

TARGET TIPLINE MARKETING

Welcome to the TM Tipline, a Target Marketing Group publication, for September 21, 2005

Target Practice

Sears: A Lesson in Doing More With Less

By Paul Bibler and Doug Bryan

Like many large retailers today, Sears faces fierce competition and an increasing pace of innovation. To meet these challenges, the company has focused on cutting costs while simultaneously increasing both its productivity and agility.

A case in point is Sears' catalog business. The company had been an early adopter of predictive analytics technology, which enabled it to predict which customers would be likely to respond favorably to promotions and catalog offers. However, the predictive analytics environment it used to model customer segments and target mailings was mainframe-based, which increasingly became difficult to interoperate with other databases and was labor intensive. The system became too expensive and inflexible, and the specialized IT resources needed to support it were dwindling.

Sears needed to find a way to be more productive and agile with fewer resources. So the company analyzed the technological underpinning of its direct marketing operation and devised a three-pronged approach.

The first step in the process was to integrate data from Sears' multiple channels (retail stores, online, catalog), brands (Sears, Orchard Supply Hardware, Lands' End), credit data, market demographics and external sources such as mail-order overlays. The combined data mart from all these sources included more than 900 attributes. Sears then integrated this data mart within its corporate warehouse, which gave the catalog team a highly scalable computing and storage environment while reducing operational costs.

After reducing the complexity of its back-end data sources, Sears then automated many of the most labor intensive and repetitive steps in its predictive analysis process. Using technology from KXEN, a provider of predictive and descriptive analytics software, Sears was able to automate its data preparation process, including attribute importance and nominal attribute encoding, among others.

Finally, after reducing data complexity and speeding up data preparation, Sears was able to use its KXEN analytics engine to automatically generate model deployment code directly within its data warehouse. Scoring records within the warehouse eliminated the need for data extraction, which saved significant time. As a result, Sears can now build more models and increase model quality, while reducing model development time and costs. For example, in the old environment, it took weeks to

create a model, and scoring required several hours. Now, Sears can create robust models within a few hours and score 75 million customer records in 30 minutes.

Increased analytic productivity also has allowed Sears' business partners, analysts and merchandising colleagues to query the data more often.

By integrating disparate databases within its data warehouse and adopting KXEN analysis technologies, Sears is able to do more with less.

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Fonte: http://ga1.org/tmgroup/notice-description.tcl?newsletter_id=1960075&r=#6