



# Predictive Marketing

Session 4b

Course ICT Entrepreneurship

Prof.dr. Sjaak Brinkkemper

Dr. Slinger Jansen



# Outline

- Spotting trends and mining the data
- Doing Efficient Marketing
- Case Studies
- Case Study of a software product
- Great Marketing

# Predictive Marketing Examples: Baby Boomers



- Maturing Family = Maturing Needs
  - What do empty nesters want?
    - Downsize home
    - Shorter term loan on present home
    - Second home
    - To finance
      - Remodeling
      - Recreational Equipment
      - The car he always wanted
      - The car she always wanted
      - The cars the kids need
      - College Tuition
      - Weddings
      - Downpayment assistance for kids

# Predictive Marketing Examples: Baby Boom “Echo” College Age Kids



- Tuition, other expense
- Create good credit habits
- Develop Financial Relationships
  - Advice, guidance, deals on common needs
    - Co-branding on needs
    - Insurance companies, auto manufacturers/dealers, chain store operators (food, clothes, other)
  - Build downpayment for first purchase
  - De-mystify home mortgage process
  - Become lender of first choice
    - Avoid “sniping” by small, local providers

# Predictive Marketing Examples: Baby Boom “Echo” First Time Buyers



- Financing First Homes
  - Mortgage, of course. But what else?
    - Insurance, appliance companies/distributors
    - Home furnishing manufacturers/ distributors
    - Home needs providers
      - Home Depot, similar brands
  - Build savings for predictable next events:
    - Move-ups
    - Professional education – going back for the MBA
    - Major purchases as income grows
  - Starting family
    - Probably means different home sooner or later

# Predictive Marketing Examples: Growing Families



- The Cycle begins anew
  - Schools
  - Trips
  - Family 'toys'
  - Camps, braces, etc.
- Move-ups, Job Changes
- Ultimately, Maturing Family Needs

*Lenders who prepare, plan and execute predictive marketing plans have the best chance of securing these borrowers, potentially for generations – much like institutions generations ago.*



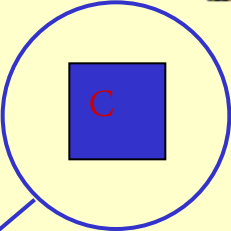
## Excercise: how large is your share?

- Try to convince me how large your market share will be
- Tell me what your potential revenue will be
- Tell me what would happen in a mediocre, ok, and good market
- Tell me about churn (how many customers will you lose regularly?)



# The Challenge: Marketing

Right Offer



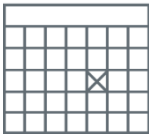
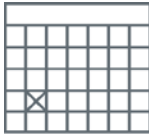
Right Customer



Right Channel



Right Time



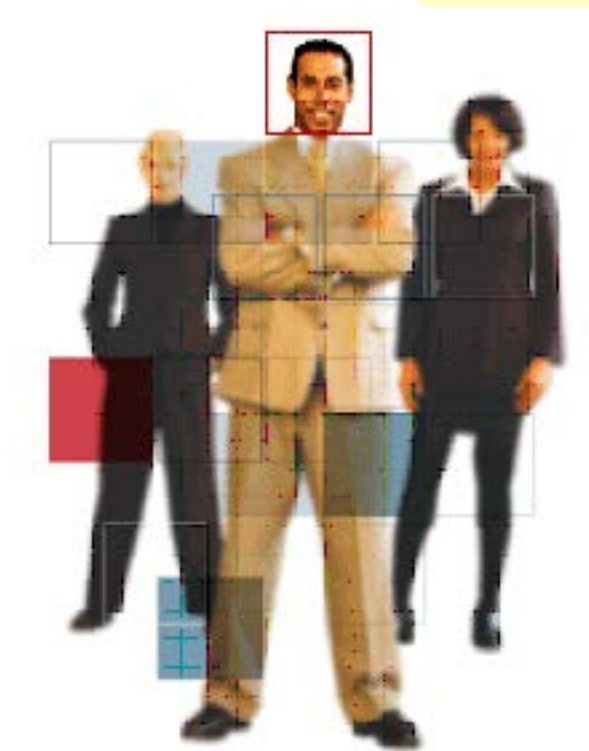
# Also need to address...



