

Building Response Models

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Agenda

- Why build response models?
- Data to collect & data to create
- Predictive modeling process
- Walk-through using RI Software Suite
- Q&A

Types of Models

- Customer value models
- Response models
- Churn models

Why build response models?

- Decrease marketing costs
- Acquire new customers more effectively
- Increase response rate
- Identify which people are most likely to respond
- Gain a better understanding of prospects and customers
- Increase revenue

What data can we use?

- Order and transaction data
- List data
- Customer demographic data
- Historical customer data
- Census data

Need data for both responders and non-responders

What data can we create?

- Forbes Top ZIP flag
- Distance from
- MSA data
- Days since
 - Last purchase
 - Membership date
- Aggregate variables
 - Number of times mailed
 - Number of past purchases
 - Largest past purchase

Predictive Modeling Process

- Define what a “response” means for you
- Gather data
- Transform and clean data
- Build model
- Score using model
- Validate model

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