

> High-Precision Direct Marketing: How to Identify and Target High-Value Customers

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Q & A

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> High-Precision Direct Marketing: How to Identify and Target High-Value Customers

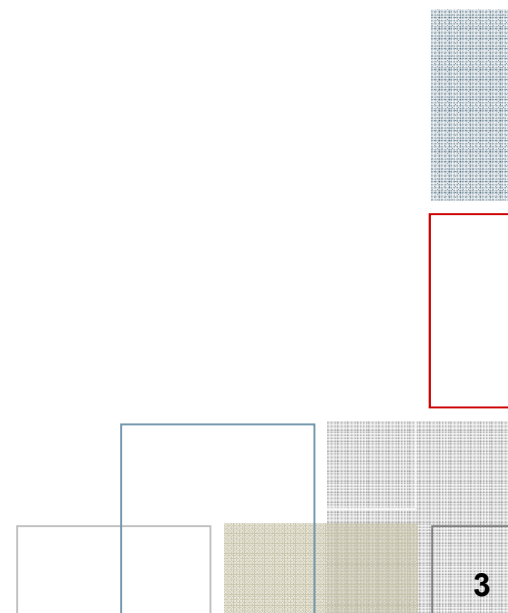
Bob Slaker, Director, WW Direct Response Marketing
Aaron Rangel, Sr. Product Manager



> Commonly Asked Questions

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> Commonly Asked Questions

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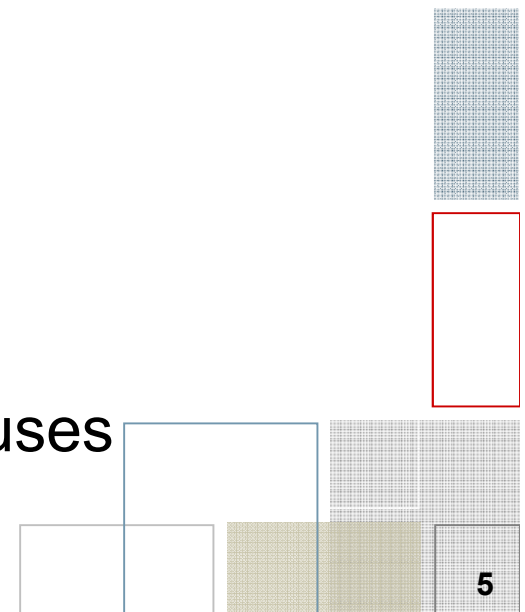
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> The Leader in Predictive Analytics

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More Customers In More Industries

- SPSS has the most customers
 - 250,000 customers
 - Over 95% of the Fortune 1000
- Across industries
 - 10 of the top 10 global commercial banks
 - 8 of the top 10 telecommunication services companies
 - 21 of the top 25 retailers worldwide
 - 24 of the top 25 market research firms
- And throughout the Public Sector
 - All major national governments
 - Every branch of the U.S. Military
 - Every U.S. State Government
 - #1 statistical software on university campuses



> Agenda

- Critical Challenges Facing Direct Marketers
- High-Precision Marketing
- Demonstration
- Summary
- Q&A

