35TH
ANNIVERSARY

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Expand your commercial footprint in the new world of business-to-business prospecting

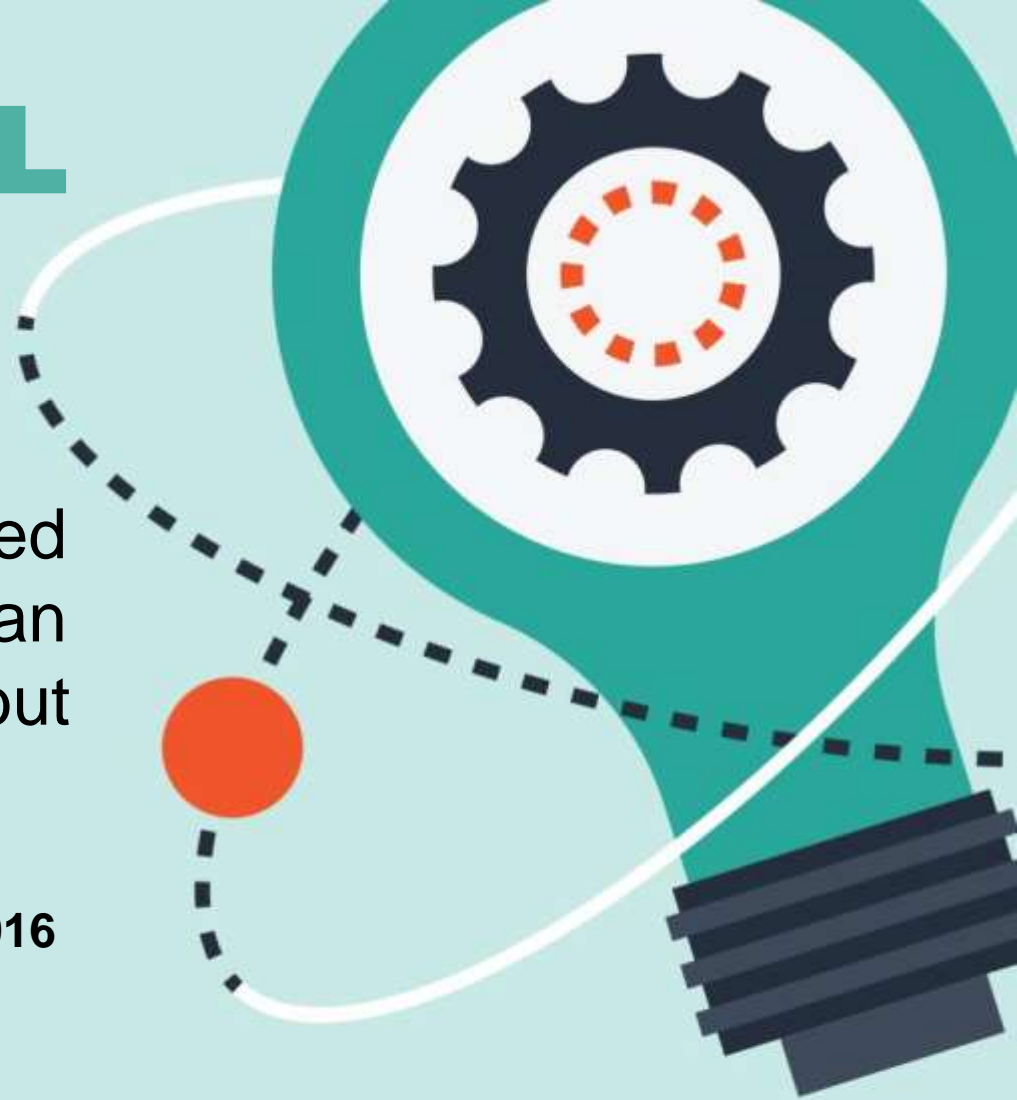Experian

Introducing:

- **Piew Datta**
  Experian

BEHAVIORAL DATA

88% of marketers surveyed believe behavioral data can improve marketing ROI, but only 20% use it.

