Move to a Segment of One

Next Best Action

Finding the Segment of One

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The Jeff Conundrum

- At RNIB, we wanted to think about donors differently.
- We want every donor to receive a great experience from us.
- We want them to actively choose to stay with us, particularly in a world of opt-in, and FPS.
- The aim is to give the same personalised experience we give 7-figure donors to those giving us £5.

The Jeff Conundrum

- Traditional Segmentation, RFV etc, works by starting with the campaign - *I'm going to send a cash appeal* - and then decides who the best donors are to receive it – *which donors (will) give to our cash appeals?*

- Running multiple appeals, selections are hierarchical rather than comparative. *We want to run conversion calls to RG and WL. RG is worth £100pa, WL is worth £60*. So we take the 50k best supporters and offer them a RG, and the next best 50k for WL, with the rest sent a usual cash appeal.

- We get the best RR to our highest value products & everybody’s happy.

The Jeff Conundrum

The Jeff conundrum

- How can I identify what's right for all the Jeff's?

- Also what's right for RNIB - how can I know what the short, medium and long term income impact of each ask is for Jeff?

- In short, we were trying to get to the point that we are offering the right products, to the right donors, through the right channels, at the right time.

The brief

Please can you build a tool that tells me:

- For each donor on the base individually,
- which product(s) we should offer them,
- and in which order,
- and through which channels.

And,

- what offering each of these donors every possible combination of products and channels means for our short-, mid- and long term income.

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THE SOLUTION

The Next Best Action Model

STEP #	DESCRIPTION
1 Propensity Models	• Logistic regression models to identify the variables and their importance to predict likelihood to respond to our campaigns • Normalisation of scores across models

