

ANNA

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HONORING THE TOP AWARD WINNERS FROM 2014



FEELING THE PULSE

PREDICTIVE MODELING SYSTEM DRIVES BOTTOM-LINE RESULTS AT C SPIRE

BY MICHAEL J. McDERMOTT



FROM LEFT TO RIGHT: BOB LIODICE OF THE ANA, JUSTIN CROFT OF C SPIRE, WES NICHOLS OF MARKETSHARE, AND GAINES CONAWAY OF C SPIRE.

ANALYTICS HAVE FUNDAMENTALLY CHANGED THE FACE OF MARKETING, AND THERE'S NO TURNING BACK.

As Wes Nichols, chief executive officer at MarketShare, a Los Angeles-based provider of cross-media analytics solutions for global marketers, puts it, “Analytics technologies have shifted from ‘nice to have’ to ‘need to have.’ I can’t name a single CFO or CEO or board member who only cares about ‘soft’ metrics like Gross Rating Point (GRP), brand preference, engagement, click-throughs, and the like. Marketing these days *must* be definitively and unambiguously linked to P&L impact.”

That’s the backdrop against which contenders for the 2014 ANA Marketing Analytics Leadership Award, presented by MarketShare, were judged. When the dust settled, a clear winner stood out. “C Spire displayed a highly impressive level of analytical rigor and innovation, which it used to drive outstanding results for the enterprise,” Nichols says, noting that the two runners-up, Citrix and Intel, also

demonstrated exceptional results in the highly competitive awards program.

C Spire, a privately held wireless communications company, was honored for its integrated, predictive next-best-action system. PULSE, as the system is known internally, is integrated into all the company's customer touchpoint channels.

The devil is in the details, of course, but the results speak for themselves. The integration of predictive upsell campaigns at C Spire has delivered the equivalent of an additional 3 percent of sales with no additional distribution costs or employees. The analytics program also has improved the effectiveness of customer-retention campaigns by 50 percent, and it is driving millions of dollars in incremental margin annually, reports Justin Croft, manager of brand platforms and analytics at C Spire and the person primarily responsible for the program's development. The results are even more impressive in certain areas. For example, predictive modeling is successfully driving behavior shifts, resulting in sales increases of up to 250 percent for cell phone cases and accessories.

GROWTH OF ANALYTICS

C Spire's analytics program got its start about four years ago, with an initial focus on customer retention. Retention has always been a key performance indicator for the company, but it relied primarily on "brute force" retention campaigns in the pre-analytics days. "At some point we hit a wall, and those campaigns just weren't getting us where we needed to be," Croft says. "We felt there was more in the data, more untapped opportunity that we couldn't quite put our finger on. That's what started us moving toward a more scientific, analytic approach to marketing and the customer experience."

Previously, C Spire had only been able to factor one or two individual risk factors into its retention campaign. Working with outside partners, it

developed several retention models that Croft says immediately demonstrated the value of analytics: "When we got the analytics tools and did the work to really put a scientific structure around the factors that were driving customers to leave, we found it was a combination of dozens of factors. Humans just can't derive that kind of insight on their own. Analytics allows us to find customers at risk and solve problems for those customers."

After quickly seeing success on the customer-retention front, Croft's team began looking for other ripe fruit to pluck. They zeroed in on the overall customer experience and marketing communications, which led to the creation of a real-time next-best-action platform that integrates analytics into the overall customer experience.

"We no longer have to say, 'Hey, we've got this really great message about a product or campaign, now whom should we send it to?' What we have transitioned to is, 'Hey, we have this customer named Mike. What should we say to him or do for him next?' In that sense, it really kind of flips the marketing paradigm," Croft explains. "It puts the customer back at the center of our operations and places the emphasis squarely on what is the right thing to do or say for every customer at our very next touchpoint."

