



## President's Corner

Dave DeMarsh, President / COO

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By Acho Nwana, VP Analytical Services

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## **New!** Data Append Products

I-Behavior's Data Append Solutions can enhance your Housefile or rented lists by appending valuable information to the existing data file:

### **Demographic Append**

includes variables on consumer interests, life events, property, technology use, vehicles, travel, health issues, and more.

### **Reverse Email Append**

provides a current name and postal mailing address for email data records.

### **Telephone Append**

matches a current telephone number to a name and postal data record.

Contact your I-Behavior Account Manager at 303-228-5000 to find out more.



Expanding our Expertise. . .

**Paul Gasser joins I-Behavior as Director,**



## President's Corner

Dave DeMarsh, President / COO

I would like to take this opportunity to share with you an update on the state of our business at I-Behavior.

In 2009, we achieved significant growth in our member base and delivered strong results for our clients during a very difficult economic climate. As we enter 2010, we see improvements in the retail environment, contributing to great momentum for our clients. Therefore we are cautiously optimistic with respect to the overall economy and the retail sector in particular.

Some of our highlights from the past year include:

- We successfully completed and fully implemented *VeLo*, a state

of the art database platform and fulfillment system in the spring of 2009. *Velo* has accelerated the turnaround time for processing customer orders; and has the power to run significantly larger universes with our most intense models resulting in better performance and larger prospect universes for our customers.

- We added 230 new members to our data cooperative due to our superior prospecting performance, the industry's best account services staff, and new business development efforts.
- We acquired the Prefer Network, a direct cooperative competitor. This integration has resulted in a strong relationship with many former Prefer clients and has increased the depth of data for all of our members' benefit.

I-Behavior is dedicated to expanding our data cooperative product and services for our customers. We begin 2010 with significant year-over-year improvement in all of our database metrics, thanks to the growth of our cooperative business in 2009:

- Our total data contributing members rose by 21%
- Individual consumer records with order activity grew by 28%
- Total consumer dollar spend increased by 32%

As always, we appreciate the support of our members and we look forward to working together to continue to build significant value for our customers.



Dave DeMarsh  
President and COO

## Predictive Models Help You Reach the Right Prospects

By Acho Nwana, VP Analytical Services

When it comes to acquiring new customers, many companies including catalogers and magazine and book publishers, often rent outside lists. Typically a company will seek out lists representing similar products and price points as the company's offering. For example, a high-end women's apparel cataloger will rent names from high-end lists with similar products, price points and overall theme; while a hunting gear cataloger may rent names not only from other hunting gear lists, but also from magazines focused on hunting.

To ensure that they get the best prospects available from a list rental company, catalogers will only select active and frequent buyers with a specific spending threshold. These RFM (Recency, Frequency, and Monetary) selects work fairly well, especially for niche offers. However, for offers that appeal to a broader audience, rented lists are often inefficient and expensive; as it's unlikely that a single list source can deliver sufficient volume and performance to justify the cost.

### ***Business-to-Business***

Paul brings extensive experience in Data Cooperative sales working for both Next Action and Z24. As an Account Director for D.M.insite, he excelled at helping companies maximize their online initiatives. Paul earned his MBA at Colorado State University and was an active member of the Rocky Mountain Direct Marketing Association — serving as its president from 2006-2007.

### ***Caroline Shea joins I-Behavior as Sr. Account Manager***

Caroline Shea comes to I-Behavior from Abacus, where she was responsible for managing new and emerging company accounts. Caroline brings a successful track record of applying a strategic approach to helping companies grow their business through cooperative database marketing initiatives. Her 10+ years of direct marketing experience with catalogers, retailers, B2B companies and solo programs adds even greater depth to the I-Behavior account management team.



### **Upcoming Industry Events**

March 10  
2010 NEMOA  
Spring Conference  
Boston, MA

March 12

Data Cooperatives represent an alternative source for prospecting names and may provide a more cost-effective and better-performing solution. Companies, who become members of a data cooperative, benefit from the shared collection of transaction data that is contributed by the cooperative members.

The I-Behavior data cooperative includes transaction data from more than 1,700 contributing member companies, representing a variety of industries. I-Behavior was the first data cooperative to capture and model data at the SKU-level, providing better accuracy in our predictive models. For every individual and household, we have RFM data on more than 800 categories including Women's Apparel (Business, Casual, Lingerie, etc.), Men's Apparel, Children's Apparel, Home Furnishings, Health & Nutrition, Fishing, and Gardening, just to name a few. The depth and breadth of the data we capture, and categorize, allow us to create additional dimensions not possible with traditional RFM selects.

