



Best Buy Triggers Loyalty with Unica® Campaign

Unica Campaign helps Best Buy build a loyal customer base, increase productivity and improve response rates

BACKGROUND

Minneapolis, Minnesota-based Best Buy Co., Inc., is North America's leading specialty retailer of consumer electronics, personal computers, entertainment software, and appliances. The company's subsidiaries operate retail stores and commercial web sites under the names Best Buy (BestBuy.com), Future Shop (FutureShop.ca), Geek Squad (GeekSquad.com), Magnolia Hi-Fi (Magnolia-HiFi.com), Media Play (MediaPlay.com), Sam Goody (SamGoody.com), and Suncoast (Suncoast.com). The company's subsidiaries reach consumers through nearly 1,900 retail stores and 90,000 employees in the U.S., Canada, Puerto Rico, and the U.S. Virgin Islands.

Best Buy stores bring customers a wide-ranging selection of affordable, easy-to-use technology and entertainment products, all encompassed in a fun, informative, and no-pressure shopping environment. This winning retail approach maximizes the company's profitability and delivers increased shareholder value.

THE RETAILING LANDSCAPE

As a leader in consumer electronics, Best Buy stores face constant competition. Consequently, it consistently strives to create a highly loyal and engaged customer base to combat its rivals by:

- Increasing customer loyalty
- Leveraging customer intelligence and rich analytics
- Understanding customer needs, wants and behaviors

With this understanding, Best Buy stores can determine the most effective and relevant communications for their customers. Each communication can be designed for a particular customer and his or her interests, from music, computers, and video games to the hottest electronic gadgets. By presenting relevant information that demonstrates an understanding of customers' needs and the high value it places on their patronage, Best Buy positions itself to customers as a trusted retailer. This approach enables Best Buy to build loyalty and set itself apart from the competition.

CHALLENGES

Best Buy desired to interact with its customers by creating highly targeted messages across multiple channels, but the company realized that its current system of hard-coding processes was not adequate to meet its desired campaign volume. It needed a scalable, robust solution that would grow with the organization to support an overall increase in revenue from continuing operations of approximately 12 percent in fiscal year 2004.

Best Buy's goal was to empower its marketing organization to increase the effectiveness and efficiency with which it monitors millions of customer records, attributes, and transactions. Consequently, Best Buy needed a software application capable of providing seamless access to multiple data sources, including a large customer data warehouse. In order to increase overall marketing productivity and proficiency, it also required an easy-to-use solution - one not requiring technical resources - that allowed marketers to automate and create templates for standard marketing programs without custom coding. With automation, Best Buy would also have the

OBJECTIVES

- Reduce time to market by increasing overall campaign velocity
- Improve marketing resource productivity
- Boost customer profitability and customer loyalty scores
- Leverage new models to enhance targeting and, ultimately, increase response rates

RESULTS

- Reduced average time to design and build campaigns from weeks to hours
- Achieved consistent weekly click-through rates
- Distinctly increased customer profitability and loyalty

ability to introduce repeatable processes that could increase speed to market and minimize errors. Through these efforts, Best Buy stores expected to free up technical resources to explore new marketing opportunities and build necessary predictive models.

THE SOLUTION

After evaluating several vendors, Unica was chosen for two key reasons: 1) strong company credentials and 2) best-of-breed marketing functionality. Through industry analysts and colleagues, Best Buy knew of Unica's proven solution and its demonstrated service philosophy. Unica's clear product vision and alignment with Best Buy's future goals, combined with numerous positive customer references and the financial viability of the company, influenced Best Buy's decision.

Unica Campaign, Unica's cross-channel campaign management application, was selected to define, create, test, execute, and analyze all marketing programs via email, direct mail, call centers, and the web. The breadth and depth of Unica Campaign's functionality, including its multi-level audience capability, deep segmentation, integrated analytics, and its ease-of-use, were critical reasons for choosing Unica.

SAMPLE CAMPAIGN

Entertainment Email Campaign

Using Unica Campaign, the marketing team designed a program to drive repeat purchases and increase product margins for the online store, BestBuy.com. The goal was to present a product solution consisting of entertainment offers as well as product promotions to every online buyer. Best Buy saw this as a critical step toward reaching its goal of evolving from a retail store to a trusted advisor.