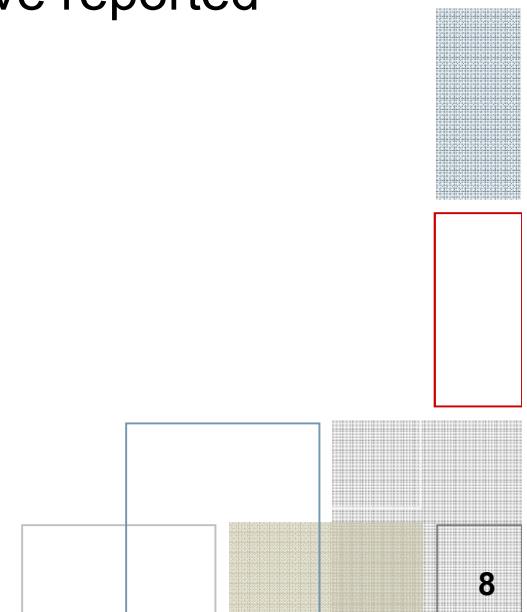
> Challenges Facing Direct Marketers

- Rising cost of direct marketing
 - May 11, 2009 - The price of a first-class stamp rose 2 cents to 44 cents, the third straight annual increase.
- Increasing pressure for “do not mail” regulation
 - In 2008, 12 state legislatures had 15 Do Not Mail bills under consideration. 2009 began with two bills being introduced and a non-binding resolution being considered in one major US city.
- Email fatigue and backlash
 - 420 billion commercial e-mails sent in the US in 2008. “The challenge to today’s marketer is breaking through this inbox clutter to deliver relevant messages at the right time to their best customers and prospects. — quote from *Inside the Inbox: Trends for the Multichannel Marketer*. Epsilon’s Global Consumer Email Study, epsilon.com



> Challenges Facing Direct Marketers

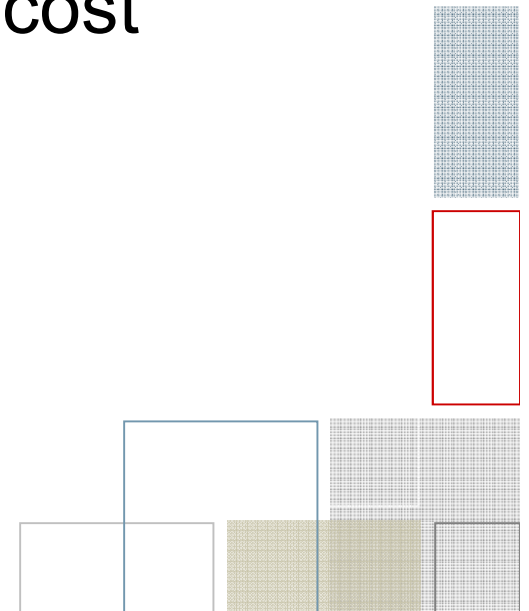
- Shifting consumer spending patterns
 - “Restraint has become the new mantra. Over the next 18 months to two years, consumers will make critical decisions about discretionary spending, saving, or paying down debt, which will have long-term bottom line implications.” — Nielsen 7/30/09
- Declining budgets
 - 71% of global CMOs reported marketing budgets in 2009 are lower than budgets they had in 2008, and 51% have reported cuts of 20% or more. — Forrester Research



> High-Precision Marketing Addresses Today's Challenges

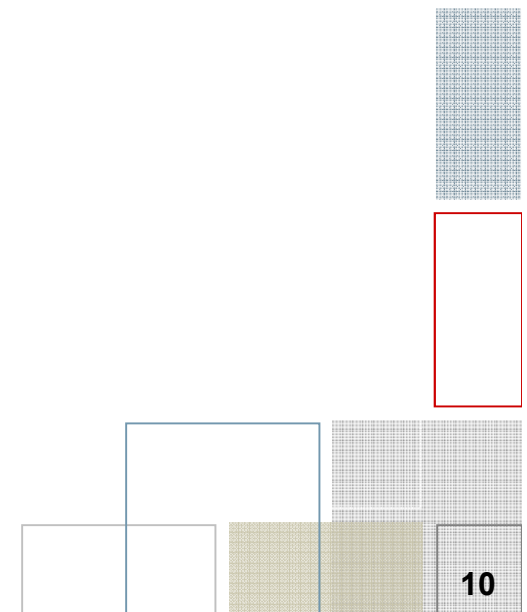


- Mail fewer pieces, buy fewer names, less waste
- Only mail to those who will respond
- Make the best offer for them
- Generate higher value sales at lower cost



