Good vs. Bad Marketing: Analytics to the Rescue

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Panel Discussion on Information Flows: The Costs and Benefits to Consumers and Businesses of the Collection and Use of Consumer Information

Washington, D.C., June 18, 2003

You've never seen your business like this before.

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The Problem: Bad Marketing

- Sample Bad Marketing Practices:
  - > Spam email: 2600+ emails/person/year.   Overuse: 28M emails can be sent for $149. Mass messaging, waste of consumer time, clogged mail directories.
  - > Irrelevant banner ads: 1.25 trillion/year, 8900 banner ads/person/year.
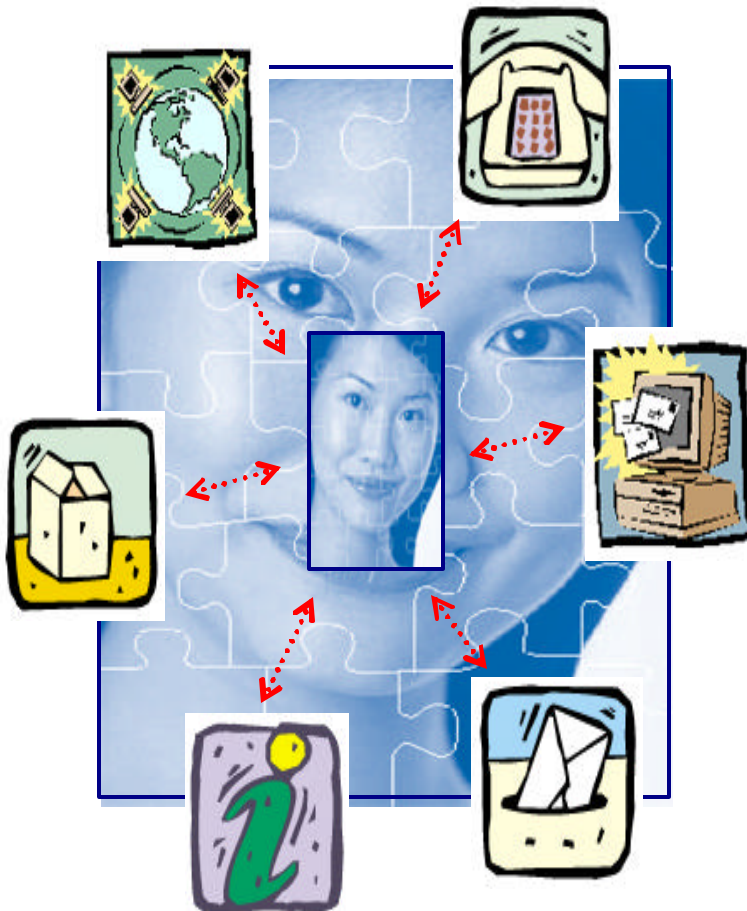 - > Junk mail: 34 pounds of paper in each consumer's mailbox per year in the USA. Not well targeted, not well timed

Result: consumer despair

- Bad marketing people don't collect the clues and analyze them

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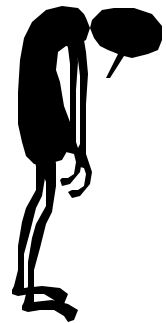
The Collection of Consumer Information

Customers Provide Many Clues and Facts about what they want

- Purchases - offline and online

- Browsing activity at a website

- Calls to a Call Center

- Responses to Marketing campaigns

- Survey responses

- E-Mail and wireless requests and responses

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The Solution:
Good Marketing People Use the Clues

- **Good Marketing Practices**
  - Collect the clues in a data warehouse
  - Use the clues to make offers at the right time geared toward the individual's need or interest
  - Know their audiences - "touch" fewer people fewer times with more relevant offers
  - Interpreted as "my personal banker", "my grocer"

- **Difference is use of technology, analytics**
  - Shows up as differences in conversion rates and customer satisfaction
    - Conversion rates: % of people who respond to the offer
    - Customer satisfaction: % of people happy with the company and its products

Specific Case: Good Marketing at a Large International Bank

Event Detection:

- 370 analytic event detective applications run each night

- **42,000 leads/week** from **nightly analysis - next 5 offers for each personal banker to follow up on**

Make appropriate offers, measure results

- 5 times more customer responses

- Behavioral leads 3 - 5x more profitable

- Event-Driven and Sensitive to customer

- New deposits: over $2 Billion in 6 months

- Savings of $20 million in postage costs

- Chopped 75% from Advertising Budget

- Better use of marketing resources

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Examples in the Finance Industry

- Best practices sample customers of Teradata: National Australia Bank, Bank of America, Union Bank of Norway, Wells Fargo, Royal Bank of Canada

- How it works: Event-Based Marketing
  - ❶ Bank notices an event: a large deposit, a large withdrawal, a marriage, a drop in interest rates, a CD comes due
  - ❷ Based on the event, bank makes an appropriate offer: consolidate accounts, refinance a home - over the right channel at the right time
  - ❸ Measure the results

- Best campaigns result in 25-60% conversion rates

- Customers are happier - "high touch" personalized banking services

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Difference Between Good and Bad Marketing in Conversion Rates

Improvements by using analytics	Before the Application of Analytics	After the Application of Analytics	Factor Improve-ment
Banner ad clickthrough rates	0.3%	21%	63X
Mail response rates	0.5%	18%	36X
Merchandising response rates	0.2%	12%	24X
Conversion rates (post-response)	0.9%	10%	11X
Repeat buyer rates	2.0%	60%	30X

Results from researchers at Forrester, Jupiter, Amazon.com and Ovum who analyzed campaign performance when analytics targeted certain consumers - - across multiple industries and channels.

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Summary

- Many companies have responsible marketing organizations and practice good marketing

- They use analytics technology so
  - > consumers receive fewer marketing messages
  - > that are more relevant
  - > resulting in higher conversion rates
  - > and higher customer satisfaction

- A Win-Win for both the consumer and the company

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