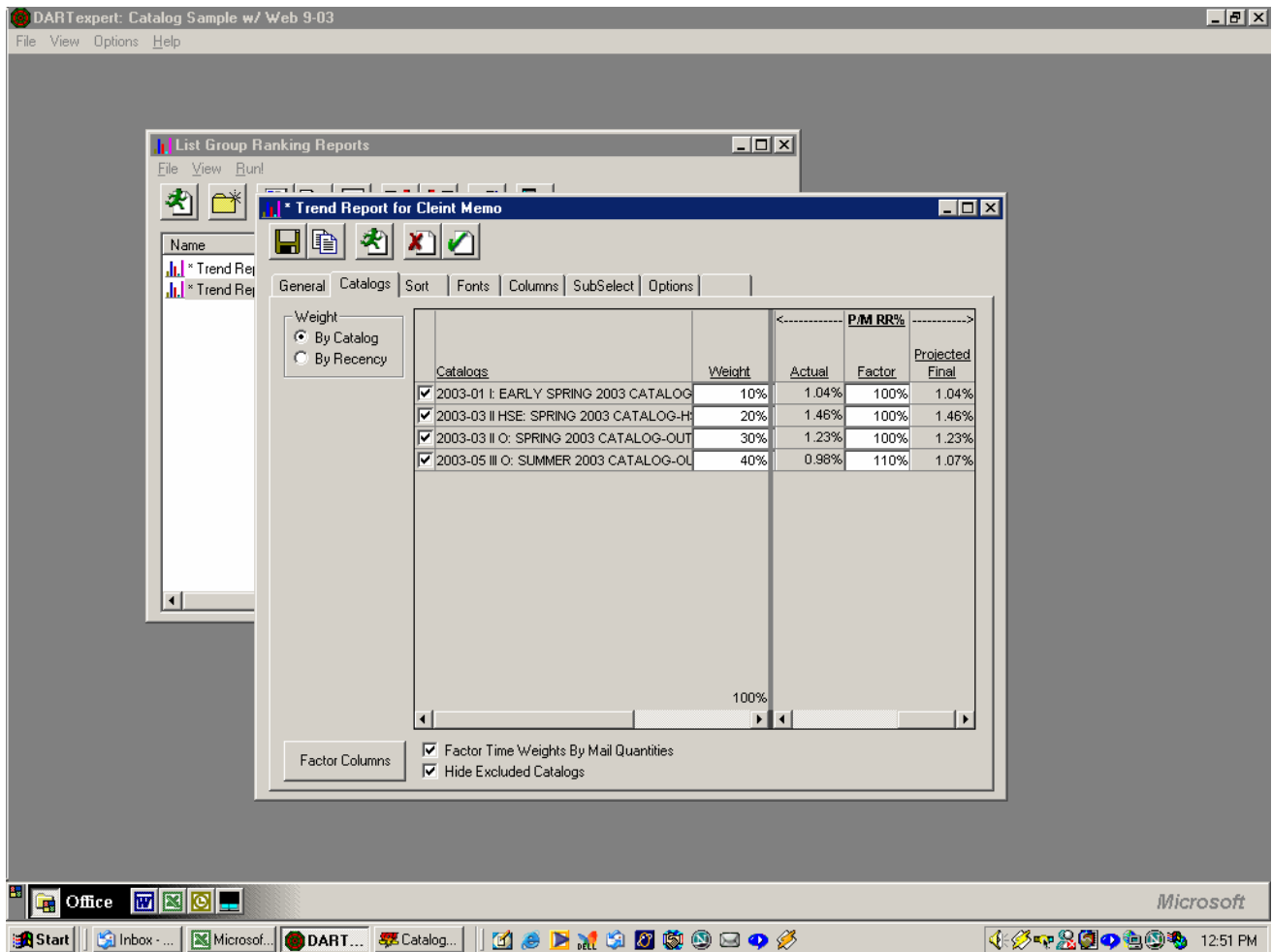


CLIENT MEMO: MULTI-CHANNEL ANALYSIS: CAPTURING FULL CUSTOMER VALUE

Many catalog marketers already use **DART** to analyze and clarify catalog response data amidst a complicated array of market factors: varying book sizes, product mix, and seasonality. But as catalogers become more familiar with the system and start to assimilate data from across multiple marketing channels, **DART** can be used to play an even more powerful role in maximizing overall promotion success. Below is a case study of fictitious “*Catalog X*” multi-channel marketer. See how the mailing conclusions change as integrated marketing data are considered in addition to just catalog mailing results, and how the full power of **DART** can be applied!