> Tools Available

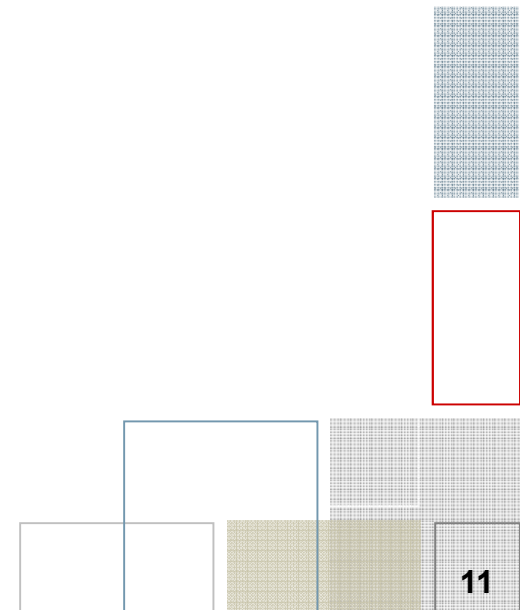
- Spreadsheets
 - Pro: Easily available, familiar
 - Con: Prone to error, simplistic analysis
- Database programs
 - Pro: Flexible, handle large quantities of data
 - Con: Understanding of database technologies
- Statistical packages
 - Pro: Powerful analytics
 - Con: Not built for business users



> The Solution: PASW Statistics Direct Marketing



- Targeted to direct marketers, not statisticians
 - Easy to use
 - Fast results
- Uses vocabulary familiar to direct marketers
- Comprehensive solution
 - Grows as your needs grows



Demonstration

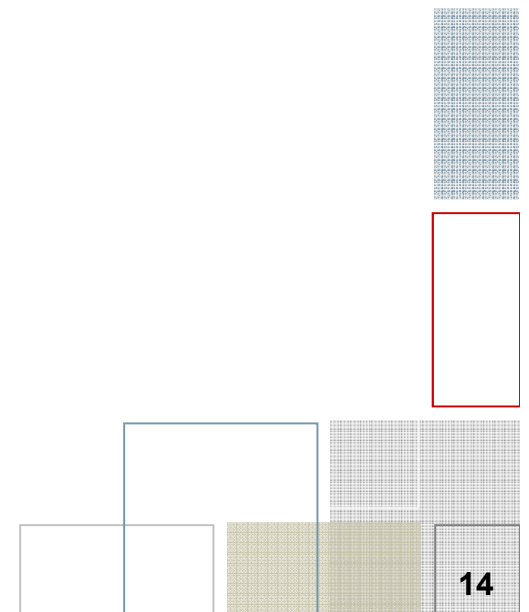
PASW Direct Marketing Module

> Customer Insights



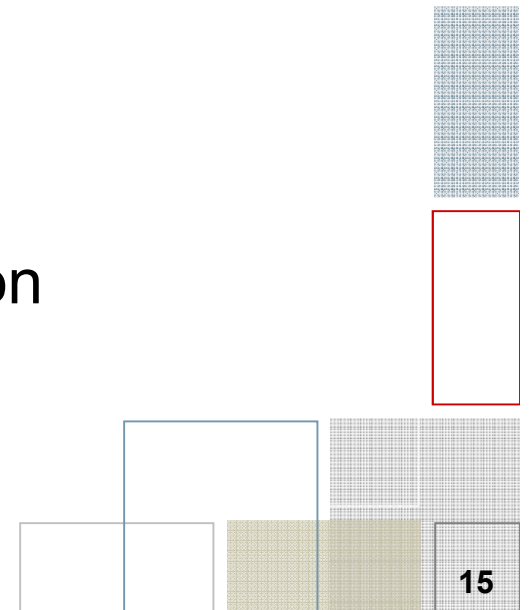
> EZ-RFM Analysis

- What is it?
 - Customers who have purchased recently, frequently are more likely to respond
 - Scores are assigned to customers...by recency, frequency, and monetary value of purchases
- Scenario
 - Mail order catalog
- Why?
 - Identify customers most likely to buy
- What are the requirements for RFM?
 - Customer database with purchase history