Let's imagine the following situation

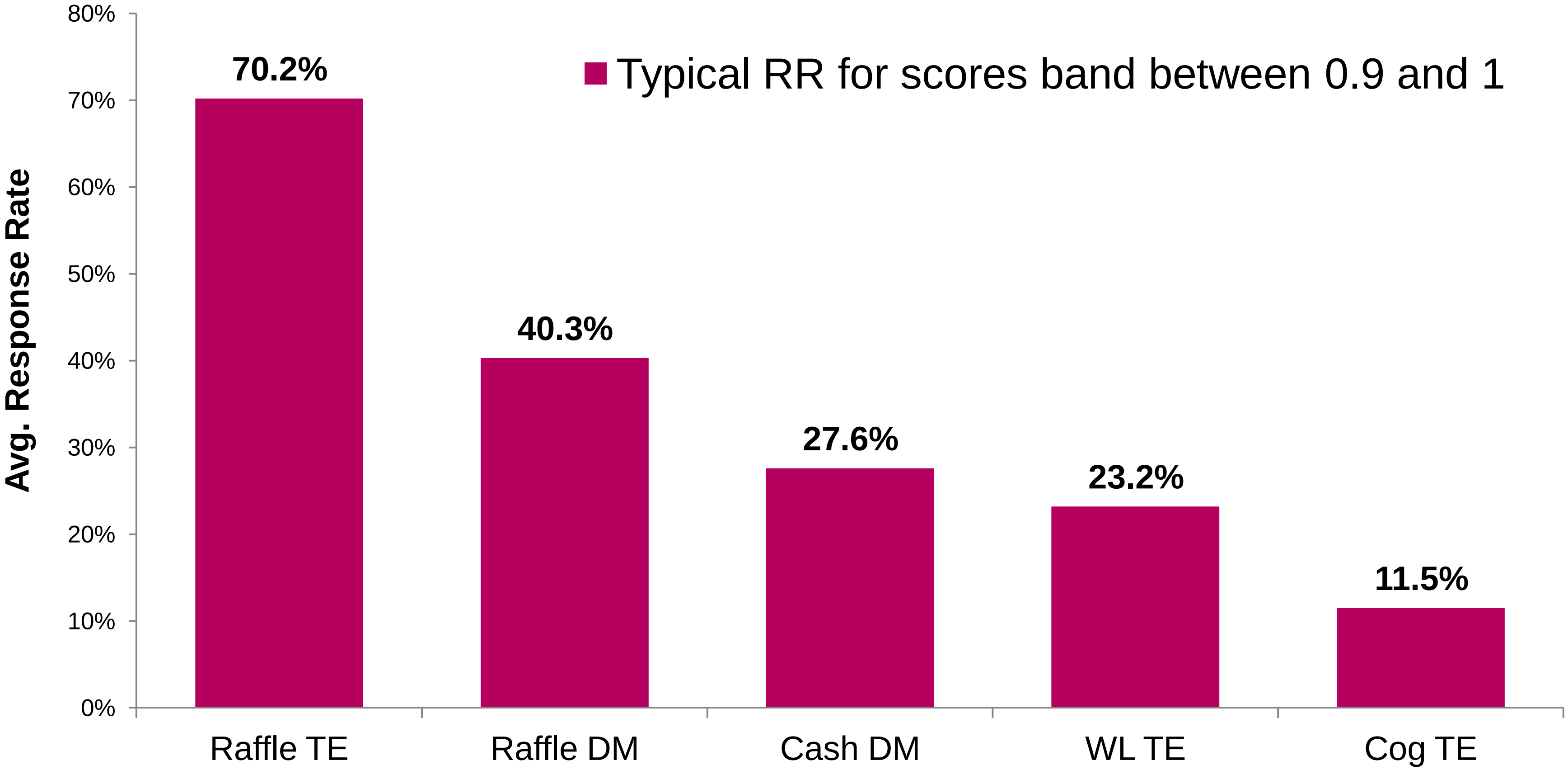
£1 = ISK150

£1 = €1.1

The same pound will yield different results depending on the country we are in

Exchange Rates are a way to "normalise" money across countries

We use response rates to normalise scores



Score Band	Weekly Lottery (DD) Telephone	Committed Giving (DD) Telephone
	Response Rate	Response Rate
≥0.9	23.2%	11.5%
≥0.8<0.9	15.0%	9.5%
≥0.7<0.8	12.1%	7.2%

Jeff

0.7	0.8

What's the best campaign for Jeff?

The Next Best Action Model

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The Next Best Action Model

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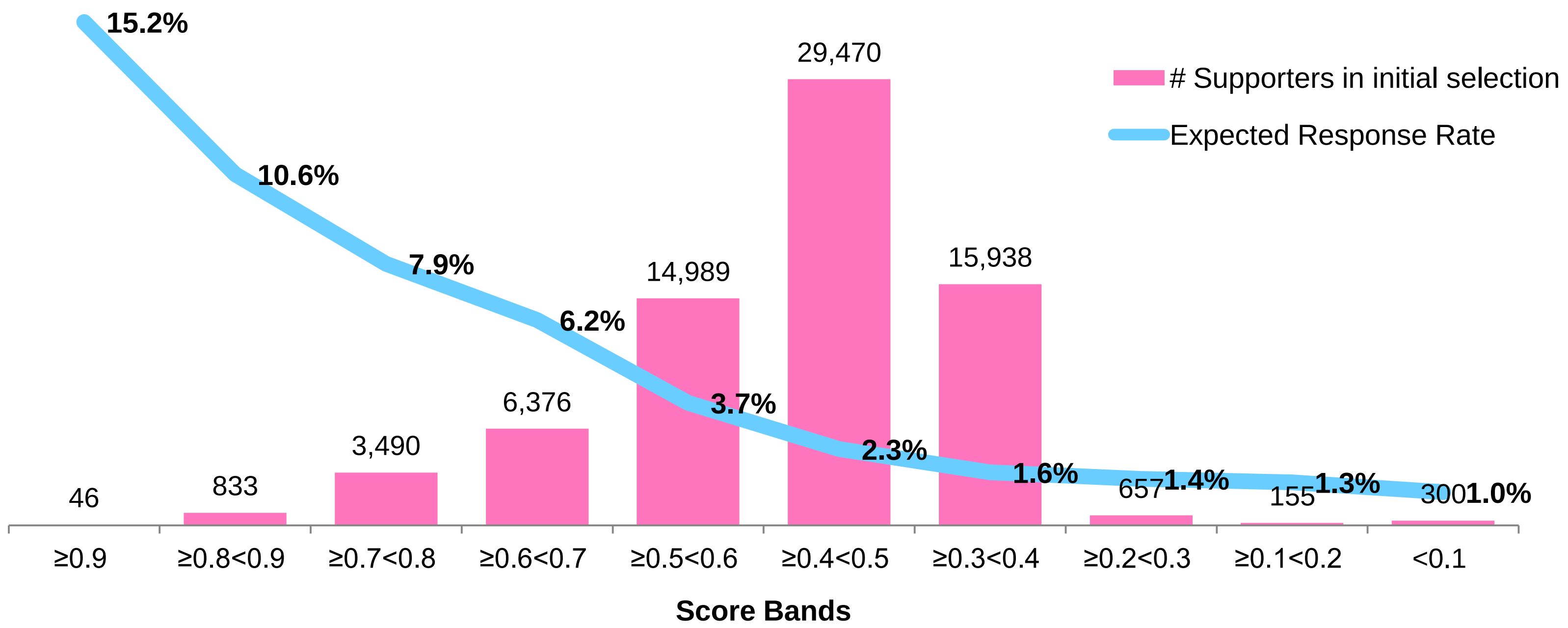
2 Feasibility Filters	Standard restrictions	Current product mix	Product restrictions	Channel restrictions
3 Campaign Scenario Planning	We have calculated the typical response rates we can expect per product and channel and score band. We have also calculated which is the minimum response rate that will enable a positive ROI for each campaign.			