- How to get the best results across multiple campaigns
- How to leverage existing resources to respond to market changes
  - e.g. given “Do Not Call” legislation, turn inbound (service) contacts into sales opportunities



# Case Studies

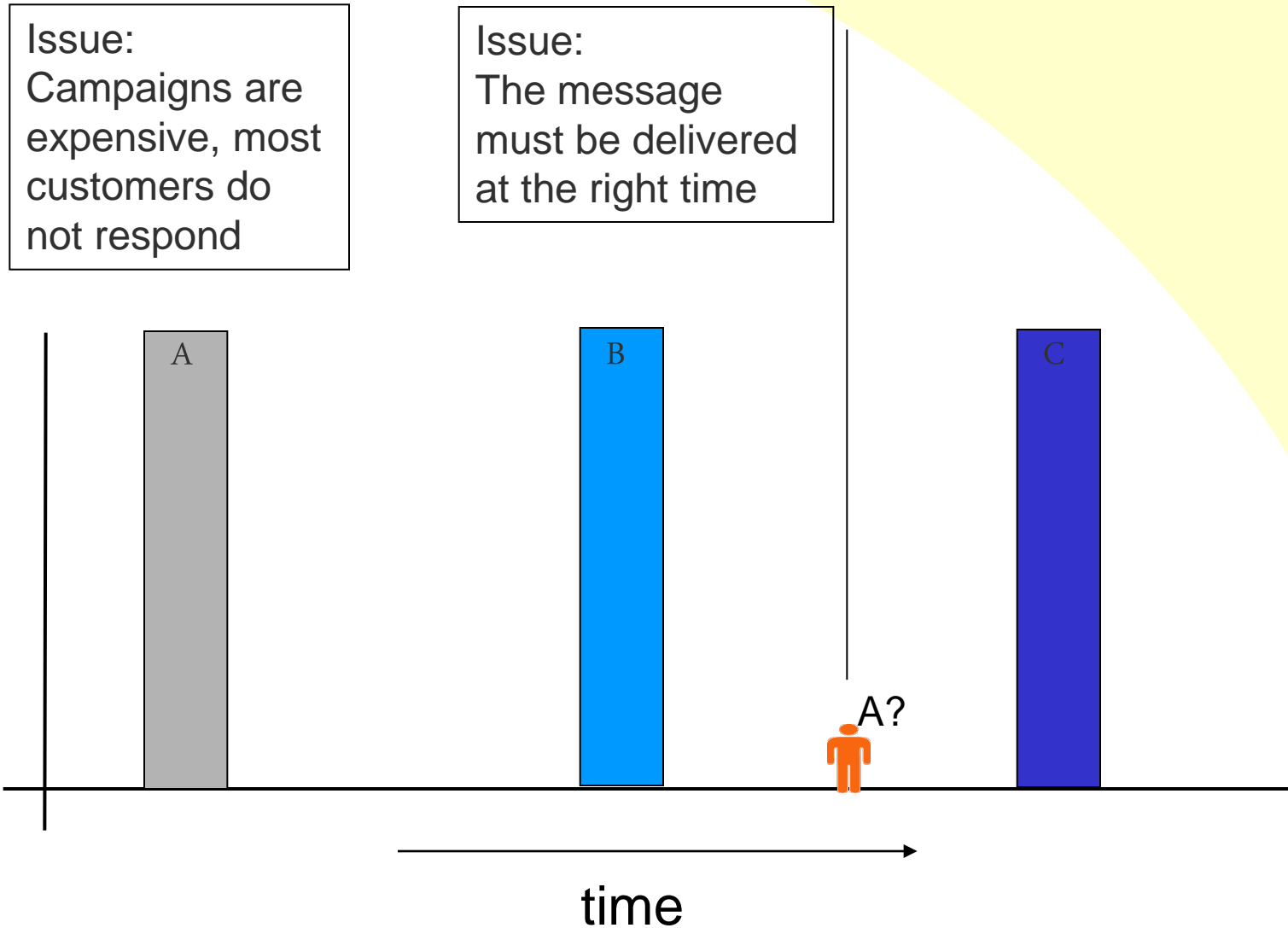




# Optimizing Marketing at FBTO Insurance



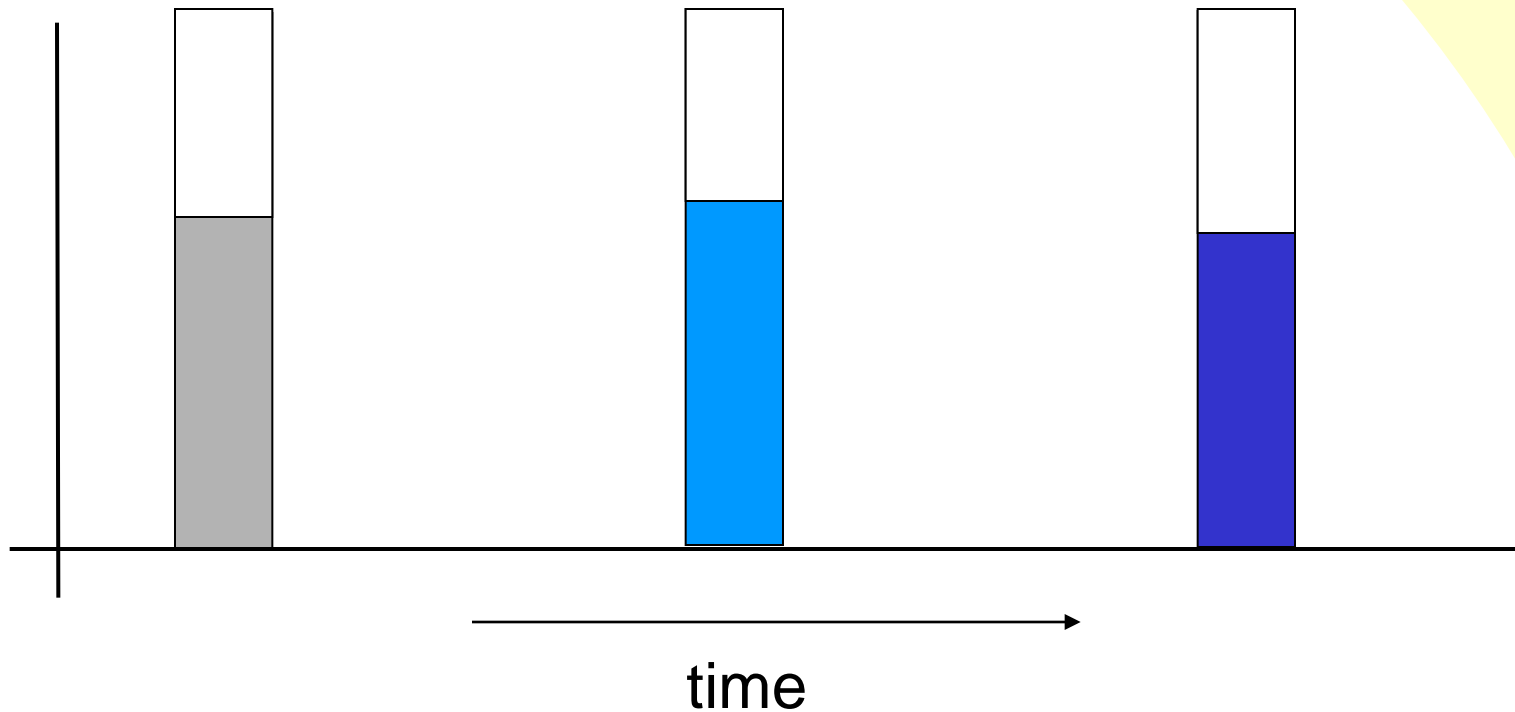
# Optimizing outbound marketing campaigns





