

# CASE STUDY

## Business Growth by Expanding New Customers

Industry: Catalog – Apparel



### Challenge

Like many cataloguers, our client, a multi-channel apparel retailer, had focused their prospecting efforts on tried-and-true methods: co-op lists of buyers in their category, and directly-sourced lists from buyers of specific competitive and complementary brands. The problem: they ended up concentrating on a narrow pool of consumers who fit a tailored buyer profile, one that was derived simply based on a “TV target” of age, gender and income. Even worse, by concentrating on “hotline” names of recent buyers, they ended up cycling through the same narrow prospect base over and over through time. They needed to broaden their prospecting base or continue to see their response rates and revenue decline.

### Project Goals

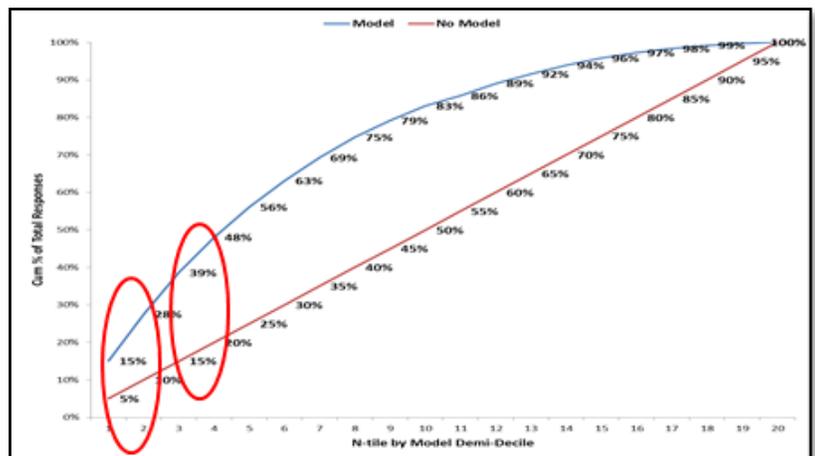
1. Identify pool of new prospects with high category and brand affinity to broaden their base
2. Drive higher demand both through the direct channel and at retail by tailoring offers according to channel affinity and purchase history

### Approach

Our proprietary methodology starts with an examination of available primary and secondary research sources to develop hypotheses about characteristics of consumer households with high brand affinity, beyond the “TV target” profiles. This may take the form of one or more target audience groups, depending on the category. For our catalogue client, we **identified two core audiences: self buyers, and those buying for another household member.** Using a statistical proximity technique, we further honed in on these groups by ranking descriptive household variables according to how strongly they related to target audience membership.

**This gave us a refined set of input variables to enter into our look-alike modeling process, which resulted in one model for each target group.**

Finally, we scored each available household against each model, and assigned a household to a single target group based on strength of model score. **We then reduced the prospect pool to only those households that most closely aligned with their assigned target group, indicating greatest potential brand affinity.**



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#### Approach (Continued)

The resulting initial prospect list was entered into the mail merge process as the last of 25 prospecting strategies. Results from this initial mailing placed Anthem’s list in the top 5 out of 25 strategies – without us ever having touched the client’s purchase history data.

When response data from the test was made available, including actual purchase data, we were able to take several actions: validate our ingoing hypotheses; develop a responder profile; and begin to explore channel and product affinities. This allowed us to refine our list selection strategies even further for subsequent mailings.

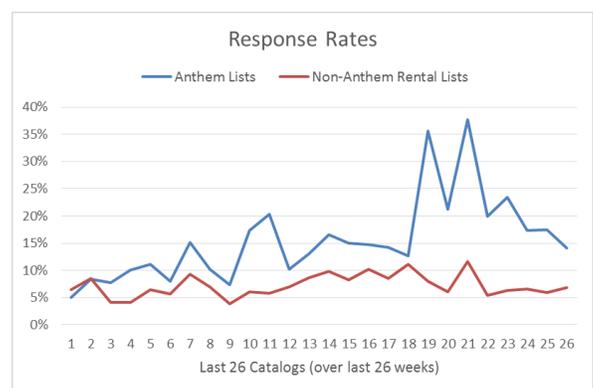
Person	Merchandise Type Match	Catalogues Recently Mailed	Mail Decision Next 30 Days
	High- All Categories	None in 60 Days	
	High- Athletic Low- Casualwear	None in 60 Days	
	Medium- Athletic High- Casualwear	Casualwear- 10 days ago	None
	High- All Categories	Athletic- 15 days ago	

Over time, as we built our transactional knowledge base, we were able to introduce testing based on catalogue characteristics and product appeals, meaning prospects could be sent only the catalogs selling the type of merchandise that most likely to appeal to them. Furthermore, the expected purchase dollar amounts could be estimated, providing additional flexibility on targeting.

When the goal of a catalog drop was to get as many new orders as possible, targeting was based on responsiveness alone. But when the goal was to maximize sales, targeting could be adjusted to include more high-dollar purchasers.

#### Results

Anthem’s initial test list was inserted in the first mailing as the final selection out of 25 strategies. When results were analyzed, Anthem’s list placed among the top five strategies. **As we have continued to refine our process, Anthem’s lists have consistently ranked among the top three strategies, with a response rate index over 230 compared to other lists.** Anthem has gone from the final selection strategy in the merge process to the top selection strategy, and has gone from providing less than 10% of mailed names to **providing greater than 50% of mailed names, all while driving increased cross-channel demand.**



Contact us for more success stories and to see how we can help you maximize your customer value.

**Retail · Restaurant · Consumer Packaged Goods · Consumer Services**

#### About Anthem Marketing Solutions

*Recognized as one of the fastest growing companies in America, according to ICIC and Fortune Magazine, Anthem Marketing Solutions provides data driven solutions to today’s omni-channel marketers, focusing on growing long-term customer value.*