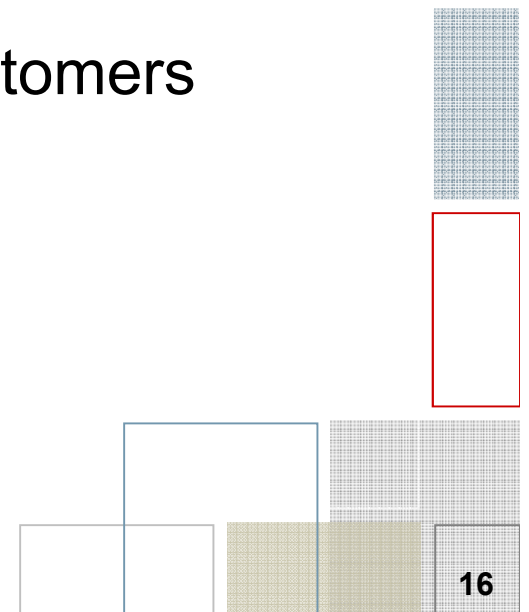
> Cluster Analysis

- What is it?
 - Segment your customers into groups having similar characteristics
- Why?
 - Gain deeper insights about your customers
- Scenario
 - Campaigns and promotions
- What are the requirements?
 - Customer list with demographic information

