

## **SEGMENT MANAGER**

### **AnaytiX® System (logo)**

Customer Insight Company's flagship product, the AnalytiX® System, is a sophisticated marketing data mart that gives you the power and knowledge needed to build customer-centric marketing programs that result in significant and sustained company growth. It delivers the ability to access, manage, and analyze large volumes of detailed customer information using a database engine optimized for marketing applications. Its ability to maximize warehouse data in a flexible and adaptable data mart gives you the power to drive strategic marketing programs.

You can design your marketing programs from sophisticated analyses based on ad hoc queries. You can test your ideas with flexibility and ease, running new queries with each discovery. Its ad hoc analysis capabilities support customer profiling and segmentation, campaign management and response tracking, acquisition and retention program development, data modeling, and profitability analysis. Using the AnalytiX System, you can make informed assumptions about buyer behavior, define marketing strategies based on those assumptions, and design customer-motivating marketing programs that will grow your company's profits by increasing customer loyalty.

### **Segment Manager (title)**

#### **Take your analyses to another level (subtitle)**

#### **Front Page**

**You have the data. You have the technology. But, you haven't captured the full potential of their partnership. To experience the results of effective and profitable marketing decisions, you need to take your analyses to another level. Know your customers *and your business* better. The variable you need is segmented customer information. Information key to targeting the right customers at the right time with the right message. Information not yet discovered or used to its full potential. Information needed to implement marketing programs that will increase customer loyalty *and spur profitable growth for your organization.***

### **You Had an Idea... (headline)**

...an idea about developing customized campaigns. About sending different promotions to different customers at different times. About tracking your successes and mistakes—and learning from them.

### **Put Your Idea to Action (section head)**

#### **Segment your database: The key to effective and profitable marketing decisions. (sidebar)**

To tap into the power and potential of your marketing database on both a strategic and tactical level, you must identify and segment different customer characteristics and behaviors. As more and different types of customer data are collected, database complexity increases. But, so does your marketing potential. Segmentation will provide you with the information needed for successful strategic promotions and campaigns.

With Segment Manager, you can define multiple segments, perform quick counts, and assign diverse actions to them — *all in a single pass of the database*. The design can be simple or complex, depending on your goals. The result? Maximized potential of your database. You will know your customers *and your business* better. And, you will make more informed marketing decisions by focusing on the variable you've been missing— segmented customer information.

This information will help you target the right customers at the right time with the right message. Messages that will drive your most profitable customers to action. Messages that will cause those actions to be more profitable. Messages based on fact, not theory. Segment Manager allows you to reach the next level of customer knowledge and analyses by giving you the power to perform the steps critical for informed decision making:

- Define a complex promotion structure.
- Count segment and subsegment totals.
- Set up promotional records, code your segments, and assign actions to them.
- Perform quality control steps on your promotions.
- Track, measure, and record responses for your promotions.

### **Define your promotion structure: complexity with ease**

Setting up a complex promotion takes a lot of organization, but shouldn't take a lot of time. The selection criteria. The offer. The channel. The timing. All are critical components of your promotion's success. Using Segment Manager, you define these cells and organize them to meet your needs. The process is quick and easy:

- Segment multiple variables in a single pass.
- Manage up to 3,000 user-defined segments and subsegments.
- De-duplicate records based on segment.
- Specify random or Nth function sampling.
- Suppress those you don't want to promote to, or other low-performing customers globally or by segment.
- Define exclusive or non-exclusive mode for segmentation schemes.
- Define control groups to analyze the effectiveness of your campaign.

### **Count your segments and subsegments: quick and easy answers**

Counting your segments before modifying your database will take time off of the segmentation process. Using Segment Manager, you can count segments and subsegments quickly and easily—*all in one pass of the database*. You can modify the selection criteria for a segment until it matches the promotion budget. Or, test your intuition by viewing the counts of non-intuitive relationships, habits, trends, and patterns of the groups you are researching:

- Complete iterative aggregate counts of your data, then adjust or change segment parameters as needed.
- Define optimum segment sizes and modify them to meet your budget and needs.
- Create segmentation templates for future use.

### **Set up promotional records and code your segments: assign actions to your ideas**

With your segments defined, it's time to put your campaign ideas into action. Campaign details like promotion name, implementation date, offer made, creative, channel, and cost are important pieces of information in developing a campaign that is organized from start to finish. No longer do you have to rely on the mail house or other delivery channel service provider to manage these details. Instead, with Segment Manager, you can code each customer record with this important information required to actually execute complex programs. Segment Manager does all of the coding for these details *at the same time* it performs the segmentation. Your file is already coded when you export it, saving you dollars that you can allocate elsewhere. You can also score your database, allowing you to assign different promotion codes to qualifying customers. Enhanced capabilities allow you to:

- Insert promotional records into your database.

- Score segments “on the fly.”
- Assign action (promotion) codes based on segment scores.
- Assign message delivery channel (such as direct mail or telemarketing).