# Stage I: Right Customer – cost reduction

Benefit:  
35% cost  
reduction

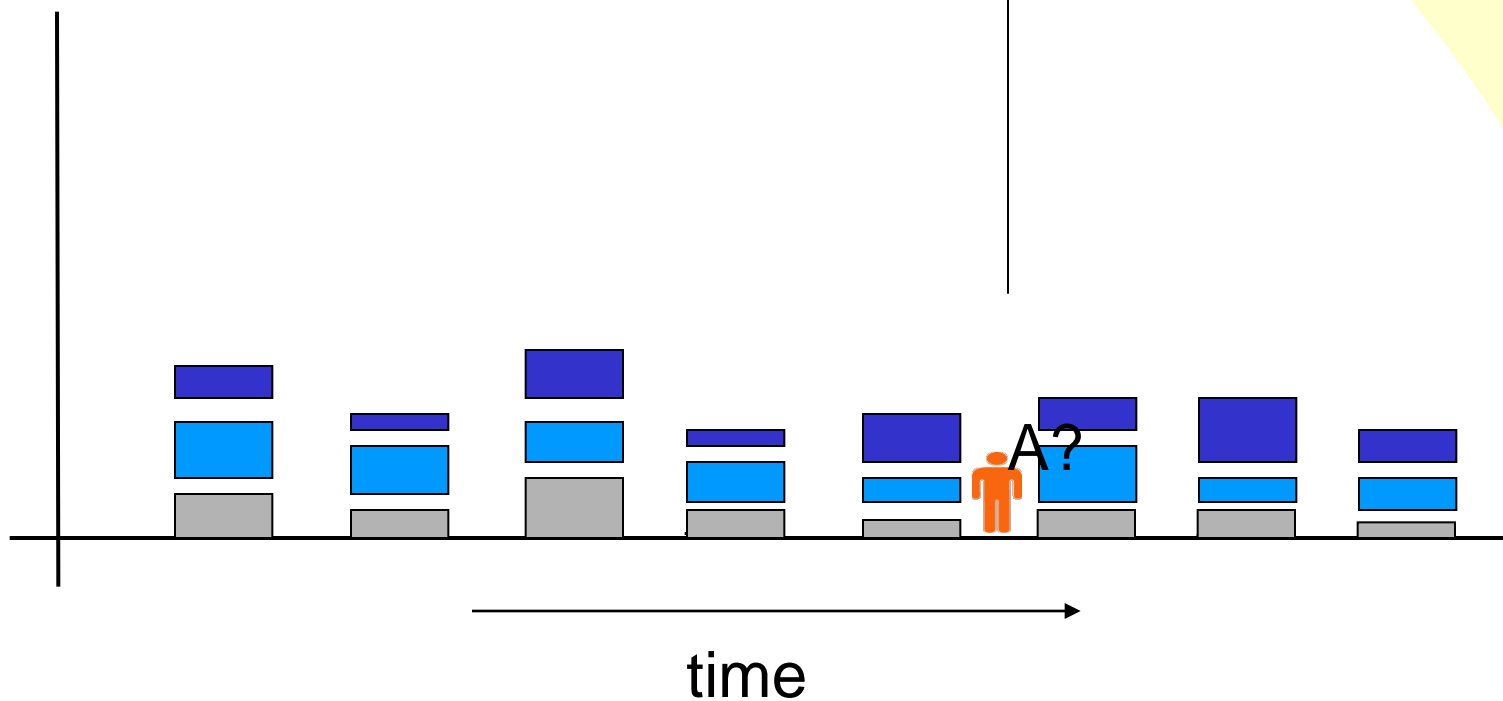




# Stage II: Right Moment – event campaigns

Benefit:  
35% cost  
reduction

Benefit:  
Message  
delivered  
at right moment:  
doubled response

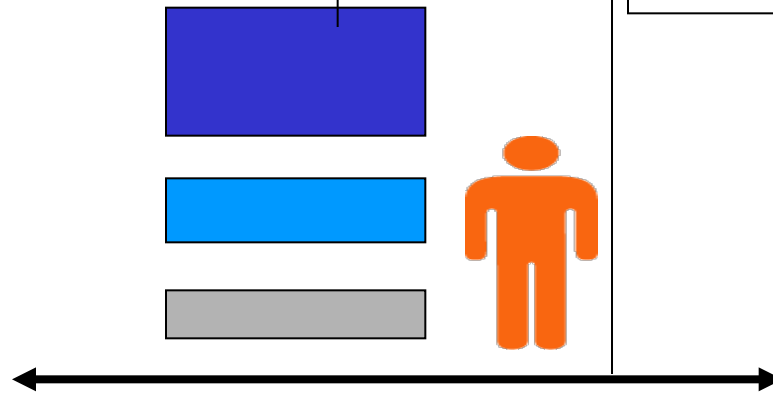


# Stage III: Right Offer – campaign optimization



**Overlapping campaigns:**  
customers will receive multiple offers – what is the best offer for each customer?

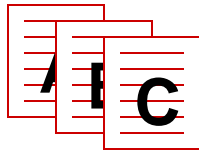
**Overloading customers:**  
customers tend to be selected for many campaigns and thus get flooded with messages





# Predictive Marketing: Campaign Optimization

Execute campaigns

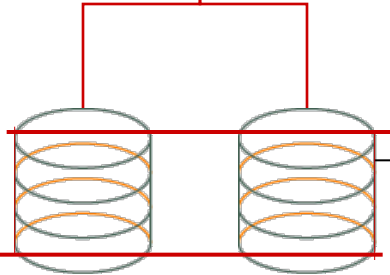
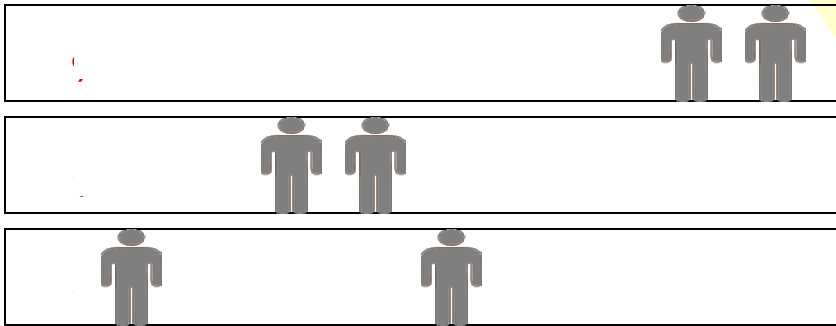


Select best campaign per customer



Possible campaigns

- A
- B
- C



Scan databases for events



# PredictiveCallCenter at Aegon





**Links:**

- [Internet](#)
- [Intranet algemeen](#)
- [Product informatie](#)
- [Meest gestelde vragen](#)
- [Telefoonlijst](#)

**Scoringskans SPP Sprintplan**

😊 100%  
Motivatie 100%  
0% 50% 100%

🌍 **GEEN EMAIL**  
Wijzigen **KEND!**

**SPAARBELEG** INVOEREN OVERBOEKINGEN <<

Rekening 0762914165 **TELEFONISCHE OVERBOEKING** Renterecht **NLG** 0,00  
NLG

Houder(s) 1 00000017 Bergsma, W. 10/05/1970 M  
GULDEN

Van  RenteRekening Actueel saldo 0,00 Actueel aantal Koers

Bedrag NLG of aantal  
Naar Tegenrekening  0000000123 Bergsma, W.