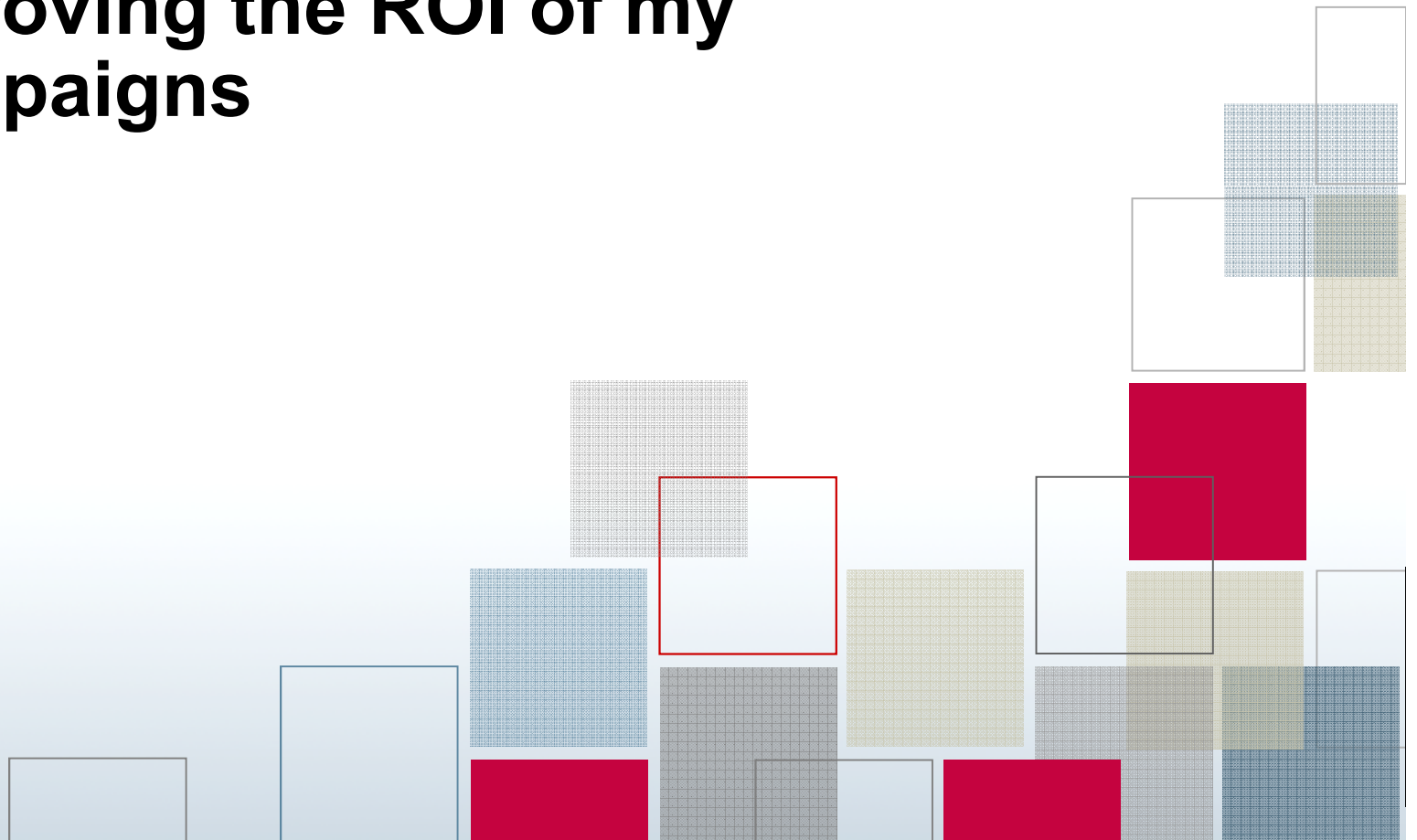


> Prospect profiles

- What is it?
 - Identifying characteristics of customers most likely to respond to a campaign
- Scenario
 - Campaigns and promotions
- Why?
 - Attract and retain your most profitable customers
- What are the requirements?
 - Results of a test mailing campaign

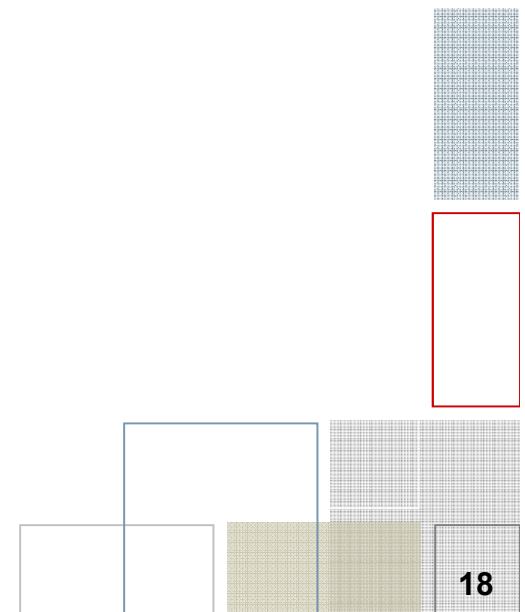


> Improving the ROI of my Campaigns



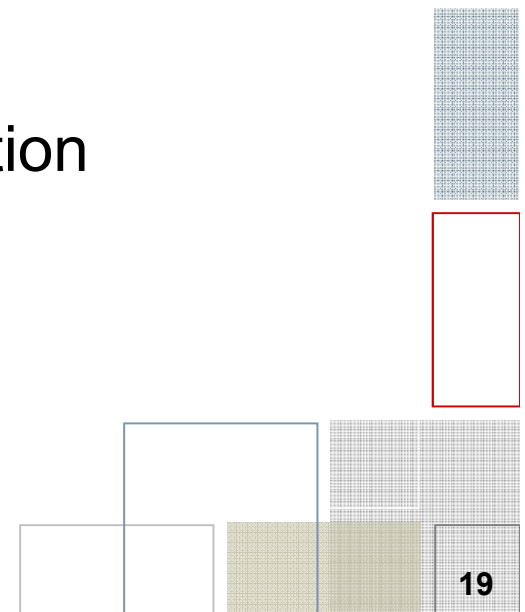
> Postal Code Response

- What is it?
 - Identify the postal codes with the best response rates
- Scenario
 - Campaigns and promotions
- Why?
 - Improve ROI of campaigns
- What are the requirements?
 - Customer information with Zipcodes