Source: The CMO Survey – Feb 2016

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Marketing analytics not yet a priority for B2B

- In 2015, only 4% of B2B marketing budgets went towards analytics*

- B2B service providers are much less likely to spend on marketing analytics

- Over 70% of B2B marketing decisions are not based on analytics

|	Percent of marketers agreeing that analytics is included in their company's marketing budget**	Percentage of decisions using marketing analytics***
Overall	**49.5%**	**35.3%**
B2B product	57.6%	22.8%
B2B services	39.0%	29.6%
B2C product	59.9%	45.6%
B2C services	52.4%	34.5%

  * Source: Statista
 ** Source: The CMO Survey – Highlights and Insights Report, Figure 3.1, February 2016
*** Source: The CMO Survey – Highlights and Insights Report, Figure 10.2, February 2016

Stages of creating a focused marketing campaign strategy
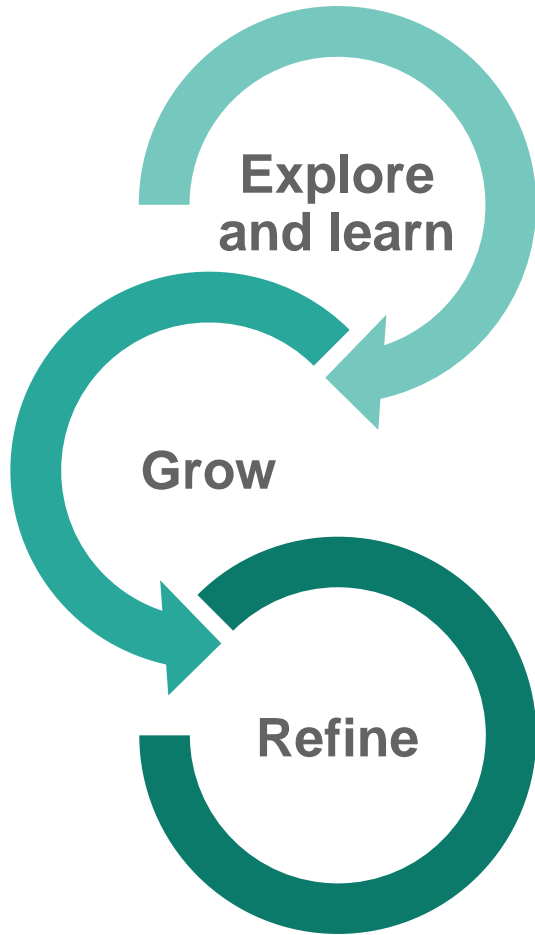
Explore and learn

Understand campaign population characteristics

Grow

Expand the prospect list intelligently

Refine

Fine-tune the prospect list for later considerations

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Explore and learn

Learn about campaign prospects
and explore the market

How do you generate new leads?
Live audience poll

How do you generate new leads?

a. Buy marketing lists

b. Use public information / filings

c. Other

Current B2B Marketing tactics

B2B marketers often …

- Look for "good" lists of businesses

- Use the "spray and pray" method

- Grow originations simply
  by generating more leads

… which can be inefficient and costly

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Explore and learn about your prospects

- Given a list of prospects (e.g., from previous campaigns), identify business information and performance outcomes

- Append bureau aggregates

Campaign input data							Bureau aggregates		
Business identifiers				**Business performance**			**Bureau aggregates**		
Name	**Address**	**ZIP™**	**Offer sent**	**Response from business**	**Account opening date**	**Performance (DBT 90+)**	**Total trades**	**Total balance**	**…**
Underwater flooring	123 Aqua	91234	12/2/2013	1/25/2014	2/15/2014	Good	4	3500	
Sam's Nail Warehouse	456 Snail	40298	6/20/2014	NA	NA	NA	7	17000	
Discount Stone Tops	789 Granite	68461	2/28/2014	4/2/2014	5/17/2014	Bad	2	9000	
Taxes4U	1040 Z St.	93463	5/1/2014	5/23/2014	NA	NA	17	32000	

* All tables/graphs in this presentation are for illustration purposes only.