DividendFonds  0762914165

Spoed  Spoedcircuit afgesloten **Nee**  
Omschr

<b>Naam</b>	W. Bergsma
<b>Geslacht</b>	Man
<b>Geboortedatum</b>	10-05-1970
<b>Adres</b>	Talmastraat 24
<b>Woonplaats</b>	3904 AK VEENENDAAL
<b>E-mail</b>	
<b>Telefoon</b>	
<b>Overdag</b>	(030) 2481911
<b>'s Avonds</b>	idem

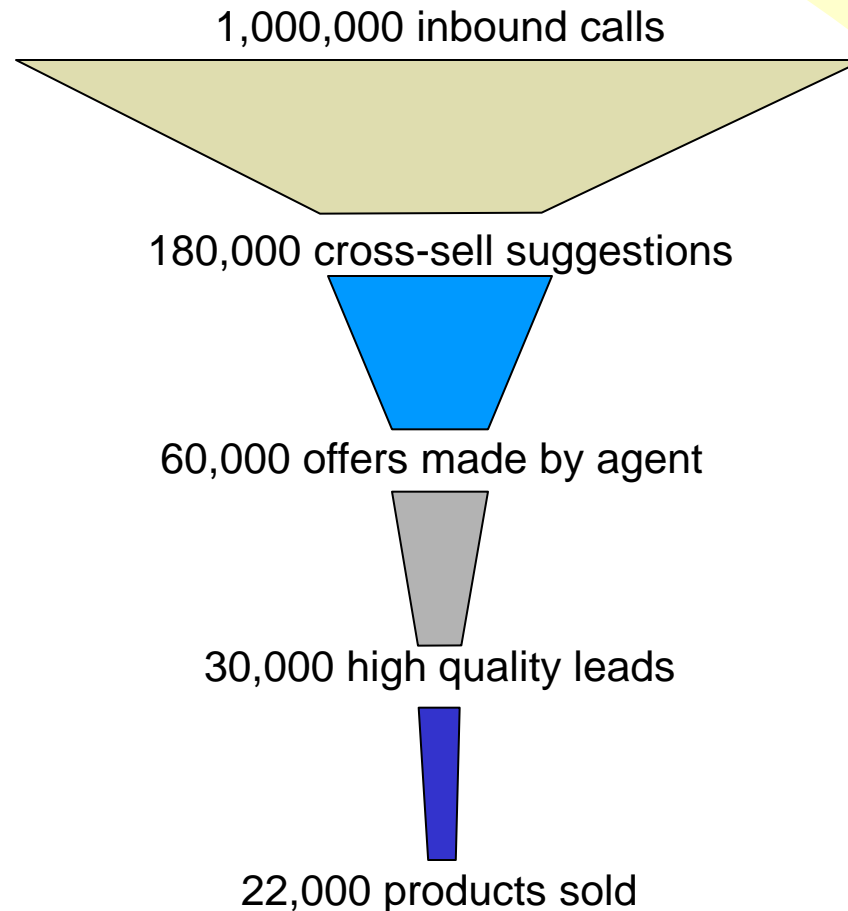
PredictiveCallCenter cross sell suggestion

**Contacten:**

TEL	Overboeking	10-12-2001	OK	details
INET	Wijziging adres	01-12-2001	OK	details
TEL	Klacht	14-11-2001	OK	details
PERSON	Bezoek Spaarbelegger	02-11-2001	OK	details
POST	Inschrijving RendementPlan	01-09-2000	OK	details

Overeenstemming	Product	Begindatum	Bron	Einddatum
0762914165	RenteRekening	20010326	ADV-AD	0
0762914270	RenteRekening	20010326	KLANT	0
0762914289	RenteRekening	20010326	KLANT	0
0762914300	RenteRekening	20010403	KLANT	0
0762914319	RenteRekening	20010403	KLANT	0
0762914335	RenteRekening	20010409	KLANT	0

