

Propensity modelling improves profitability

Overview

For over 20 years, we at Go Direct Marketing (GDM) have been working with our clients, particularly in the home shopping and retail sectors, to ensure that they are getting the very best results from all their retention and acquisition

campaigns. As a Strategic Direct Marketing and Data Analytics Agency we are dedicated to planning and executing campaigns as well as maximising the return on investment to help our clients grow their business.

GDM work closely with their clients to fully understand their businesses and their aims. At GDM we can help you get the most out of your current marketing spend with our ultimate goal being to help your business grow.

Challenge

Our client, in the 'Men's clothing sector' tasked us with maximising the return on investment from their offline marketing campaigns during their SS 2019 season. This was from an increased housefile volume but with a static marketing budget

Solution

Our in-house analytics team initially rebuilt the propensity models to include browsing and e-mail interaction data, as this information was now available from their web system. This re-ranked the housefile and gave a significant uplift over the previous model that was being used.

We then used mailing volume analysis to forecast breakeven levels within the database and take into account different mailing volumes throughout the season. This ultimately means we are able to vary the volumes per mailing to make each one as efficient as possible by delivering the maximum ROI.

The analytics team finalised the process by running the data through the relevant internal and external

suppression processes. This ensured we were mailing as efficiently as possible for the client and delivered the maximum response rates. Postal discounts were also factored in to ensure the campaign was delivering the best ROI. The solution implemented by Go Direct Marketing led to a budget saving of nearly £20,000 which exceeded the client's expectations. This budget was then re-allocated to producing postcards which were mailed to the non-emailable



segments of customer data who would not have otherwise been contacted.

Implementation

The new models were built from the updated AW 2018 results and then the housefile was scored accordingly. This was then coupled with the mailing volume analysis to predict the volumes required for each of the five SS 2019 mailings.

The data was cleansed and updated against industry suppression files to ensure no wastage. Last but not least the mailing files were created with customers being mailed at household level. Our successful solution was implemented

over the SS 2019 season with the mailing selections completed for the first three books by the end of March. Results for Book 1 have been analysed and our key findings summarised below.

Results

- ROI uplift of over 20% from previous year
- Uplift of 5% in response rate over previous year

- Contribution per mailee is up by 65% over previous year
- More orders through better targeting

- Lapsed customers re-engaged with a postcard, funded by the saving in marketing spend
- More customers re-engaged with the brand

Overall the client has been extremely happy with the solution, the implementation and the results to date. The client has seen an 12% increase in revenues from existing customers so far this season and is looking forward to the remainder of the season being equally successful.

Propensity Modelling can benefit even the most experienced mailers. It can help you mail more efficiently, reduce wastage and maximise your marketing budget.