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Create a customer profile through simple statistics

- Appending aggregates to prospect groups can uncover interesting characteristics

Example of aggregates	Responder	Non-responder	Approved	Declined
Intelliscore Plus V2 (IPV2)	49	55	▲ 52	▼ 47
Total number of trades	4.5	6	▲ 5	▼ 2.5
Collection trades	0.75	0.25	0.75	0.5
Total balance	40000	51000	▲ 45000	▼ 35000
Highest credit line	53000	70000	57000	52000
Days beyond terms (DBT)	11	7	▼ 9	▲ 12
Bankruptcy rate	2	1	▼ 1.5	▲ 2.5

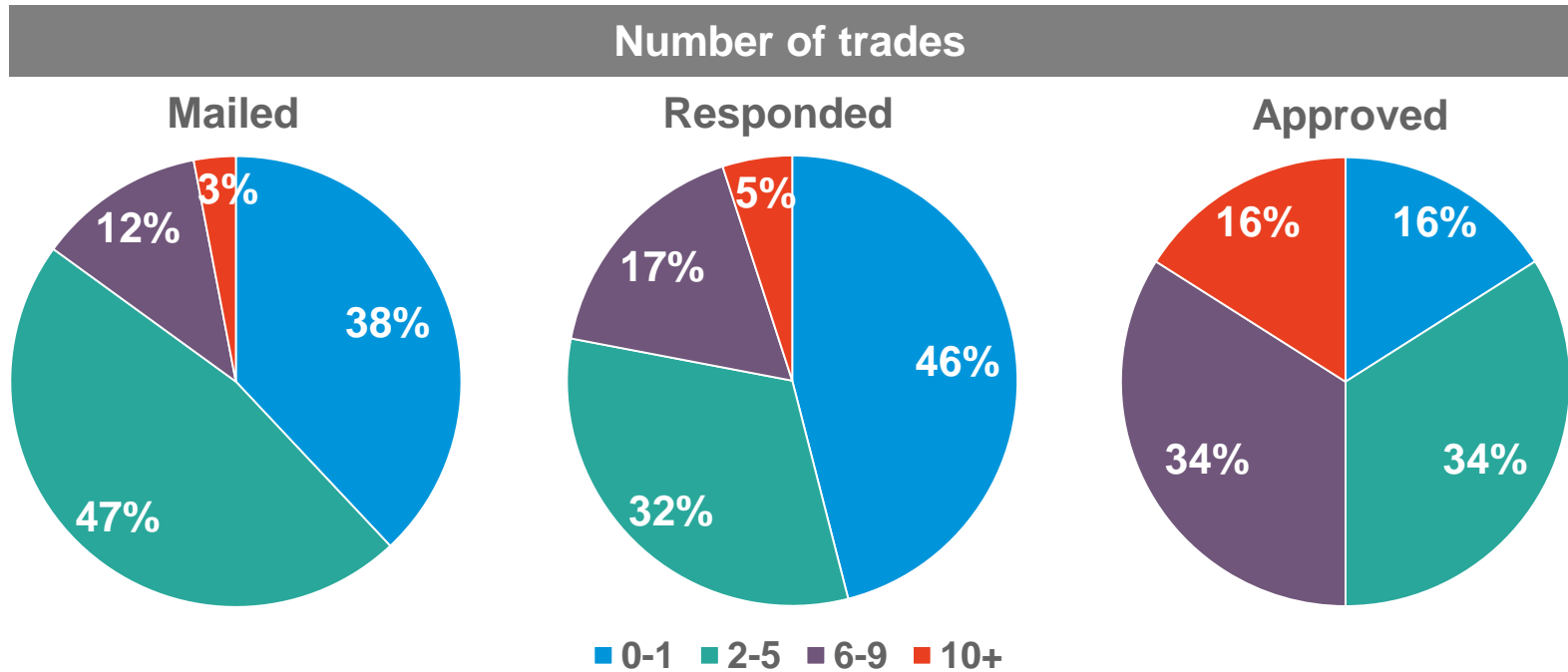## Average for each performance group

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Simple analytical techniques can provide value
Single variable analytics