Step I: Using DART to Analyze Traditional Catalog Mailing Response

Catalog X loaded all historical response, revenue and cost data by individual campaign into **DART**. Initially, focusing on catalog results only, the planners’ set their goal to mail 500,000 catalogs for their next drop while maximizing contribution per order for the company. The first step was to use **DART**’s Trend function to analyze performance of each list segment and predict the expected response and profit for that segment going forward.



The screenshot shows the DARTexpert software interface. The main window is titled "Trend Report for Cleint Memo" and displays a table with the following data:

Catalogs	Weight	Actual	Factor	P/M RR%	Projected Final
2003-01 I: EARLY SPRING 2003 CATALOG	10%	1.04%	100%		1.04%
2003-03 II HSE: SPRING 2003 CATALOG-H	20%	1.46%	100%		1.46%
2003-03 III O: SPRING 2003 CATALOG-OUT	30%	1.23%	100%		1.23%
2003-05 III O: SUMMER 2003 CATALOG-OL	40%	0.98%	110%		1.07%

The interface also includes a "List Group Ranking Reports" window and a taskbar at the bottom with various application icons and a system clock showing 12:51 PM.

In setting up the Trend Report, *Catalog X* planners identified the previous year's catalogs to be used in the calculation. In this case, Spring and Summer drops 2003 were used to predict Summer 2004. Furthermore, certain adjustments were made to increase the accuracy of the results: First, last years catalog results were weighted by importance at 40%, 30%, 20% and 10%, based on month mailed. In addition to time weights, last year's results were also factored by mail quantities. Lastly, **DART's** factoring capability allowed planners to adjust up the actual catalog response of Summer 2003 by 10% to make up for product mix deficiencies last year that they do not expect to recur going forward.

The results of the Trend Report were then used to estimate each list's expected performance, and create a Portfolio of lists available to mail, including each list's expected catalog response and contribution. *Catalog X* planners then ran **DART's** Plan Projection to select 500,000 names to mail based on their criteria of maximizing contribution per order. Of the 43 lists available, 13 were chosen to meet this goal. Demand for the mailing was projected to be \$1,089,653 with a contribution of \$2.55 per order or \$28,222 total.

DART expert: Catalog Smpl w/ Web 9-03
File View Options Help

Projection Summary Memo -Catalog Only

File

FINAL MAILING PLAN SUMMER 2004

Database: Catalog Smpl w/ Web 9-03
Report Name: Projection Summary Memo -Catalog Only
Date: 04
Time

