

Predictive Modeling

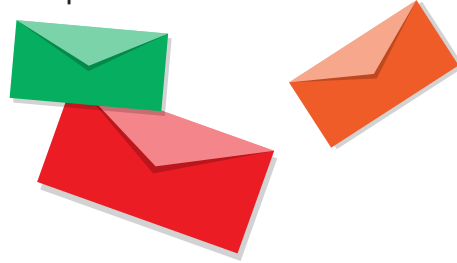
A Warranty Company saved \$80,000 per month per mailing after creating a predictive model based on their best customers

➤ The Situation:

A warranty provider sells extended warranties
They currently mail approximately 400M records per month
They get these records from a variety of sources

➤ The Objective:

They wanted to mail "smarter" and increase response rates and purchase rates



➤ The Anchor Approach:

They wanted to explore data enhancements to expand the mailing universe, performance and efficiency
Anchor suggested building a series of predictive response models with different predictor variables

Three models were built

Model 1: This model used the broadest range of data including demographic, public data, buying history, offer history & engagement

Model 2: The data included in this model contained demographic, public data & proprietary Anchor data.

Model 3: Public records was the only data we used in this model because the client wanted to see the results when no other data was available.

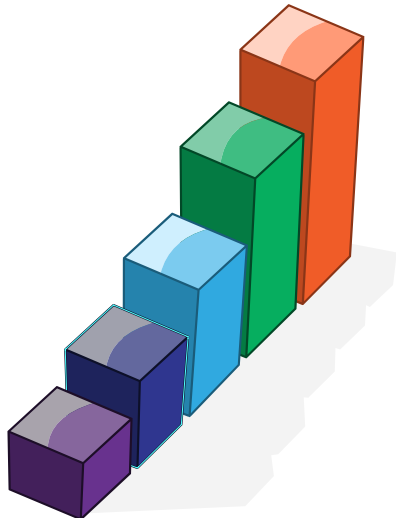
Results: These showed mailing offer response ratios in the 5:1 and 6:1 range

Model Validation:

- 2 months of mailings
- Scored the mailings with all 3 models
- Ranked into deciles
- Matched responses to mail records



Results: Each model Increased Response Rates & Reduced Cost



The Results:

- Client now mails offers to 60% of the names
- Gets an 80% response rate – LOWER COST PER RESPONSE
- That is an average monthly savings of \$80,000
- Can expand mailings to specific geographies provided
- Model can be used to develop an efficient contact strategy (varying the contact frequency)
- Demographic and lifestyle profiles can be used to create more relevant communications

Call your sales representative or Nancy for a free consultation 631-306-9364



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