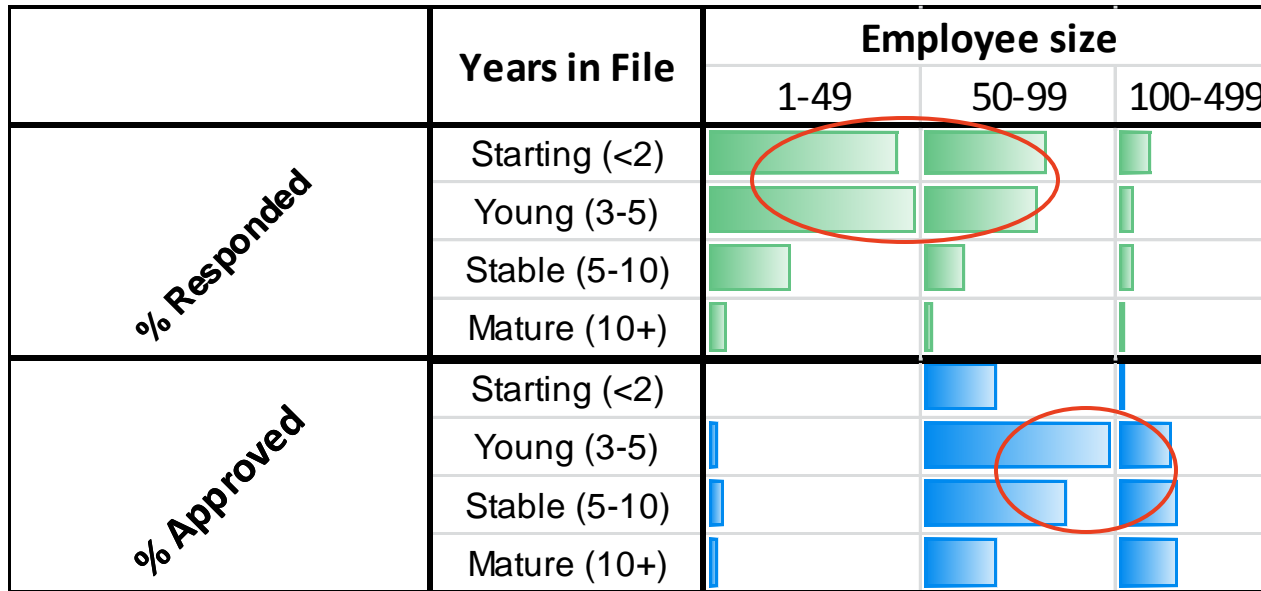**Direct comparison of statistics for two or more populations can be insightful**

Number of trades		
Mailed	Responded	Approved

Mailed
- 38%
- 47%
- 12%
- 3%

Responded
- 46%
- 32%
- 17%
- 5%

Approved
- 16%
- 34%
- 34%
- 16%

■ 0-1 ■ 2-5 ■ 6-9 ■ 10+

38% of **Mailed** have one trade or less
46% of **Responders** with 1 trade or less
BUT only **16%** of **Approved** have one trade or less

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Simple analytical techniques can provide value
Multi-variable analytics

Cross-tabs of aggregates can be insightful

	Years in File	Employee size		
		1-49	50-99	100-499
% Responded	Starting (<2)			
	Young (3-5)			
	Stable (5-10)			
	Mature (10+)			
% Approved	Starting (<2)			
	Young (3-5)			
	Stable (5-10)			
	Mature (10+)			

Younger small companies more likely to respond
However larger older business more likely to be approved