# Cross-selling in the call center: results

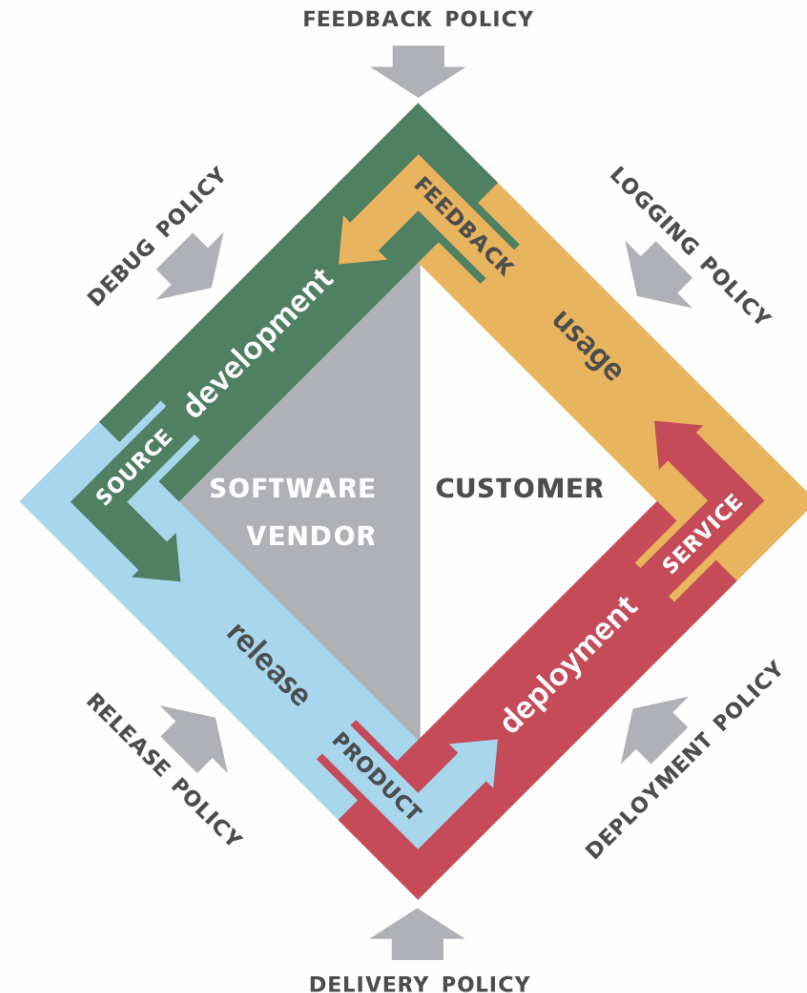


**Over \$30M additional sales in the call center!**

# Predicting Your Future: A Software Product

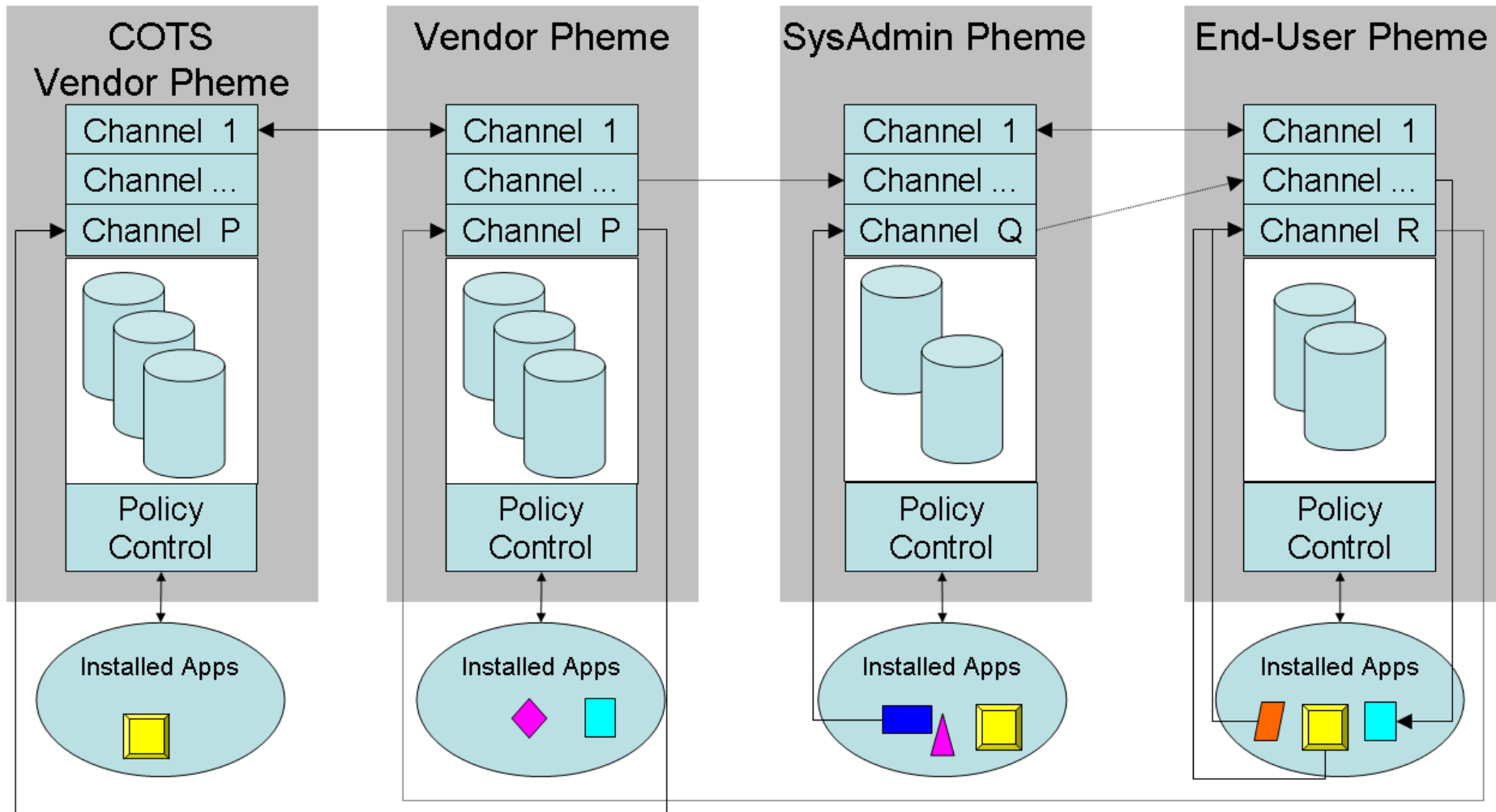


- PHEME: a product for software knowledge distribution
- What does it do?
  - Software knowledge distribution from developer to customer
  - Including: system management, tweaking, control
- Target groups:
  - Software Developing Organizations



