

Predictive Modeling Increases Customer Acquisition Response Rates

**Company Profile**

Bluewater
Advertising Agency

**Industry**

Health and Fitness

THE CHALLENGE

A nationally-recognized health and fitness franchise with 700 stores sought a means to improve response rates in each of their respective markets.

The health and fitness franchisee partnered with AccuData's client, Bluewater, to provide marketing intelligence. The project began with a simple customer profile request as part of an effort to increase response rates. The client chose Bluewater since they had a reputation for excellent creative strategy and back-end analysis.

Bluewater recommended that the client create a descriptive clone model for each of its fitness stores. While this would help paint a picture of the various markets, demographic elements, and relational penetration; it would not solve the problem of "how do we increase response?"

Matters became even more confusing when they got the results of initial tests between saturation data and scored data from the customer profile. It appeared that scored data offered no measurable lift in response. On average, profiled records responded virtually the same as saturation records. Could it be that the fitness stores were placed in market areas where the immediate surrounding geography was populated by demographics very similar to those on the modeled client file? This question left both the client and Bluewater wanting more.

THE SOLUTION

While demographic elements looked very similar between the profiled records and those saturating the geography of the store sites, perhaps key differentiators could be identified. The team implemented a Predictive Model, which looked at over 200 individual demographic elements and compared two distinctly different groups: responders and non-responders.

The resulting scored data became a tremendous resource for the client. They learned exactly which demographic traits – such as credit card usage, age, presence of children in the household and interest in travel – were positive influences on the probability of an individual responding to an offer. The team used the responder model as an overlay for the client's prospect universe. To further improve results, they also applied prospect suppression details – removing from the list non-responders and responders with low propensity to buy.

THE RESULTS

Response rates increased over 100%.

"We chose AccuData because they have a track record for successfully implementing predictive modeling projects," said Christine Kropp, CEO, Bluewater. She added, *"Using the scoring model, we were able to more than double the client's response rates."*

- Response rates increased from 9% to 22%.
- The new strategy streamlined and reduced the costs of the client's prospect acquisition marketing campaign.
- The client was extremely happy with the results and Bluewater realized they had found in AccuData a 'silent partner' that could be brought into client meetings.