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Grow

Fine tune the prospect list

Clone prior responders
Identify "look-alikes"

Once a customer profile is determined, criteria can be applied to other prospect lists to identify businesses with a similar profile

Example profile	
Number of trades	> 1
Employees	20 - 500
Years on file	> 3
Risk score	> 50
90+ day delinquencies	None in last 12 months

Apply criteria to new prospect list

Find "look-alikes"

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Predictive aggregates

Bivariate analysis

- Can show the relationship between each individual predictor and the performance outcome

Multivariate modeling

- Can determine how the predictors should be combined to produce the performance outcome

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Modeling
Operational decision

Apply a generic model

- Based on development population and predetermined performance definition

Build a custom model

- Based on a specific incoming population and client specified performance definition

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Predictive modeling
Campaign business data and outcome

## Build a custom model to focus on those more likely to respond

| | Observation time | Performance outcome | Predictors | | | | |
| | | | Credit | | Derogatory | | Demographic |
Business ID	Offer sent	Response	Total trades	Total balance	Collections	Liens	Time on file
123456789	12/2/2013	1/25/2014	4	3500	0	1	3
987654321	6/20/2014	NA	7	17000	2	3	8

Business ID	Response score
123456789	58
987654321	37

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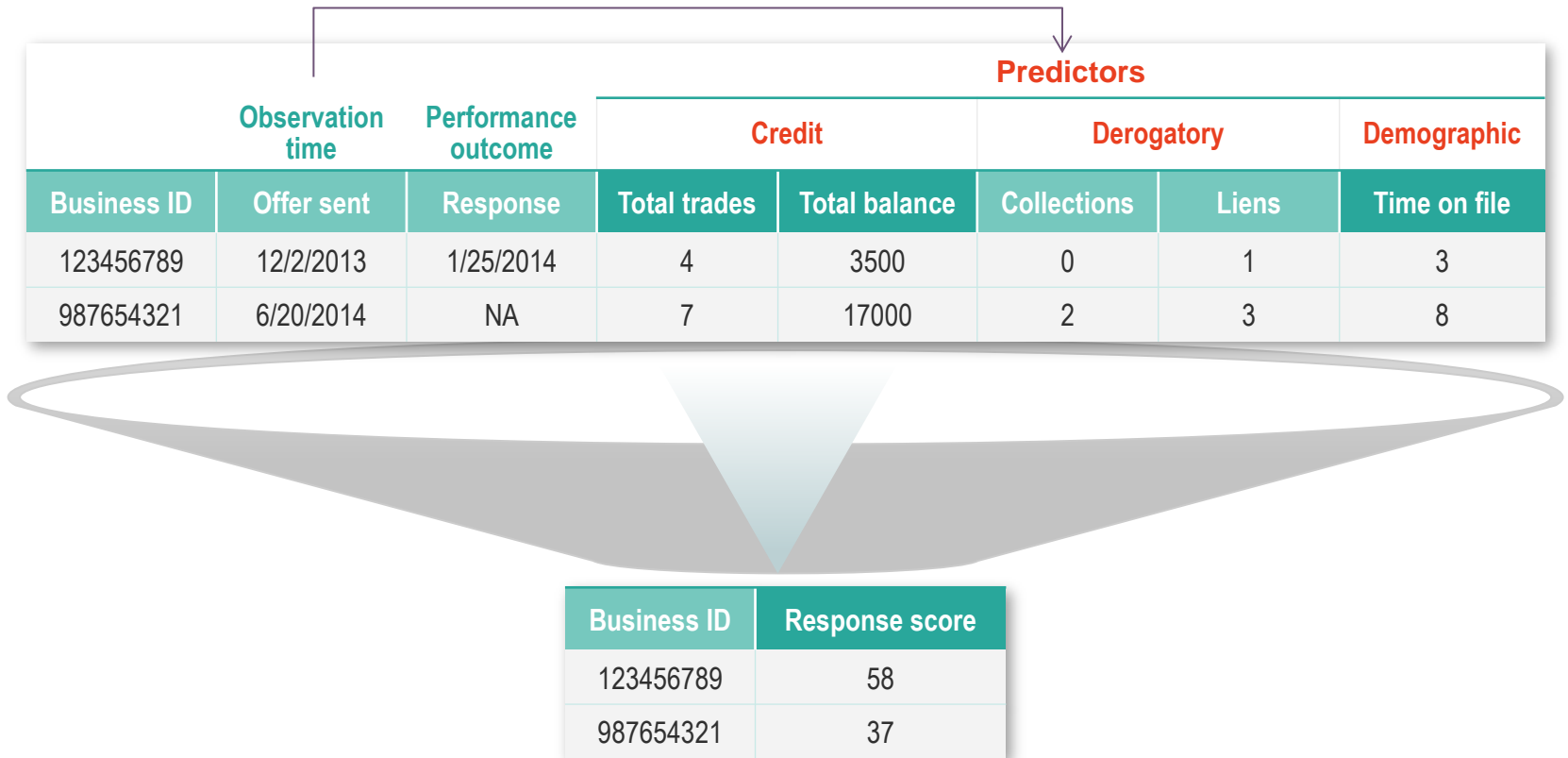
Training a model
An analogy