Scenario Planning for a certain campaign



Scenario	# Supporters for selection	Expected Response Rate
Selection of Scores 1 to 0.7	4,369	8.5%
Selection of Scores 1 to 0.6	10,745	7.1%
Selection of Scores 1 to 0.5	25,734	5.1%
Selection of Scores 1 to 0.4	55,234	3.6%
Selection of Scores 1 to 0.3	71,142	3.1%

If minimum Response Rate to achieve positive ROI is 3.5%, our optimal scenarios would be the first 4

Last scenario would return a negative ROI

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4 Business Planning	We can assess our different selections according to the short, middle and long-term revenue they will generate for the organisation, facilitating strategic decision making			

Business Planning

	SCENARIOS		
	Short Term	Medium Term	Long Term
Cash DM	44K	40K	32K
Raffle Telephone	XXX	XXX	XXX
Raffle DM	XXX	XXX	XXX
Raffle Email	XXX	XXX	XXX
Cog Telephone	XXX	XXX	XXX
Cog Upgrade Telephone	XXX	XXX	XXX
Cog Reactivation Telephone	XXX	XXX	XXX
Weekly Lottery Telephone	127K	200K	207K
Weekly Lottery Upgrade Telephone	XXX	XXX	XXX
Weekly Lottery Reactivation Telephone	XXX	XXX	XXX
Total	800K	800K	800K

The Next Best Action Model

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4	Business Planning	We can assess our different selections according to the short, middle and long-term revenue they will generate for the organisation, facilitating strategic decision making
5	Donor Management	Finally the tool will provide the optimal journey for each one of our supporters. Some supporters will only be suitable for one-product journey, some of them will be suitable for a multiple-product journey

Donor Management

NBA 1	NBA 2	NBA 3
Weekly Lottery Telephone	Raffle Telephone	

Donor Management

NBA 1	NBA 2	NBA 3
Raffle DM	Regular Giving Reactivation Telephone	Cash DM

Donor Management

NBA 1	NBA 2	NBA 3
Cash DM		

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BENEFITS OF THIS NEW APPROACH

Working together

PREVIOUS APPROACH	NEW APPROACH
RFV pre-assumptions for selections	Selections based in propensity to respond and strategic planning
Size of selections based on how many people we can afford to contact	Size of selections based on optimal budget allocation
Selections done in a chronological order	All selections are produced at once and supporters allocated to their preferred campaigns
Double process involving Data Management Unit and Insight Unit	Single Process from Insight Unit to Data Management Unit
Focused on short term income	Strategic approach: can be focused on the long-term and the short-term, facilitating decision making