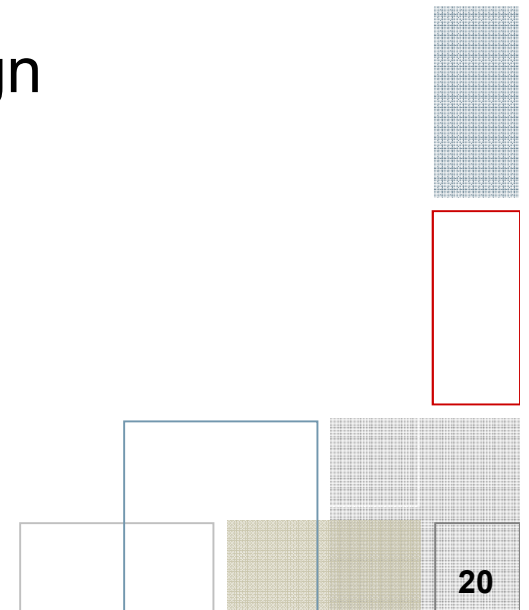
> Propensity to Purchase

- What is it?
 - Uses the results of a test mailing to score a prospect list
- Why?
 - Improve ROI by targeting customers most likely to respond
- Scenario
 - Score a list for marketing campaign selection
- What are the requirements?
 - Prospect list, results of a test campaign



> Control Package Testing

- What is it?
 - Compare results of a test campaign with a control campaign
- Why?
 - Launch the most efficient and effective campaigns
- Scenario
 - Test performance of a new v. old campaign
- What are the requirements?
 - Results of the test
 - Control group gets the original campaign
 - Test group gets the revised campaign



> 6 Ways to Improve Campaign ROI with High-Precision Marketing

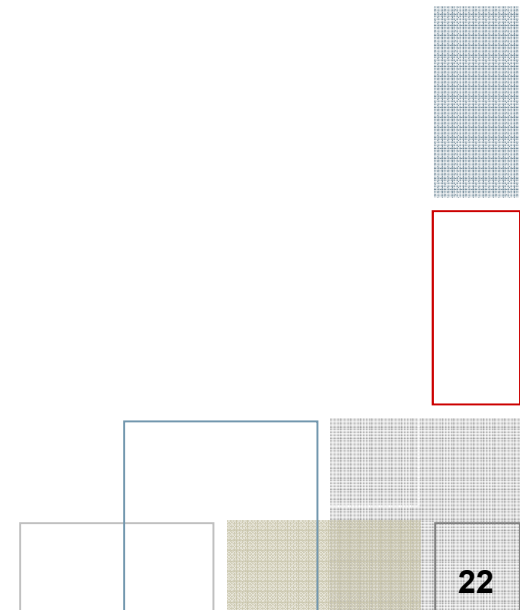


1. Identify your best customers
 - RFM Analysis: Score customers according to the recency, frequency, and monetary value of their purchases
2. Gain insight into your customers
 - Group customers by similarities and differences
3. Know which characteristics best predict response
 - Profile based on shared characteristics to improve targeting of offers and campaigns
4. Drop mail in areas with highest probable response rates
 - Postal code analysis – Identify which regions, if any, have a higher response rate
5. Select which contacts are most likely to respond
 - Develop propensity scores and improve the focus and timing of your campaigns
6. Execute the best package
 - Test control packages – find out which out-perform your existing package



> Questions

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> Thank You



■ Resources

- Help ->Case Studies->Direct Marketing
- Short demos –
<http://www.spss.com/software/statistics/direct-marketing/>
- Documentation

■ Training

- www.spss.com/training
- [Schedule -http://www.spss.com/training/schedule.htm](http://www.spss.com/training/schedule.htm)
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