- Starting location – modeling population

- Ending location – performance outcome

- Streets – predictors

- Heavily traveled street => Heavier weighted predictor

- Connection of streets => additive nature of predictors

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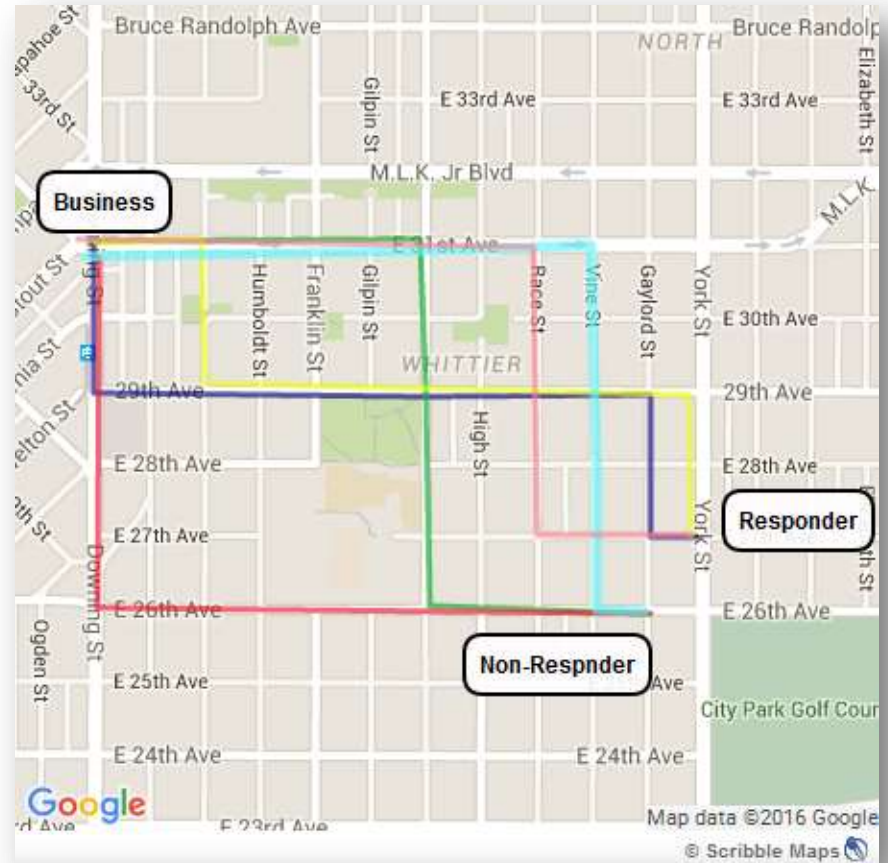
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Validating a model
Performance charts