Rank	List Name	Selection	Names Input	Circ(M)	P/M Resp%	P/M Orders	Phone/Mail Demand	Contr /Ord	Cumulatives				
									Circ(M)	P/M Resp%	P/M Orders	Contr /Ord	Contrib
1	LEARNING GARDENS	6 MOS \$50+	100.000	70.285	2.83%	1,992	\$219,817	\$17.00	70.285	2.83%	1,992	\$17.00	\$33,864
2	JOE'S ANTIQUES	12 MOS \$50+ ZB	49.757	38.931	2.85%	1,110	\$110,179	\$15.17	109.216	2.84%	3,102	\$16.34	\$50,701
3	NATURE & THINGS	6 MOS \$75+ ZD	74.469	52.387	2.45%	1,283	\$128,181	\$5.66	161.603	2.71%	4,385	\$13.22	\$57,960
4	EARTH NEWS	6 MOS \$50+ ZD	27.286	20.953	2.64%	554	\$48,220	\$5.31	182.556	2.71%	4,939	\$12.33	\$60,901
5	HOLD ON	6 MOS \$75+ CC	39.600	29.387	2.71%	797	\$54,244	(\$0.99)	211.943	2.71%	5,736	\$10.48	\$60,110
6	YARDWORK	6 MOS \$50+ ZD	42.701	33.251	2.15%	713	\$75,421	(\$1.07)	245.194	2.63%	6,449	\$9.20	\$59,349
7	KIDS SPECIALTY TOYS	6 MOS \$50+	28.644	23.094	2.04%	470	\$46,348	(\$1.90)	268.288	2.58%	6,919	\$8.45	\$58,458
8	HOMES MONTHLY	12 MOS \$50+ ZA	100.000	76.757	1.84%	1,411	\$146,744	(\$2.51)	345.045	2.41%	8,330	\$6.59	\$54,912
9	SKYWAYS	4TH QTR \$50+	15.000	12.860	1.80%	231	\$23,934	(\$2.79)	357.905	2.39%	8,561	\$6.34	\$54,267
10	FRONTYARD	6 MOS \$50+	32.000	23.250	1.78%	413	\$40,692	(\$5.42)	381.155	2.35%	8,974	\$5.80	\$52,028
11	O&M CLOTHING	6 MOS \$100+	15.000	10.657	1.70%	181	\$18,248	(\$9.75)	391.812	2.34%	9,155	\$5.49	\$50,263
12	VJS CASUALS	3 MOS \$100+ ZA	91.007	77.870	1.79%	1,397	\$125,772	(\$10.44)	469.682	2.25%	10,552	\$3.38	\$35,679
13	VJS CASUALS	3 MOS \$100+ ZB	37.002	33.694	1.56%	524	\$51,853	(\$14.23)	503.376	2.20%	11,076	\$2.55	\$28,222
Grand Totals:			652.466	503.376	2.20%	11,076	\$1,089,653	\$2.55	503.376	2.20%	11,076	\$2.55	\$28,222

Microsoft

Start Mi... Ch... Inb... D... Ca... 7:31 AM

While *Catalog X* was pleased with its initial mail plan, the data collection system at the company had recently been updated to include not only catalog response, but internet and retail results as well. While the data collection was not perfect, and certain estimations had to be used in allocating unallocated orders, the planners decided to see how **DART** could help improve the analysis.

Step II: Using DART to Analyze Multi-Channel Response

Additional data, such as response and profit by channel, can be electronically uploaded to **DART's** historical records at any time, and once input is automatically carried forward through all steps of the planning process. In this example, *Catalog X* uploaded internet orders, revenue and costs associated by key with the original catalogs mailed. They then reran the Trend, created a new Portfolio of lists and used the Plan Projection to see which lists should be selected given this new information.

As we can see by the revised mail plan below, taking into consideration the additional multi-channel results made a significant difference in both overall performance and individual list selection. In the second plan, two new lists were added, **STYLES** and **GREEN**, whose phone/mail response was low, but after including internet orders, easily made the cut. Furthermore, overall contribution to the company from this plan is significantly higher given the same mailing volume. Knowing the full, multi-channel performance by list gives *Catalog X* a better overall picture of the marketplace and will result in a better mailing decisions and analysis.

DART expert: Catalog Smpl w/ Web 9-03

File View Options Help

Plan Management Reports

File View Run!

