



Creating Actionable Knowledge Via Analytics

Analytex optimizes marketing investment while achieving multiple objectives.



Client

A top ten credit card company

Problem/Challenge

The client had several other objectives: maximize net present value, maximize sales, achieve individual product goals. It was clear that maximizing the number of accounts will not automatically achieve other objectives.

Solution

Analytex created an efficient frontier curve of these optimal solutions that allowed the client to then weigh the different solutions. For instance, the solution that produced the maximum number of new accounts sacrificed too much on sales.

MULTI-OBJECTIVE OPTIMIZATION

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Client:

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Challenge:

The traditional approach in the company for acquiring new customers via direct mail was to use response score. For each campaign, the prospect database was rank-ordered and a direct mail was sent to the top scoring prospects most likely to respond to the offer. This strategy was only optimizing on one dimension. However, the client had several other objectives: maximize net present value, maximize sales, achieve individual product goals. It was clear that maximizing the number of accounts will not automatically achieve other objectives.

Solution:

Analytex verified that the objectives can be conflicting at times. For instance, one customer who has a high response propensity may have low sales potential and vice versa. The contribution to each objective at the prospect level was quantified. Analytex then applied a proprietary methodology to create several scenarios for the optimum solution. In cases with multiple and conflicting objectives, there is no single optimum solution; there are several optimum solutions.

Analytex created an efficient frontier curve of these optimal solutions that allowed the client to then weigh the different solutions. For instance, the solution that produced the maximum number of new accounts sacrificed too much on sales. The chosen optimal solution improved sales by 15% while giving up only 3% on new account volume.

