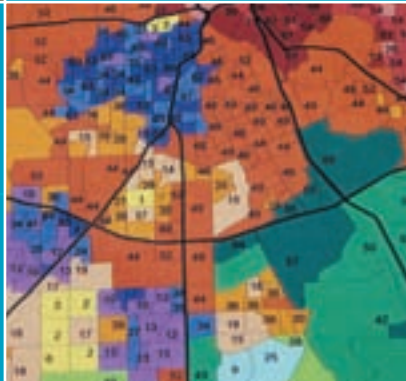




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PRIZM NE

Successful Direct Target Marketing Applications



Your company relies on you to deliver successful direct target marketing programs. You need to do everything you can to maximize your marketing dollars. Targeting your marketing programs to deliver the right products to the right people through the right channels—all at the right time is the magic formula for success. Your best approach is to tailor your target marketing strategies to match your customers' behaviors. PRIZM—The New Evolution (PRIZM® NE) gives you an easy way to identify, understand and target your customers and prospects.

PRIZM NE culminates two years of research and development in a groundbreaking new segmentation system that allows marketers to seamlessly shift from five-digit ZIP Code to ZIP+4 all the way down to the individual household level—all with the same set of 66 segments. This single set of segments affords marketers the powerful use of household-level precision in applications such as direct mail and response analysis while at the same time maintaining the broad market linkages, usability and cost-effectiveness of geodemographics for applications that require less precision.

With PRIZM NE, you can profile and locate your best customers, boost your direct response rates, increase your market penetration and more—based on the needs of the specific application. For example, an expensive promotional piece may benefit from the greatest household precision possible, while a postcard campaign to generate store traffic will probably be more cost-effective using a ZIP+4 saturation technique.

A powerful tool for direct marketing, PRIZM NE can increase the effectiveness of your programs when used for any of the applications described below:

Direct target marketing Testing and evaluating lists

PRIZM NE profiles for media preference can be used as a blueprint for selecting the best behavioral mailing lists to test. For example, if your target marketing strategy includes our "Winner's Circle" segment, you should consider testing the subscriber lists for both *Smithsonian Magazine* and *The Wall Street Journal*, since this segment shows heavy readership indices for both.

Finding common target marketing ties across lists

Large-scale marketers often use a wide variety of compiled and behavioral lists. While behavioral lists often yield higher responses, compiled lists are often necessary for achieving the budgeted number of out-bound names. Using PRIZM NE to analyze the commonalities of responders can effectively turn your compiled list selection into a more behaviorally or lifestyle-focused list.

Targeting an in-house customer file

Many companies typically retain customers' names and addresses and, sometimes, purchase household data overlays. Due to the cost difference in appending PRIZM NE using a ZIP+4 directory versus an overlay of household data, PRIZM NE proves to be the most cost-effective information that can be added to your in-house database. This is particularly true when a company has smaller files (under 2 million records) or more dynamic files. A directory also allows you to control the appending process without having to submit files to a third-party processor.

Selecting from affinity group lists

Direct marketers who utilize affinity lists (such as alumni groups or fraternal organizations) as the source of their prospects often use PRIZM NE to economically select the best names. The geodemographic codes can be inexpensively applied across dozens of incoming lists—something that is often impractical with individual data.

Targeting cooperative mailing packages

Co-op mailings (such as those provided by ADVO, Harte Hanks and others) are an inexpensive and often untargeted way to conduct direct target marketing for low margin products. However, these co-op mailings can be targeted by ZIP Code, carrier route and even ZIP+4. PRIZM NE provides the tools to select your best micro-geographies and implement reasonably priced programs.



Strategic planning

Identifying customer composition

PRIZM NE is a significant resource for estimating market potential, ranking store sites and evaluating markets for expansion. Linking information about each of your customers and prospects is crucial to effective site planning and channel management, and it also provides a means to quickly “introduce” the new location to prospective customers via direct mail target marketing.

Scoring customer inquiries for response

Companies that generate high volumes of incoming customer inquiries need a system for prioritizing their response times and communications. PRIZM NE can be utilized to score each of your in-bound phone calls or other requests to select the most efficient follow-up procedure. For example, the standard response might be a form letter, but high potential inquiries may be better served via a follow-up phone call or glossy, full-color brochure.

