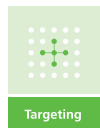


Plow & Hearth optimizes list performance and improves profitability of catalog prospecting campaigns



Client

Plow & Hearth, a \$100 million division of the \$670 million company 1-800-flowers.com, is a multichannel retailer specializing in “Products for Country Living.” The company mails more than 60 million catalogs annually under the titles *Plow & Hearth*, *Plow & Hearth Problem Solvers* and *Plow & Hearth Home*, and operates seven stores and award-winning Internet sites.

Challenge/Objective

A successful multichannel retailer, Plow & Hearth depends heavily on its catalog mailings to drive business. The company’s catalog mailings focus on housefile and prospecting campaigns and performance is measured through profit per campaign and revenue per book. Using an internal modeling team, the company has been very successful in leveraging its housefile campaigns to deliver profitable results. However, applying modeling techniques to their prospecting mailings did not perform well. Plow & Hearth needed to improve its process for acquiring profitable new customers through prospecting campaigns by improving its ability to predict responsiveness of outside lists.

Having to reduce the cost of acquisition campaigns and improve its ability to predict high-performing segments for acquisition, the Plow & Hearth team faced some key challenges:

- Improve profit contribution per order
- Better predict performance of single buyers from rented lists
- Minimize mailings to segments that perform below breakeven based on profitability

David Hay, vice president of Marketing at Plow & Hearth

“The value we realized came from Experian’s consultative approach and their demonstrated knowledge of our business.”

Key benefits:

- 10 percent improvement in sales per book
- 50 percent improvement in campaign profitability

Solution

Working closely with Plow & Hearth to address its challenge of improving prospecting campaigns, Experian® proposed using its VeriScoreSM list optimization solution. Experian had previous success implementing its VeriScore model for acquisition campaigns in the financial services and continuity marketing industry and suggested that Plow & Hearth use it to better predict response and improve profitability for its prospecting catalog mailings. VeriScore is a unique list optimization model that predicts outside list responsiveness. The key to its strong performance is based on the use of Experian’s extensive consumer data assets, enabling the model to predict which segments will result in profitable customers. Experian’s Business Strategies team worked with Plow & Hearth to refine the model over the course of a back-test against previous seasons’ mailings and also through a live test during the 2004 holiday season. Plow & Hearth now uses the VeriScore model to suppress unprofitable names for most of its prospecting campaigns.

Results

During the 2005 holiday season, Plow & Hearth scored seven million names for prospecting using the VeriScore model. The result from targeting the most profitable segments based on VeriScore was a greater than 10 percent improvement in sales per book over the previous season. In addition, the company was able to improve overall campaign profitability by greater than 50 percent due to the reduction in mailing to nonperforming prospects. Having achieved this level of predictability with prospecting campaigns, Plow & Hearth now can focus on growing prospecting circulation by acquiring new lists and revisiting lists that had not performed well in the past.

“Experian’s breadth of data assets that could be applied to improve our model performance, coupled with the professionalism of the modeling team, has given our business an advantage in prospecting campaigns,” says David Hay, vice president of Marketing at Plow & Hearth.