I-Behavior has a dedicated team of statistical modelers who create custom models for every client, for every campaign. The modeling process begins with an analysis of the mail tapes from a customer's previous prospecting campaigns, preferably from the same season of the prior year. This is especially important if the offer is seasonal. If the offer isn't seasonal, we will work with the most recent mail tape available. The goal is to understand the attributes of the responsive and profitable segments of the names mailed, in order to adjust the modeling accordingly. In the absence of a mail tape, we will run extensive customer file analyses.

Using a sample of active customers, we simulate several models to rank individuals in the I-Behavior database based on their likelihood to respond to the offer. Business objectives will determine model selects, segment sizes and model methodologies that will be used.

I-Behavior cooperative members have experienced successful results from our custom, prospect models. The names generated from our models typically outperform those from other data cooperatives, and our customers benefit from the higher volume of profitable names available from I-Behavior as compared to a single rental list.

## Can Direct Marketing Drive Additional Retail Business?

By Kathy Huettl, Account Manager

In today's market the multi-channel marketer has many different ways to promote their business. As I walk through the mall, I glance at the store name to determine if I want to walk in, without much thought in my decision process. I frequently visit the up-and-coming outdoor malls, known to retailers as lifestyle malls. Usually I only visit the stores that I know but occasionally, I'll venture into a store that I'm not familiar with. Given my own shopping mall experience, what is it that drives a consumer to head to an unfamiliar store?

For catalogers with retail locations, is it possible to drive a consumer to visit their store with a mail piece, an email, or is it just by chance that a consumer discovers the store? Perhaps, it's a combination of all three. If a mailer was sent, was it a catalog, a magalog, or Slim Jim postcard? These are all important considerations when deciding how best to reach and touch a consumer who has multiple options of where to purchase and how to purchase from a single merchant.

Natural Products Expo  
*Anaheim, CA*

April 13  
Ad Age Digital  
*New York, NY*

April 18  
Media Post Email  
Insider Summit  
*Captiva Island, FL*

April 19  
Ad Tech  
*San Francisco, CA*

April 26  
I-Media Summit:  
Driving Interactive  
*Huntington Beach, CA*

April 27  
Outfront Conference  
*New York, NY*

We look forward to  
seeing you there!

As a direct marketer, you know that multiple touch points increase the potential for a consumer to purchase from you; whether from a retail location, through the web site, or catalog. In this age of digital mobile devices, merchants can reach out to consumers via an email at their fingertips as well as a catalog in their mailbox. All of these touch points drive traffic to your store, the questions you need to answer are: How can I get the consumer to spend more? How many times do I need to reach out to them? And what type of offer do I need to include?

Questions the Multi-Channel Retailer Should Ask Before Mailing Their Campaign:

#### Format of Mailer

Which direct mail format will have the greatest impact on driving consumers into your store? Should you use a postcard, Slim Jim, magalog, catalog, or a combination of different creative approaches?

#### Creative Elements

Are there colors or images that generate the strongest customer response? Are experiential photos of consumers more effective than product shots? Does the age or gender of my customer have an impact on the imagery I should consider using?

#### Type of Offer

Do you need an offer to drive business, or will the consumer purchase anyway? Do I provide the same offer to my house file as my prospects?

#### Trade Area vs. Non-Trade Area

Is mailing into your trade area more effective? Does it matter which channel a consumer purchases through for your specific offer? As a retailer does a person entering the store spend more than the web buyer? Does it matter if they purchase via web/catalog or in a retail location?

#### Tracking

How should I track the performance of this campaign? Do I have a point-of-sale tracking system that allows me to match back the sales that come through the store?

If you take the time to answer as many of these questions as you can before your next campaign, you'll have the framework for a customer strategy that may increase your success rate for effectively reaching your consumers.

#### Test, Retest, Validate and Test Again

The direct marketer in all of us knows the best approach for determining what works is by testing, retesting and validating. Retail marketers put a lot of time, energy and money into developing campaigns to grow their consumer database through prospecting efforts, reactivating lapsed or inactive buyers and tapping into their other titles. In order to maximize their understanding of which approaches are most effective with their customer base, they should also be testing the different scenarios suggested by these questions:

- What's the right format for my mailer?
- What creative elements should be used?
- What's the right offer?
- What communication channel(s) should I use to reach my customer
- How will I track the effectiveness of this campaign

before moving on to testing a second point.

2. Test the basics, this can be as simple as testing an offer to a random nth of your 0-12 month house file and no offer to another random nth of your 0-12 month house file; or testing a magalog to your prospects and a slim jim to another set of prospects. Keep it simple until you have consistent results to work with.
3. Continue to test into all of the questions above, and as you learn more test deeper.

Through this process, and tracking of the performance of each test point, you'll gain a better understanding of the most effective approach for reaching your customer.

Need Help? Your I-Behavior Account Manager is just a phone call or email away.

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