Projection Summary Memo -Cat+Int

File

FINAL MAILING PLAN SUMMER 2004

Database: Catalog Smpl w/ Web 9-03 Date: 04/06/2004

Report Name: Projection Summary Memo -Cat+Int Time: 13:25

List Rank	List Name	Selection	Names Input	Circ(M)	P/M Resp%	Web Resp%	Total Resp%	Total Orders	Total Demand	Contr /Ord	Cumulatives				
											Circ(M)	Total Resp%	Total Orders	Contr /Ord	Contrib
1	LEARNING GARDENS	6 MOS \$50+	100.000	70.285	2.83%	0.43%	3.26%	2,293	\$239,382	\$19.60	70.285	3.26%	2,293	\$19.60	\$44,942
2	JOE'S ANTIQUES	12 MOS \$50+ ZB	49.757	38.931	2.85%	0.30%	3.15%	1,227	\$121,518	\$18.80	109.216	3.22%	3,520	\$19.32	\$68,008
3	NATURE & THINGS	6 MOS \$75+ ZD	74.469	52.387	2.45%	0.72%	3.17%	1,660	\$166,364	\$16.98	161.603	3.21%	5,180	\$18.57	\$96,187
4	STYLES	12 MOS \$50+	51.144	34.269	0.98%	1.80%	2.78%	952	\$84,367	\$12.96	195.872	3.13%	6,132	\$17.70	\$108,526
5	EARTH NEWS	6 MOS \$50+ ZD	27.286	20.953	2.64%	0.41%	3.05%	640	\$57,253	\$12.31	216.825	3.12%	6,772	\$17.19	\$116,406
6	SKYWAYS	4TH QTR \$50+	18.000	15.432	1.74%	0.56%	2.29%	354	\$37,862	\$11.91	232.257	3.07%	7,126	\$16.93	\$120,622
7	HOMES MONTHLY	12 MOS \$50+ ZA	100.000	76.757	1.84%	0.80%	2.64%	2,025	\$177,585	\$7.10	309.014	2.96%	9,151	\$14.75	\$135,004
8	KIDS SPECIALTY TOYS	6 MOS \$50+	25.000	20.156	2.09%	0.24%	2.33%	469	\$46,552	\$5.38	329.170	2.92%	9,620	\$14.30	\$137,525
9	YARDWORK	6 MOS \$50+ ZD	40.000	31.148	2.16%	0.29%	2.46%	765	\$79,307	\$5.25	360.318	2.88%	10,385	\$13.63	\$141,541
10	FRONTYARD	6 MOS \$50+	20.000	14.531	1.87%	0.26%	2.13%	310	\$29,773	\$2.98	374.849	2.85%	10,695	\$13.32	\$142,464
11	HOLD ON	6 MOS \$75+ CC	30.000	22.263	2.79%	0.10%	2.88%	642	\$44,597	\$1.96	397.112	2.85%	11,337	\$12.68	\$143,722
12	VJ'S CASUALS	3 MOS \$100+ ZA	91.007	77.870	1.79%	0.44%	2.23%	1,736	\$158,100	\$1.84	474.982	2.75%	13,073	\$11.24	\$146,915
13	GREEN	12 MOS ZE	20.000	15.807	1.02%	0.80%	1.82%	287	\$29,625	\$1.13	490.789	2.72%	13,360	\$11.02	\$147,239
14	O&M CLOTHING	6 MOS \$100+	15.000	10.657	1.70%	0.28%	1.98%	211	\$21,507	\$0.07	501.446	2.71%	13,571	\$10.85	\$147,253
Grand Totals:			661.663	501.446	2.13%	0.58%	2.71%	13,571	\$1,293,792	\$10.85	501.446	2.71%	13,571	\$10.85	\$147,253

Microsoft Office

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1:31 PM

In the new mail plan, total orders increased from 11,076 to 13,571. Contribution per order increased from \$2.55 to \$10.85 per order, and contribution increased from \$28,222 to \$147,253 for a \$119,031 increase in bottom line performance.

Step III: Looking for New Customers

While *Catalog X* was very pleased with the expected profitability of the new catalog projections, they also remembered that they need to attract a certain number of new customers each mailing to maintain their latest 12 month file. While they had not been tracking new customers by list, they knew that roughly 10% of total orders represented new customers to the company. How would the mail plan change if *Catalog X* wanted to realize a minimum of 15,000 orders, up from the 13,571 projected by solely optimizing contribution?

Quickly and easily, *Catalog X* planners reran a plan in **DART** with a goal of 15,000 orders. The results are shown below.