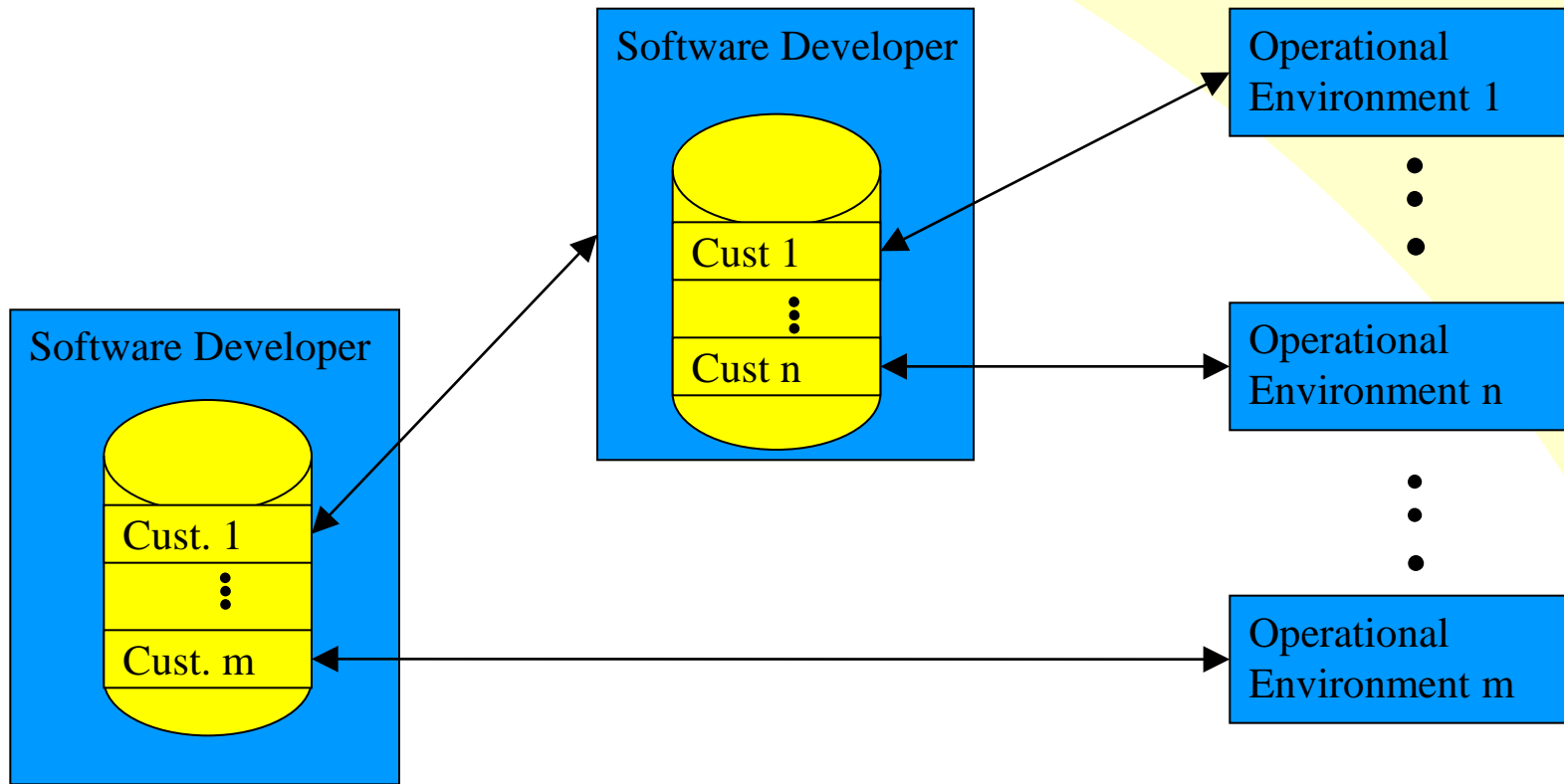


# PHEME in Action





# Pheme serves well in a Software Supply Network



Slinger Jansen and Wilfried Rijsemus: Balancing Total Cost of Ownership and Cost of Maintenance Within a Software Supply Network , proceedings of the IEEE International Conference on Software Maintenance (ICSM2006, Industrial track), Philadelphia, PA, USA, September, 2006. Accepted for publication



# Great News: A Growing Market

- OECD: Product Software grows by 8% per year (and has been for a number of years)
- InstallShield: market for software deployment growing at 12% a year
- NL productsoftware market: 13,5%
- Software deployment market: 13,5% (?)
  - Influencing factors:
    - Substitute technology
    - Heavy international competition
  
- Start small
- start Dutch



# Cost to Develop: 100.000 euro

- Developed here at Utrecht University
- Ownership 51% UU, 49% SJ
- Requires an extra investment of 60.000 to pay for two full time development
- Can only sell minimum features to software vendors
- In the future, when many are active, extend Pheme to support system managers



# What do Competitors do?

- InstallShield: 2000-8000 dollar
- FlexNet: 2000-8000 dollar
- Wise Install: 2000-8000 euro
  
- So where do we go? Aiming at all software vendors:
  - Open source license: free!
  - Closed source license: per deployment, i.e., granular from 1000 euro up to 50 customers up to 10000 euro for 1000+ customers
  - Free promotion for swiftly growing software companies
  
- Expecting to take 1-3% of the total cake
- How big is the cake?



# Now we get vague

- 1500 software companies in the NL
- 750 use software deployment tools
- 1-3% of 750: 7,5-22,5 (not too bad!)
  
- Multiply that by average sales price of 2000 euro (15000-44500 in first year)
