IBM SPSS Direct Marketing

Understand your customers and improve marketing campaigns

Highlights

- Understand your customers in greater depth

- Improve your marketing campaigns

- Maximize the ROI of your budget

You want your marketing programs to be as profitable as possible, and gaining insight into the information contained in your customer data can help you reach this goal. To understand your contacts in greater depth, you can perform various kinds of analyses, including recency, frequency, and monetary value (RFM) analysis, cluster analysis and prospect profiling. You can also take the necessary steps to improve your campaigns through postal code analysis, propensity scoring and control package testing.

These types of analyses have typically required a lot of time and special expertise. IBM® SPSS® Direct Marketing provides you with all the tools you need to conduct these analyses easily – and with confidence in your results. Although this module in the IBM SPSS Statistics family of products relies on powerful analytics, you don't need to be a statistician or programmer to use it. Rather, the intuitive interface guides you, enabling you to classify customers in just a few easy steps.

For example, you can classify your customers according to:

- Transactional data: how recently, how frequently, and how much they have purchased from your firm
- Identifying characteristics, such as age, marital status, job function, and where they live

In addition, you can analyze the response rates to your campaigns, according to customer characteristics or by zip code, and test the effectiveness of various offers and creative treatments.

As a result of using SPSS Direct Marketing, your organization can:

- Identify which customers are likely to respond to specific promotional offers.
- Develop a marketing strategy for each different customer group.
- Compare the effectiveness of direct mail campaigns.
- Boost profits and reduce costs by mailing only to those customers most likely to respond.
- Prevent spam complaints by monitoring the frequency of emails sent to each customer group.
- Plan for locations to set up offices or stores.
- Connect to Salesforce.com to extract customer information, collect details on opportunities and perform analyses.

Powerful but easy to use

SPSS Direct Marketing includes a combination of specifically chosen procedures that enable database and direct marketers to conduct data preparation and analysis activities. They can do this using only the SPSS Direct Marketing module, or they can use it in conjunction with IBM SPSS Statistics Base and other modules in the SPSS Statistics product family.

SPSS Direct Marketing is easy to use. From the module's opening dialog, you'll be presented with six techniques. To better understand your contacts, choose from RFM analysis, clustering or prospect profiling. If you are ready to improve your existing campaigns, select from postal code response rate, propensity to purchase or control package test.

Enter the relevant information and variables for each technique, and analyses that used to require multiple steps can be completed in minutes with a single selection. The intuitive interface guides you every step of the way, and the new Scoring Wizard makes it easy to apply models created by a trained statistician or data miner to score your data. The significance of the output is clearly explained, and it appears in easy-to-read color-coded charts – or in tables – and can be exported seamlessly to Microsoft Excel or Microsoft Word.

Identify your best customers with RFM analysis

If your company collects transactional and customer data, the RFM analysis tool in SPSS Direct Marketing can help you rank customers by value. The reasoning behind RFM analysis is simple: people who purchased once are more likely to purchase again. And the more frequently someone makes a purchase, or the more they spend, the more likely they are to purchase again.

With the increased use of email marketing campaigns and customer relationship management (CRM) software, RFM groupings have become an even more important marketing tool.

With SPSS Direct Marketing, you can conduct an RFM analysis in less than ten minutes and classify your customers according to those who have:

- Purchased most recently
- Purchased most frequently
- Spent the most

Using RFM analysis, customers are assigned a bin number, such as 1, 2, 3, 4 or 5 for each RFM parameter. The total of these provides a figure referred to as an RFM rank or score. Lower scores identify customers who have spent the least, or rarely, or who have not purchased for a long time.

Send the right messages with clustering

Perhaps your organization or company has an umbrella marketing campaign that you'd like to customize for different groups, or "clusters" of contacts, who vary by industry, age, gender, or ethnicity. If you need to discover which groups of prospects or customers share similar characteristics and differ from other groups, segment your contacts into clusters.

SPSS Direct Marketing has a cluster analysis tool that enables you to immediately produce clusters of contacts, assign certain "personas" to each cluster, and develop targeted messages and marketing campaigns for every group.

See which campaigns perform best

To test an existing campaign against new campaigns, collect your data and run a control package test in SPSS Direct Marketing. Color coding enables you to see easily which of the new (test) packages is most likely to produce a response rate that out-performs your existing (control) package. As a result, your team can identify the winning campaign and make smarter decisions about which package or packages to eliminate.

Generate profiles of contacts who responded to an offer

In addition to identifying which package produced the best response, you can also use SPSS Direct Marketing to produce profiles of those people who responded to the test campaigns. Select the prospect profiling tool, which relies on classification trees, to pinpoint specific characteristics in the data, such as age, marital status and job functions.

With this information, you can contact a list broker and provide the profiles of the responsive customers. In turn, the list broker can compile a mailing list of prospects with similar characteristics–increasing the likelihood that they will respond to your organization's campaign.

Select which contacts are most likely to purchase

Like many organizations, you may be facing a shrinking marketing budget–and trying to decide which of your many marketing campaigns will provide the most ROI.

With SPSS Direct Marketing, you can maximize the value of your remaining budget quickly by selecting the customers who are most likely to respond to your campaigns, and creating models to score other data. The propensity to purchase tool relies on previous response information and customer characteristics to build a model that predicts which customers are likely to respond to an offer–so you can eliminate those customers least likely to respond from your mailing lists, and stay within your budget.

