

3 Key strategies for applying predictive models to improve ROI across your organization



With today's competitive markets, businesses increasingly need highly tailored approaches to win and retain customers. This introduces a host of challenges: How do you offer the right message, to the right person, at the right time? Or determine which services will best suit specific customers? Or plan in advance which offers deliver the most value to certain individuals, and benefit the business as well?

Predictive analytics can deliver the answers. Using real-world examples from the worlds of financial services, media, telecom, and retail, we'll illustrate how you can use predictive modeling to boost the value of your business.

Start with strategy and collaboration

To [get the most out of predictive analytics](#), it's best to start with a clear strategic plan of what you want to achieve, why it's important to your business, and where you can have the greatest impact on your bottom line.

To set the stage for successfully implementing predictive models across an organization, it's also critically important to involve all relevant stakeholders early. You need to build buy-in and collaboration, and determine if you can augment existing resources or need to build new systems. By laying this foundation, you'll have a clearer path for putting your data-driven models to work.

Putting predictive models into action – 3 Key strategies (mini case studies)

Here are a few examples of how you can leverage predictive models to grow your business.

1 Targeting the most favorable prospects for an email campaign using predictive ranking

- **Goal of the model:** Increase efficiency by targeting customers who are most likely to respond.
- **How the model works:** Your business could send email to customers every week, such as offers related to recent purchases or incentives to boost momentum through the customer lifecycle. However, you may run the risk of being targeted as generating spam. To avoid alienating customers with "email fatigue," it can be more effective to only send email to those most likely to respond favorably to a given offer. In other words, send the right message, to the right person, at the right time. But how do you do it?
We can help you figure this out by examining the past behavior of your customers, and map that behavior to your current situation to find those customers most likely to take action now (the right time). Our predictive modeling usually reveals common characteristics for each customer segment. These characteristics help you craft the right message, and you can send unique messages to each segment.
For a major newspaper, we were able to determine which of the news sections customers read mattered in terms of subscription behavior. Our client could then customize offerings focused on specific subject areas, matching text and visuals to appeal to the right customers.
- **Best practice tip:** Measure results to check for campaign effectiveness and to assist in improving the predictive model for future campaigns.



2 Improving customer retention with enhanced call center solutions based on behavioral segmentation

- **Goal of the model:** Enhance call center profitability by identifying a caller's behavioral segment and likely reasons for dissatisfaction. This allows the business to plan response strategies in advance, such as targeted service opportunities and incentives that help retain and strengthen the customer relationship.
- **How the model works:** Along with resolving issues, call centers can increase the value of customers who call in by offering up-sell or cross-sell opportunities. But how does a company know in advance what to offer to ensure the most benefit to the customer and the business? You can use predictive analytics to make models that predict the cross-sell and retention opportunities based on customer behavior, and then assess offerings in advance for the potential to meet specific customer needs.

As an example, we worked with a large mobile phone operator to build predictive models targeting which customers were likely to call to cancel in the next 28 days, by highlighting specific behaviors for different groups of customers. Marketing, sales, and finance staff could then evaluate those behaviors, craft offers to address each situation, and prioritize by customer segment, based on predicted likelihood to respond. They then fed this information into the call center, so service reps could make offers that met customer needs and aligned with business objectives. Customer responses to the offers were then stored in the data warehouse so the predictive analytics team could use that data to further refine the next cycle of models.

- **Best practice tip:** To make best use of this solution, ensure you have effective communication and collaboration between all relevant lines of business across the organization. This helps you build clarity and consistency into the customer experience, and ensure you can deliver on promises made –a key to brand loyalty.

3 Increasing Sales and Marketing effectiveness with targeted messages based on customer segments

- **Goal of the model:** Boost ROI by understanding customer preferences and viewpoints to more effectively meet their needs.
- **How the model works:** Many businesses create a range of products to align with different customer constituencies. But how does a company choose which product to offer to each person? Or which features will best suit specific customers? To help answer these questions, we've used predictive analytics to segment customers into groups by similar behaviors, and then look at how those behaviors imply different types of customers. We could then map product and service offerings to each customer segment, and even assign preferred products or messages to specific customers. In this way, the [models helped the business know how to provide the most relevant offerings to each customer segment](#).
- **Best practice tip:** Build consistent, fluid communication between analytics teams and customer-facing teams to ensure understanding of customer insights is complete, relevant, and timely.



Innovating the future of your business strategy

Once you get rolling, you can innovate numerous ways to leverage [predictive analytics](#) for more profitable outcomes across your organization: Identify strategies to reduce attrition; target improvements at key touch points to accelerate issue resolution; increase cross-sell rates with [sophisticated customer segmentation](#); boost the value of your Voice of the Customer program. Whatever your objectives, predictive modeling can help you transform mountains of customer data into valuable insight that can make a powerful difference for both your customers and your business.

Let's Talk

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