- Have them pay a subscription fee of 20% per year, so next year a steady 3000-9000 income)
  
- Going to be tough!



# Predictions: Really Tough!

	Yearly costs	bad	medium	good	Avg. Sales Price
2008	60000				
2009	60000	15000	30000	45000	2000
2010	60000	18750	37500	56250	2100
2011	60000	24000	48000	72000	2200
2012	60000	33150	66300	99450	2500
2013	60000	46020	92040	138060	2600
	<b>360000</b>	<b>136920</b>	<b>273840</b>	<b>410760</b>	



# Ways to increase my odds

- Start in ICT Entrepreneurship
- Ride on a new wave (virtualization, services)
- Tie in with a larger provider of software and design my software as such
- Give the product out for free to take out bugs early
- Get publicity (say things like: our product can (potentially) make Vista run!)
  
- Do what your best examples do
  - Ever seen a bug in gmail?
  - Ever received an annoying call from Vodafone?
  
- Don't do what your worst examples do
  - Ever seen a bug in windows?
  - Ever received an annoying call from NRC Next?



# Excercise: Increase your odds?

- Get together with your product team
- How can you increase your odds?
- How can you start small?
- What will be your break-through moment?
  - A big customer
  - A sales figure
  - A relationship
  - When you all drive Mercedes SLKs?
  - Or Mercedes SLs?
  - Etc.



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# Good Examples

- <http://www.helpjanff.nl/>
- <http://www.youtube.com/watch?v=DDfzdZqGoRU>
- <http://www.youtube.com/wariolandshakeit2008>



# Some Examples





# Bad Examples

- <http://www.youtube.com/watch?v=Bgdd8fm7s0U>
- <http://www.youtube.com/watch?v=rmlQP7pSgpA&feature=related>
- <http://www.youtube.com/watch?v=wAP2yVsgl6c>
  - Banned
- <http://www.youtube.com/watch?v=5oHYuo8Gclw>