Performance chart
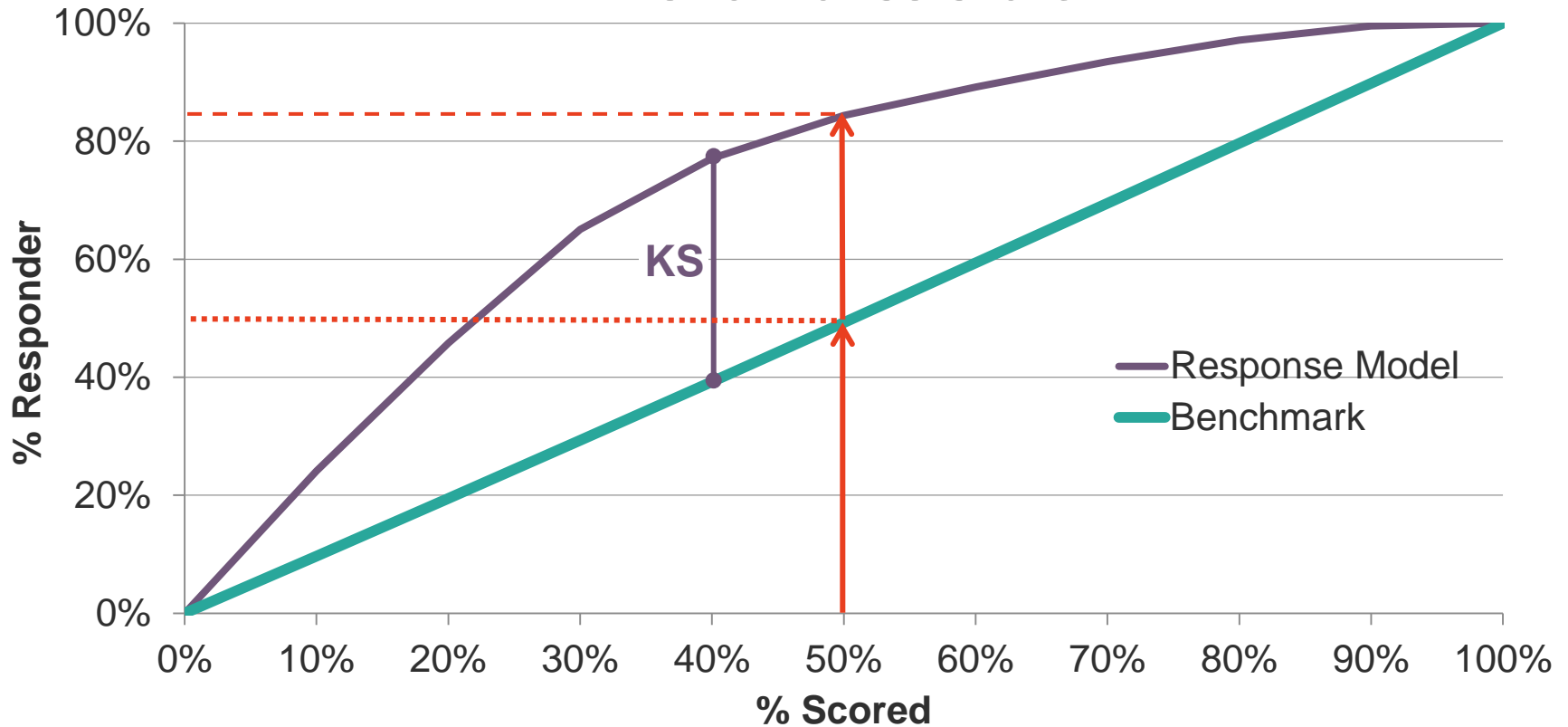
85% of responders captured in highest scoring 50%

Refine

Expand prospects lists intelligently

What will your marketing budget be?
Live audience poll

Your marketing budget over the next 12 months vs. the last 12 months will:

a. Increase

b. Decrease

c. Stay the same

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Reject inferencing
Lost opportunity analysis

- How would have declined applicants perform had they been approved?