Tailoring service representative responses

The best time to make an offer to a customer is when they contact you. PRIZM NE allows you to assess target marketing goals and better determine which products and services to offer each customer when they call. As your service representative enters the customer’s address (or calls up their account), the PRIZM NE segment can be retrieved along with a list of products or responses tailored to their segment. This process increases your customer’s satisfaction by minimizing the amount of time necessary for the transaction, while maximizing the likelihood of offering a desirable product or message.

Enhancing unmatched customer records

Companies that append household-level data to their customer files frequently find a portion of the file that cannot be matched at this level. If your list hasn’t been cleaned recently, the unmatched records can comprise as much as 40 percent of the total file. PRIZM NE can be used as a source of information for unmatched records. Otherwise, no demographic information is known for these customer records and a significant number of high potential households may be excluded from your target marketing efforts.

Limiting records to which household data is appended

Rather than appending household-level data to an entire customer file, you may find it more cost effective to first append PRIZM NE codes. Then, based on the PRIZM NE code, household-level information can be appended only to the most viable target marketing records. In this way, the expense of appending household-level information is incurred only for the most profitable segments.

Prioritizing store trade areas for programs

Retailers increasingly utilize direct marketing to draw customers to their distribution outlets. PRIZM NE is useful in selecting your best store trade areas for promotions, choosing the best households to contact in these areas and determining which segments are willing to travel the greatest distance to your stores. Better still, these activities can be linked to your overall target marketing strategy.

Measurement

Tracking hits on company web sites

As more and more consumers surf the net, many companies are capturing valuable contact information to discover who is visiting their sites. PRIZM NE codes can be used to verify and qualify an address before it is entered into your target marketing database. Even if the prospect only enters a five-digit ZIP Code, PRIZM NE can be used to determine what, if any, follow up steps should be taken, and provide a better sense of who is being captured via the web and how that compares to your overall (or most-profitable) customers.

Focusing on high-value customers

Responsive customers aren’t always profitable customers—your customers who are the most likely to respond might also be the least likely to pay, to spend very little, or to discontinue service (churn) after a short time. Therefore, it is critical to relate customer account activation, purchase pattern, payment and customer retention information to the targeting process. PRIZM NE provides a consistent framework to measure these components of value across your customer and prospect base and use the results for selecting the best prospects to respond appropriately.





Improving a direct response model

Even the strongest advocates of household-level data find that PRIZM NE still creeps into their multivariate models. In fact, the nation's most progressive and knowledgeable direct marketing companies use PRIZM NE as an enhancement, fill-in or even a replacement for inferred household-level data such as income in their CHAID, regression and LOGIT models.

Cost-effective modeling

PRIZM NE is predictive and more cost-effective than household or individual data, and it is very effective in adding a descriptive dimension to regression-scoring models. For example, you can profile the top decile scores to better understand the lifestyles of your top prospects and determine if they match your target marketing objective. Suppression of certain segments in the top deciles and addition of on-target segments from the lower deciles may yield you a better "strategic-fit" for your mailing list.

Integrated media

Organizing your databases

PRIZM NE is an invaluable tool for integrating and organizing your marketing databases. Interpret your customer and proprietary research databases using PRIZM NE targets. Link these market data sources to other market measures about the competition, the product segment or the market as a whole.

Integrating media with direct marketing

Integrating a direct mail program with a media campaign can increase consumers' awareness and produce a significant lift in your direct response results. PRIZM NE is often used to determine the preferred TV, cable and radio shows of your target audience, including the times of the day they are most likely tuned in. Use PRIZM NE in your direct mail effort to reach the same audience targeted in your media campaigns—integrated marketing is the best way to cut-through the near-constant barrage of market messaging that too often leads to consumer burn-out.

Targeting programs by geography

Many companies target non-standard mail delivery vehicles by geography. These include freestanding inserts in newspapers or selective binding in magazines. Geographic coverage can easily be selected based on the presence and concentration of target PRIZM NE segments within your delivery area.

Tailoring offers and creative content to segment needs

PRIZM NE allows you to better understand how your customers look, what their interests are, what they like to do, what they buy and more. Using this information, your offers and design elements can be tailored to be most attractive to the target audience. This type of application can also be used to create telemarketing scripts that provide a more customized sales pitch to fit the needs of your prospects.



Put the power of segmentation to work with PRIZM NE. Call your Claritas representative today at **(800) 234-5973** for more details, or visit claritas.com.