both within and across scenarios** with a scenario-planning environment that integrates predictive analytics with constraint-based optimization to evaluate how various counts and critical measures may be affected.
- **Evaluate multiple campaigns simultaneously** with an easy-to-use interface that puts mathematical optimization techniques and predictive analytics at your fingertips, making even the more complex optimization processes intuitive and logical.
- **Create, view and share optimization reports and objective summary reports** that provide multiple views of a project with a sophisticated, yet easy-to-use, reporting and graphics environment.

SAS helps ensure the success of your marketing planning process by integrating both above- and below-the-line marketing activities in order to allow for the interaction of channels for maximum advantage.



THE SAS® DIFFERENCE: Greater efficiency, customer insight and financial success

Only SAS offers simulation of mass marketing results based on SAS marketing mix models, scenarios for campaign optimization and a common solution framework for meeting your broader marketing technology needs. With SAS, you get:

- **Effectiveness.** SAS lets you evaluate all possible solutions to determine the best possible outcome. The difference is measurable, and the ROI can be enormous.
- **Speed.** SAS has taken existing optimization approaches and reduced them from days to minutes by using a patented SAS algorithm for marketing that includes innovative new approaches born from more than three decades of experience with optimization.
- **Complete integration.** Based on the same robust, flexible business analytics framework as other SAS solutions, our marketing optimization solution enables you to take advantage of existing technology investments, which decreases your total cost of ownership.
- **A comprehensive solution.** Only SAS combines mathematical optimization, user-defined constraint modeling and integration with industry-leading predictive analytics and marketing automation capabilities to deliver the most complete marketing solution available.

In addition to the common platform, there are specific functions that are better enabled by combing these technologies. The ability to iterate on a strategy above and below the line is clearly unique.

CASE STUDIES

■ A large financial services institution

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

■ A leading telecommunications company

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

■ A successful catalog retailer

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

■ The Vision

Eliminate guesswork with predictive analytics

What if you could eliminate guesswork and determine analytically what products should be marketed over which channels – e.g., print or online ads, direct mail, trade promotions, e-mail, etc. – for maximum return?

Maximize campaign ROI with mathematical optimization

What if you could compare the expected ROI and other objectives of multiple campaigns given your budget and resource constraints so you could filter out offers that don't help achieve your goals?

Evaluate multiple campaigns with an easy-to-use interface

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

Create, view and share reports across the organization

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

SAS FACTS

- SAS has been in business since 1976 and today has customers at more than 45,000 sites worldwide.
- SAS customers make up 91 of the top 100 companies in the 2008 FORTUNE Global 500®.
- CRM magazine has named SAS the leading provider of CRM analytics for four consecutive years.

Learn more about SAS® software and services for marketing at:
www.sas.com/solutions/crm



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TO KNOW.

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