  ▸ Evaluate prior business decisions given global bureau view

- Determining if the cut-offs were optimal

  ▸ Potential swap-ins of "good" declines

  ▸ Potential swap-outs of "bad" approvals
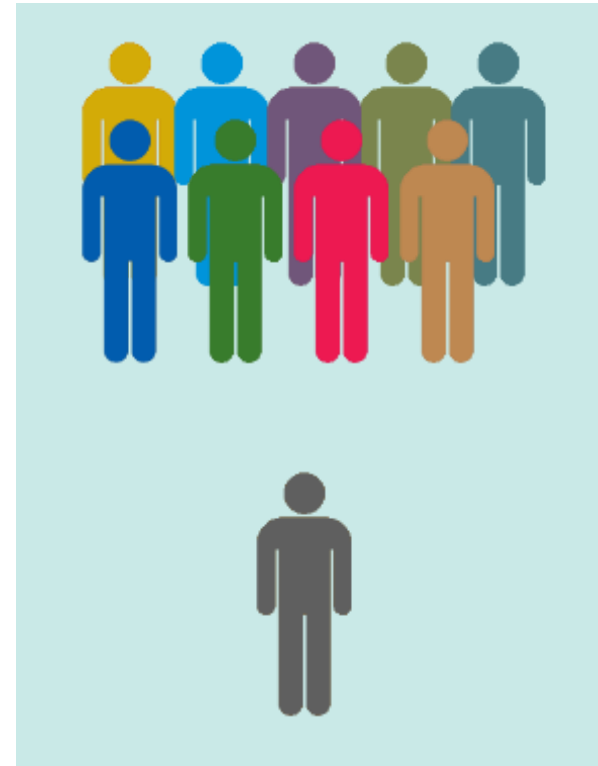
Analyze performance after application decision
Are booked / declined performing as expected?

Application decision 1/2012	1/2013	1/2014	1/2015	
✓	✓	✓	✓	
✓	✓	✗	✗	**Out**
✗	✗	✗	✗	
✗	✓	✓	✓	**In**

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Develop a custom approval model

- Develop a custom model to predict likelihood to be approved

  ▸ Customized to:

    - Characteristics incoming population

    - Current thresholds for booked / declined

- Model development and validation process follow previous framework

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Balancing campaign response and approvals

Create a matrix of scores to balance response and acquisition

	Approval Model Score				
Response Model Score	**80-100**	**60-79**	**40-59**	**20-39**	**1-19**
80-100	1.0%	3.0%	4.9%	5.4%	5.0%
60-79	1.7%	3.5%	5.3%	4.9%	3.2%
40-59	2.2%	4.4%	5.4%	4.2%	1.8%
20-39	3.3%	5.9%	6.2%	3.8%	1.1%
1-19	6.4%	7.7%	6.0%	3.1%	0.8%

Percentage of scored population

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Applying matrix cut-offs
Example of benefits

Existing campaign strategy	Refined campaign strategy
- Direct mail campaign of one million prospects	- Score one million prospects
	- Cut bottom 35% scored prospects and mail 650,000 pieces
- Cost-per-piece = $0.50	- Cost-per-piece = $0.50
- Total marketing expense = $500,000	- Total marketing expense = $325,000*
- Booking rate = 0.1%	- Booking rate = 0.12%
- Booked = 1,000	- Booked = 780
- Cost per booked = $500	- Cost per booked = $416.7*

16.7% reduction in cost per booked

*Plus additional analytics costs

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In summary

Explore and learn

- Append global business aggregates
- Compare and contrast profiles of prospecting lists

Grow intelligently

- Identify look-a-likes to expand reach
- Focus on responders

Refine

- Fine tune via reject inferencing
- Evaluate responders with regard to approval standards

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