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RESULTS

3 examples of how this model has helped

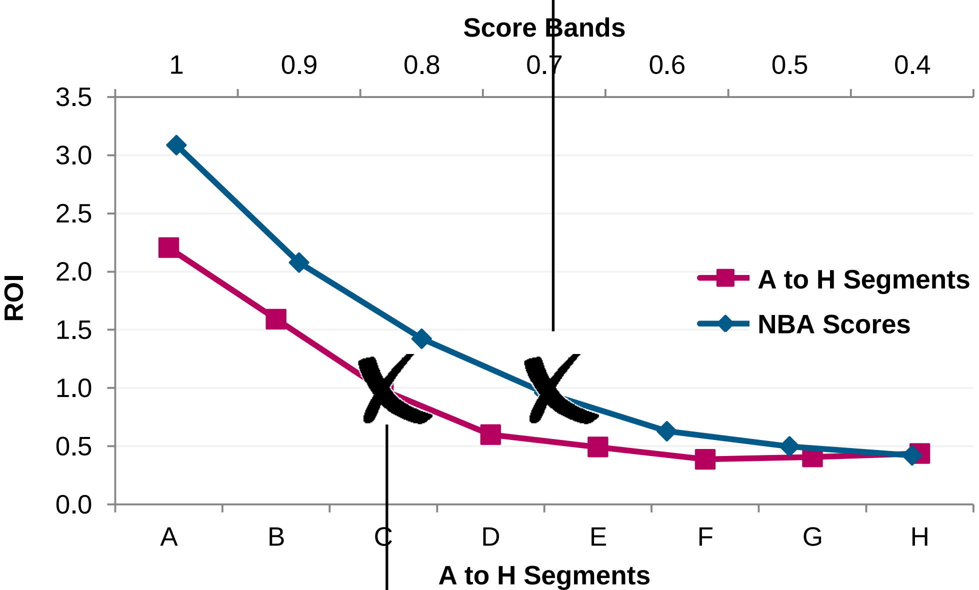
1. Could it be more reliable for selecting for campaigns than RFV segmentation - Raffle test
2. Could it identify donors we'd otherwise not contact, but who were willing to donate - Lapsed Weekly Lottery calling
3. Could it tell us where we are offering donors the wrong product - Cash test.

Can we get more reliable segments for campaigns selections than RFV segmentation?

RNIB NBA Score	Selected	Contact rate	Response rate	Predicted Response Rate
≥0.9	37,271	84%	70%	70%
≥0.8<0.9	47,112	78%	53%	49%
≥0.7<0.8	34,344	73%	39%	36%
≥0.6<0.7	28,529	66%	25%	24%
≥0.5<0.6	28,979	54%	16%	16%
≥0.4<0.5	32,143	49%	12%	12%
≥0.3<0.4	39,386	48%	10%	10%
Total	**247,764**	**65%**	**38%**	

RNIB A to H Segment	Selected	Contact rate	Response rate
A	121,041	81%	55%
B	2,971	75%	34%
C	13,344	69%	23%
D	6,244	63%	13%
E	13,822	57%	13%
F	20,594	46%	10%
G	3,902	35%	9%
H	65,481	46%	10%
Total	**247,764**	**65%**	**38%**

147,000 supporters



197,000 supporters

To achieve a positive ROI, the NBA would have saved circa £34,000 in calling and fulfilment costs compared to using A to H Segments

Could it identify donors we'd otherwise not contact, but who were willing to donate

Weekly Lottery test November 2015

- The tool identified, out of long lapsed and pledgers only, which supporters showed good propensity to respond to a Weekly Lottery Ask
- We called 6,200 of the supporters identified by the tool (scores between 0.5 to 1) during November 2015.
- The campaign was a success, obtaining a positive ROI and a response rate of 4%. We managed to reactivate 256 supporters who have generated more than £15,000 in less than 12 months.

Could it tell us when we are offering donors the wrong product?

Cash test September 2015

	Response Rate	Avg. Gift
Active 1 – last donated in the last 12 months	20%	£16
Active 2 – last donated between 13 and 24 months ago	4%	£17
Lapsing – last donated between 25 and 36 months ago	2%	£17
NBA Segment – Scores between 0.5 and 1	8%	£18

This additional segment of only 8,000 supporters generated an additional revenue for the campaign of £14,000, with an ROI of 3, outperforming by far Active 2

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QUESTIONS?