This campaign selected all individuals who had made an entertainment purchase online during the previous week and then performed standard suppressions. All buyers were then segmented into two groups based on their purchases. For example, stereo, walkman, and CD purchasers fell into the "Music" segment whereas DVD, TV, VCR, and VHS purchasers fell into the "Movie" segment. The "Music" segment received a music-centric email and the "Movie" segment received a movie-based

email. A control group was then created for each segment to measure the impact on repeat purchases of the personalized offer versus no offer.

All email content was dynamically selected for each individual and contained three core content areas. The first area was a pre-order section, the second provided information on new releases, and the third contained product offers that involved either consumer electronics or games. For each segment, there were many unique email offers that could be generated. The offer exclusivity may have been the result of the complexity and possible combinations of customer attributes, predictive models, preferences, and past purchase data used to determine the most effective content for each individual within a segment. With Unica Campaign, Best Buy was able to manage the large volume of offer permutations and track the performance of each, thereby providing Best Buy with visibility into which content combinations were most effective. With Unica Campaign in place, this campaign now runs every Tuesday in a "lights-out" fashion resulting in significant increases in marketing productivity and overall business efficiency. Customers anticipate the weekly email because of the communication tool's consistency and perceived value.

Event-Triggered Direct Mail

A second campaign was created to increase overall product sales as well as to nurture new customer relationships. This event-triggered campaign runs weekly and leverages a predefined, reusable template. The campaign selected all customers who had made a purchase at any Best Buy retail store throughout the country during the week. Standard suppressions, such as anyone who had already received a direct mail this week, invalid or incomplete mailing address, and customer opt-out, were applied.

The remaining buyers were segmented according to whether or not this was their first Best Buy purchase. For first-time buyers, a thank-you mail with an incentive to buy again was mailed. All remaining buyers were segmented using Best Buy's strategic segment definitions.

"Unica Campaign allows all brands of Best Buy, through the use of the customer insights, to more effectively communicate with our customers about products, services, and solutions that meet their needs."

*Dave Peters
IS Leader CRM,
Best Buy Co., Inc.*



Using Unica Campaign, timely and tailored thank-you notes like the ones shown here are now sent to retail store buyers.

With Unica Campaign, marketers had the flexibility to assign any number of unique offers to a specific segment and track the performance of each without relying on technical resources to code the offer combinations. The assignment of offers was based upon a number of factors, including predictive response and customer value models. Test groups also were defined for each segment and offer combination in order to measure the impact a coupon had on whether a purchase was made. The ability to create a program of this magnitude and complexity on a weekly basis was not possible prior to the implementation of Campaign, because of the significant amount of time and resources required to manage the data and logic. Now the entire campaign runs within hours. This makes it possible for Best Buy to send timely, targeted thank-you notes, increase repeat purchases, and build a dialog with first-time buyers.

THE RESULTS

With Unica Campaign, Best Buy now has a platform to expand and extend its marketing efforts. The use of lights-out campaigns and templates has resulted in an increase in campaign velocity, which drastically increases speed to market and, ultimately, will enable Best Buy to increase its campaign volumes. Template use also has reassured management

that treatment and enforcement of business rules, such as opt-outs and privacy policies, are handled consistently across all initiatives.

Unica Campaign empowers the Best Buy marketing team, increasing overall productivity of the marketing organization. Following the implementation of Campaign, the number of employees supporting the marketing campaign design and execution decreased, freeing technical design analysts to build enhanced predictive models needed for future activities.

With Campaign, marketers can access data from all Best Buy data sources, providing a complete customer view without custom coding or needing technical support. The marketing department now can turn data into actionable information quickly and easily. In fact, the average time to design and build a campaign has been reduced from weeks to just hours!

Moreover, the Entertainment Email campaign was a huge success for Best Buy stores. By using Campaign, it now takes just 60 minutes to design and run the campaign. Other significant results include:

- Consistent weekly click-through rates
- Distinct increase in customer profitability
- Marked increase in customer loyalty

The Event-Triggered Direct Mail campaign has taken Best Buy's marketing to a new level. Unica Campaign's flexibility and scalability allow the team to manage hundreds of possible offers without technical assistance. The direct mail is sent within one week of a purchase, thereby increasing customer responsiveness and improving the likelihood of a repeat purchase.

THE FUTURE

Using Unica's Campaign, Best Buy plans to continue to enhance its relationships with customers through exclusive shopping and unique relationship-building opportunities.



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