DART expert: Catalog 5mpl w/ Web 9-03

File View Options Help

Projection Summary Memo -Cat+Int

File

Database: Catalog 5mpl w/ Web 9-03 Date: 04/06/2000
Report Name: Projection Summary Memo -Cat+Int Time: 14:19:2

FINAL MAILING PLAN SUMMER 2004

List Rank	List Name	Selection	Names Input	Circ(M)	P/M Resp%	Web Resp%	Total Resp%	Total Orders	Total Demand	Contr /Ord	Circ(M)	Cumulatives			
												Total Resp%	Total Orders	Contr /Ord	Contrib
1	LEARNING GARDENS	6 MOS \$50+	100,000	70,285	2.83%	0.43%	3.26%	2,293	\$239,382	\$19.60	70,285	3.26%	2,293	\$19.60	\$44,942
2	JOE'S ANTIQUES	12 MOS \$50+ ZB	49,757	38,931	2.85%	0.30%	3.15%	1,227	\$121,518	\$18.80	109,216	3.22%	3,520	\$19.32	\$68,008
3	NATURE & THINGS	6 MOS \$75+ ZD	74,469	52,387	2.45%	0.72%	3.17%	1,660	\$166,364	\$16.98	161,603	3.21%	5,180	\$18.57	\$96,187
4	STYLES	12 MOS \$50+	51,144	34,269	0.98%	1.80%	2.78%	952	\$84,367	\$12.96	195,872	3.13%	6,132	\$17.70	\$108,526
5	EARTH NEWS	6 MOS \$50+ ZD	27,286	20,953	2.64%	0.41%	3.05%	640	\$57,253	\$12.31	216,825	3.12%	6,772	\$17.19	\$116,406
6	SKYWAYS	4TH QTR \$50+	18,000	15,432	1.74%	0.56%	2.29%	354	\$37,862	\$11.91	232,257	3.07%	7,126	\$16.93	\$120,622
7	HOMES MONTHLY	12 MOS \$50+ ZA	100,000	76,757	1.84%	0.80%	2.64%	2,025	\$177,585	\$7.10	309,014	2.96%	9,151	\$14.75	\$135,004
8	KIDS SPECIALTY TOYS	6 MOS \$50+	25,000	20,156	2.09%	0.24%	2.33%	469	\$46,552	\$5.38	329,170	2.92%	9,620	\$14.30	\$137,525
9	YARDWORK	6 MOS \$50+ ZD	42,701	33,251	2.15%	0.29%	2.44%	810	\$83,960	\$4.89	362,421	2.88%	10,430	\$13.57	\$141,484
10	VJ'S CASUALS	3 MOS \$100+ ZA	100,000	85,565	1.78%	0.44%	2.21%	1,893	\$172,411	\$1.53	447,986	2.75%	12,323	\$11.72	\$144,375
11	FRONTYARD	6 MOS \$50+	30,000	21,797	1.79%	0.26%	2.06%	448	\$42,985	\$1.27	469,783	2.72%	12,771	\$11.35	\$144,945
12	HOLD ON	6 MOS \$75+ CC	39,600	29,387	2.71%	0.10%	2.81%	826	\$57,408	\$1.13	499,170	2.72%	13,597	\$10.73	\$145,880
13	O&M CLOTHING	6 MOS \$100+	15,000	10,657	1.70%	0.28%	1.98%	211	\$21,507	\$0.07	509,827	2.71%	13,808	\$10.57	\$145,894
14	GREEN	12 MOS ZE	30,000	23,710	0.97%	0.80%	1.78%	421	\$43,410	(\$0.04)	533,537	2.67%	14,229	\$10.25	\$145,878
15	AIR SHOWS	3 MOS \$100+	15,000	12,844	1.89%	0.50%	2.39%	307	\$24,989	(\$2.85)	546,381	2.66%	14,536	\$9.98	\$145,002
16	VJ'S CASUALS	3 MOS \$100+ ZB	28,002	25,498	1.56%	0.36%	1.92%	489	\$46,858	(\$2.91)	571,879	2.63%	15,025	\$9.56	\$143,579
Grand Totals:			745,959	571,879	2.07%	0.56%	2.63%	15,025	\$1,424,411	\$9.56	571,879	2.63%	15,025	\$9.56	\$143,579

Microsoft Office

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Microsoft 2:29 PM

In this final plan, the order goal is achieved by simply added two more lists, AIR SHOWS and VJ'S CASUALS. Although circulation is increased by 70,433 catalogs, total contribution only decreases slightly by \$3,674 or 2.5%. *Catalog X* planners decide to go with this plan, believing it is the best way to combine both new customer and profit goals.