Identify top responders by postal codes

Would your organization like to determine the best location for adding an agency or a brick-and-mortar store? If your team works with a large volume of customer data and wants to uncover a geographic bias, use the SPSS Direct Marketing postal code response tool to identify a list of postal codes that have shown the highest rates of response to your marketing campaigns. Once you've identified the top performing postal codes, you can plan with confidence the best locations for a store or agency.

Allocate marketing dollars more effectively

You can write RFM scores, prospect profiles and response rates back to existing data, or write them to a new data file created with select variables from existing data. With appended scores and data, you can quickly build lists of certain customers and adapt your marketing strategies for each customer group.

Use SPSS Direct Marketing to better understand your customer groups and identify the most valuable customers for your organization, whether those are the customers who purchase most frequently, spend the most or share certain characteristics. Likewise, you can also discover which customers are likely to respond to certain offers or which customers haven't purchased anything for a long time, and then develop marketing plans tailored to cultivate those customer groups.

SPSS Direct Marketing enables you to maximize the ROI of your marketing budget. Whether you're launching new campaigns, testing campaigns, looking to increase cross-sell and up-sell revenue, or even planning to open an office or store, you can use SPSS Direct Marketing to classify your customers – and make better business decisions.

Using clustering and control package testing in insurance

Consider, for example, how a direct marketing campaign manager at an auto and homeowner's insurance company uses SPSS Direct Marketing to gain the most value from her marketing budget. She has hired an external advertising agency to produce a new marketing campaign. That agency has asked the campaign manager to identify groups of customers, or "clusters," that share similar characteristics, and are as different from other groups as possible. The agency would like to use this information to develop customized messages and personas for each group. The campaign manager uses the cluster analysis tool in SPSS Direct Marketing to create a dataset of customer groups.

Using the creative packages developed by the agency, the campaign manager assembles a test campaign that includes a control package that her company used successfully for 18 months, and two versions of test packages, Test A and Test B. She executes the campaign, and after 60 days of responses she uses the control package testing feature in SPSS Direct Marketing to compare the results of the three tests. She discovers that Test A outperforms both the control package and Test B.

As a result, the campaign manager can target the right customers with the right creative packages. This enables her company to maximize its marketing dollars, improve response rates and efficiently plan campaigns.

Gain greater value with collaboration

SPSS Direct Marketing is available for installation as client-only software but, for greater performance and scalability, a server-based version is also available.

To share and re-use assets efficiently, protect them in ways that meet internal and external compliance requirements, and publish results so that a greater number of business users can view and interact with them, consider augmenting your SPSS Statistics software with IBM SPSS Collaboration and Deployment Services. More information about these valuable capabilities can be found at **ibm.com**/spss/cds.

Flexible implementation options

Our statistical software is available individually as well as in three editions: IBM SPSS Statistics Standard, IBM SPSS Statistics Professional and the IBM SPSS Statistics Premium. By grouping essential capabilities, these editions provide an efficient way to ensure that your entire team or department has the features and functionality they need to perform the analyses that contribute to your organization's success.

Features
RFM analysis

Rows contain either customers or transactions

- Compute RFM scores from a dataset in which each row contains the aggregated data for one customer or the data for one transaction
    – You won't need to conduct extensive data preparation of your transactional data, so you'll get results more quickly

Define recency data by date or by interval

- Accept recency data in the form of a transaction date or in the form of the time interval since the transaction
    – There's less need for data preparation, so you'll get results more quickly and reduce the likelihood of possible errors

Append the RFM results directly to your data or a new data file so you can quickly identify and build lists of high-value customers

Output

- Output histograms for all three variables using the entire dataset
    – See how the variables are distributed: graphically display frequency distributions for the date of the last transaction, the number of transactions, and their amounts
    – Use the bin count chart to view the results of the binning process and decide whether certain settings should be changed
- Output an average monetary value chart using the entire dataset to pinpoint how recency, frequency and spending are related in the sample
- Leverage improved, descriptive text to help explain – in everyday language – the output from executed procedures

Custom variable names

- Allow users to specify their own names for variables
    - Choose variable names that are meaningful to you

Cluster Analysis and Contact Profiling

Display options

- Display tables and charts that describe each cluster and the characteristics that define the cluster

Segment options

- Save a new field (variable) that identifies the segment corresponding to each case
    - Specify how many segments to include in the cluster
    - Automatically determine the best number of segments

Output profile descriptions

- Contact Profiles output includes a table that provides descriptions of each profile group and displays response rates, cumulative response rates and a chart of cumulative response rates

Control Package Test

Output

- Display counts and percentages of positive and negative responses for the control and test packages
- Determine whether the control package and test package and test package are statistically different

Propensity to Purchase analysis

Propensity to Purchase diagnostic output

- Display charts and tables to show overall model quality, goodness of fit and a classification table that compares responses

Zip Code Response

Create output for postal code response rates

- Create a new dataset that contains response rates by postal code
    - Create tables and charts that summarize the results by decile rank
    - Color-code tables to highlight the users you are targetingGroup postal codes
- Users can choose general response rates based on N characters, three digits, five digits or the complete value of a postal code

All procedures

- Export results to Excel

System requirements

Requirements vary according to platform. For details, see
ibm.com/spss/requirements.

About IBM Business Analytics

IBM Business Analytics software delivers actionable insights decision-makers need to achieve better business performance. IBM offers a comprehensive, unified portfolio of business intelligence, predictive and advanced analytics, financial performance and strategy management, governance, risk and compliance and analytic applications.

With IBM software, companies can spot trends, patterns and anomalies, compare "what if" scenarios, predict potential threats and opportunities, identify and manage key business risks and plan, budget and forecast resources. With these deep analytic capabilities our customers around the world can better understand, anticipate and shape business outcomes.

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