### **Make sure they get your message: quality assurance for your promotion**

Before you send your message out, you want to make sure your time and money are well spent. Quality control steps will ensure your promotion provides efficient, successful, and measurable results. Taking your campaign one step further by monitoring the accuracy and efficiency of your service provider will save you time and money. Quality control is supported by those steps easily overlooked, but necessary to make the promotion right:

- Create multiple test, promotion, and control groups as required for quality control and tracking of direct mail campaigns.
- Define “decoys” and “seeds” necessary for measuring the success of delivery and proper list use.

### **Track your responses: measure and record your success**

The final step in your campaign management is understanding what worked this time and how to improve your next effort. Using Segment Manager, you can perform sophisticated tracking and response measurement using the detailed promotional records you created at the beginning of your campaign.

This is the missing link to fine-tuning your next promotion based on past results:

- Record response performance of individual segments for different promotions.
- Append response rates back into the database.
- Track customer behavior over time.
- Analyze the effectiveness of different delivery channels.

### **Increase your customer knowledge**

Segment Manager is a powerful and sophisticated module that will enable you to analyze customer behavior on many different levels. It will increase your customer knowledge and improve your business decisions. Segmentation is the key to not only realizing, but reaching the maximum potential of your marketing database. The result? Marketing programs that will increase customer loyalty and spur profitable growth for your organization.

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## **Practical Application**

A large computer retailer, Computer Deals, wanted to promote a special buy on 500 Pentium computers that retail for \$2,500 each. The marketing team talked about developing a promotion for their loyal customers, and felt this product would yield favorable results. The marketing specialist decided to promote these computers through a sophisticated mailing targeted to two different customer segments at two different times and with two different messages. Their “best” customers would receive the first mailing and the “best” promotion— \$2,500 for the computer and a free high-speed modem if they made their purchase within 30 days. The other customer segment would receive the discounted price for the computer, but no modem.

Computer Deals chose to obtain their prospect profile list by using a recency, frequency, and monetary analysis partnered with general psychographic customer behavior information. This detailed information was already available in their database, but had never been analyzed together. Using Segment Manager, Computer Deals was able to define their mail structure for a more sophisticated,

targeted, and successful promotional mailing, while tracking their responses for further refinement of their targets and future promotions.

Computer Deals performed their segmentation using the following criteria (segments) and parameters (subsegments):

- **Interest in Computers (Psychographic)**
  - “1” = low
  - “2” = medium
  - “3” = high
  
- **Recency of Computer Purchases (Recency)**
  - “1” = < 6 months ago
  - “2” = 6 to 12 months ago
  - “3” = > 12 months ago
  
- **Purchase Activity in Past Three Years (Frequency)**
  - “1” = 1-3 purchases
  - “2” = 4-6 purchases
  - “3” = 7 or more purchases
  
- **Total Amount of Purchases (Monetary)**
  - “1” = < \$1,000
  - “2” = \$1,000 to \$3,000
  - “3” = > \$3,000
  
- **Type of Computer-Related Purchases (Behavior)**
  - “1” = software
  - “2” = peripherals
  - “3” = hardware
  
- **Number of Product Returns (Behavior)**
  - “1” = > 6 returns
  - “2” = 2-5 returns
  - “3” = <= 1 return

Next, Computer Deals counted the resulting segments and subsegments—all in one pass of the database. The resulting numbers provided them with the mailing and budget information they needed.

Then, Computer Deals assigned actions to each segment based on total scores. If the customer scored a 16-18, they were coded to receive promotion number one on a certain date. If they scored a 13-15, they were coded to receive promotion number two on a different date. Their analysis resulted in 4100 customers receiving promotion number one, while 6500 customers would receive promotion number two.

Before Computer Deals sent out the promotions, they performed the quality assurance and control steps necessary for a successful campaign. They created decoys and seeds for campaign measurement and

mail-house accuracy. They also developed 10 percent control groups for each promotion so they could better analyze the response rates.

As targeted customers acted on the promotions, Computer Deals tracked the results, and entered the information back into the computer for further analyses and improvement of their next promotion. They found that more customers responded to promotion number two - implying that there was not high value in the free modem incentive. After further analyses, they determined that the parameters for the monetary analysis needed to be changed to include more serious computer purchasers for promotion number one, and the free hardware incentive was not instrumental in causing increased customer action.

Understanding that all customers are not created equal, Segment Manager allowed Computer Deals to be discriminating in its campaign efforts—promoting their deals strategically, not generically. Segmenting their customer base allowed Computer Deals to target those profitable customers who were most likely to respond. And, by tracking the results, they were able to modify their next promotion and generate greater profits over time.

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*No matter what the complexity of your campaign efforts, Segment Manager has the sophistication, flexibility, and power to provide the information needed to strategically implement marketing programs that will increase customer loyalty and spur profitable growth for your organization.*

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