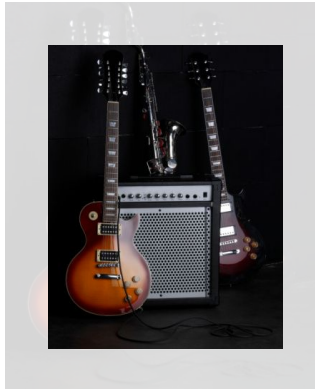


# Case Study:

*Re-mixing Marketing Communications through Modeling & Analytics*



## Situation

A large chain of musical instruments stores was using three direct mail tactics to generate sales in its brick-&-mortar stores: monthly generic catalog, monthly generic foldout, and a quarterly specialty mini-catalog. The company sent out upwards of 70 million pieces annually. While campaign results were positive, the client had business concerns: are we looking at the business correctly, are we communicating with customer as effectively and efficiently as possible, can we reduce costs without sacrificing results or making the programs less attractive to potential co-op partners?

## Solution Approach

First, MSC developed and implemented a model to rank customers based on their likeliness to respond to marketing communications efforts. Next, MSC conducted a cascade segmentation analysis to determine customer segmentation opportunities for more targeted communications. Through the analysis, it was determined the product hierarchy being used was not conducive to marketing efforts. By re-classifying thousands of SKUs into more accurate product categories and performing a correlation comparison, MSC identified 4 groups for targeted communications. Based on the analysis, MSC recommended the client re-structure its marketing programs to fewer, more targeted tactics, versioning communications based on the revised product segmentation with the model driving the audience selected.

## Results

This company completely revamped their direct marketing communications. The monthly versions still include listing from all product categories, however, they are now versioned to include more products in the main category of interest to the audience segment. Year-over-year, the client was able to reduce the mail quantity by 22%, saving hundreds of thousands of dollars - without sacrificing results. In fact, sales increased by 29%! With the money saved, the company was able to test new programs, and also create a new internal analytics team.