Analytics provides C Spire with a level of marketing and customer service

5 BEST PRACTICES in the Use of Analytics

Justin Croft held a variety of positions in finance, planning, and marketing at C Spire before becoming manager of brand platforms and analytics. That breadth of experience has informed his thinking on best practices in the use of analytics. Here, in no particular order, are his top five:

1. **Have a clear goal in mind.**
2. **Plan how you are going to measure the outcome.** "If you can't measure the outcome, you need to ask yourself if you should be doing this at all," he cautions.
3. **Focus on integration. It's not enough to have a predictive model; you need a plan for how it will be integrated operationally to drive consumer behavior and business outcomes.**
4. **Be realistic in your expectations.** "Analytics is not a cure-all or a panacea," Croft points out. His experience has been that analytics typically returns a value-add on the order of 5 to 15 percent. If the expected improvement is projected to be toward the lower end of that range, then "make sure you start with a problem big enough that the 5 percent is going to matter," he says.
5. **Prepare to be cross-functional. Analytics can only reach its full potential when it is applied across groups and departments, not just within marketing.**

— M.J.M.

granularity never before possible. The analytics program is integrated into every customer touchpoint — the 1-800 self-service line, email and text marketing, mobile apps, retail point-of-sale. "So regardless of channel — manned or unmanned, inbound or outbound — we're able to be consistent and highly relevant," Croft says. "We are able to score and prioritize in real time what we say to you across dozens of predictive models and dozens and dozens of campaigns so that you have the best possible outcome." >>

CITRIX, INTEL

Also Impress

While C Spire walked away with the 2014 ANA Marketing Analytics Leadership Award (and \$50,000 for charities of the company's choice), the judges were impressed by the efforts of the other two finalists, Citrix and Intel.



Intel was honored for its MROI @ Intel team, which was formed to demonstrate that marketing is an investment, not just a spend. On an execution level, the MROI team guides Intel's marketing teams to optimal allocations of their investments, resulting in 1 to 3 percent increases in sales contribution from marketing within the marketing budget envelope. Incremental marketing investments in 2013 generated more than \$100 million in incremental revenues for Intel.



Citrix set out on its "analytics journey" in 2012 with the goal of improving its understanding of what drives demand for its products, what keeps customers engaged, and how it could more effectively use its marketing investments to reach the right customers at the right time. Within six months, it saw a 5 percent lift in sales and a 465 percent return on its investment. Analytics is now a mission-critical group that delivers positive top- and bottom-line impact. A cross-functional team representing various departments and regions around the world meets regularly to review data, determine necessary adjustments, and advise on next steps. — M.J.M.

IMPROVING DECISION MAKING

Measurement is critical to the success of any analytics campaign, and C Spire uses control groups for all its campaigns to ensure a rigorous statistical model and enable it to measure outcomes accurately. It knows what its recommendation is for each customer, what is discussed, and whether or not the customer acts on it. Measuring each of those data points and tracking where things are dropping off through the funnel lets the marketing team determine whether it needs to work on a campaign's relevancy, change its target, or step up in-store coaching for associates. "We look at all those different aspects as we try to drive our outcomes," Croft says.

While C Spire's analytics program is driving incremental sales, revenue, margin, and customer retention, Croft believes it is also responsible for moving the entire company in the direction of being more analytical around decision making. "We've always been a very data-driven company, with lots of discussion about the numbers and what happened yesterday," he says. "But now it's more about finding ways for us to make decisions smarter. I feel we're making progress not just in having a sales and service tool, but in adding value across lots of different departments in daily operations by muscling up decision-making capabilities."

The analytics team at C Spire includes a Ph.D. statistician, a business analyst, a campaign strategist, and a marketing database analyst.

Croft's role, he quips, "is really to stay out of their way and help funnel work to them." Internally, the program receives broad support, with Croft describing executives throughout the enterprise as "very supportive of the overall idea of analytics and of making smarter, more statistically based decisions. I haven't had any trouble there. The director and vice president of marketing are absolutely gung ho about analytics and have really helped us grow the program and do all these things we've been talking about. I feel very supported."

Croft's counterparts at some other companies might feel a twinge of envy when they read those words. A challenge for marketing has always been finding data-based ways to demonstrate the marketing function's value to the organization, especially in the eyes of the financial team. The capability that analytics technologies provide to relate specific marketing tactics to specific outcomes promises to help bridge that gap, and Croft believes it's helped boost marketing's standing within C Spire.

MarketShare's Nichols points to the impressive numbers posted by C Spire and the other finalists for the 2014 ANA Marketing Analytics Leadership Award as the kind of thing that resonates at the C level, particularly with the numbers folks. "These are the results that occur when analytics look beyond the siloed campaigns and simple marketing mix and rudimentary forms of digital attribution — in other words, beyond the kind of numbers that finance teams can perceive as being self-serving — to instead provide clear insight into marketing's impact on the bottom line," he says. "And by definitively linking their activities to P&L, CMOs are not only creating significant business impact for their companies, they are also elevating their credibility within the organization." 