

## Lands' End Uses Unica® Campaign to Implement Customer-Centric Strategies

Lands' End rolls out Unica Campaign to empower marketing staff and develop more targeted customer campaigns

### BACKGROUND

Lands' End is a global direct merchant of classically inspired clothing for men, women and children, soft luggage and products for the home. Its offerings are sold through regular mailings of catalogs and a web site - landsend.com.

Faced with an increasingly saturated marketplace and a slowing economy, Lands' End felt a growing need for hybrid - or multi-channel marketing campaigns, and a shifting management focus from product-centric to customer-centric strategies. Their end goal was to increase customer loyalty with the intent of increasing revenue.

As part of its effort to better understand and target its customers, Lands' End undertook an extensive Customer Relationship Management (CRM) initiative.

Its CRM strategy involved leveraging the existing Enterprise Data Warehouse, the creation of a customer data mart for campaign management, and the implementation of enterprise marketing automation software. This software would improve its current operational processes as well as enable Lands' End to develop more targeted, personalized marketing strategies. It would also highlight gaps where additional process improvements could be made and provide insights into how to design the new data warehouse.

In developing its customer-based marketing strategy, Lands' End had several key goals:

1. Gain cost efficiencies by automating individual processes and eliminating constraints imposed by the current architecture and system.

2. Empower marketing staff to manage operational aspects of marketing campaigns (design and execution) while freeing up other resources to focus on strategic marketing (such as data mining and modeling).
3. Reduce new customer acquisition costs and grow average revenue per transaction and customer.

### THE CHALLENGES

#### Selection

Lands' End launched an exhaustive process to identify, select and ultimately partner with a marketing automation vendor. Marketing and IT staff spent two weeks performing an online search to identify marketing automation vendors and gain an understanding of available solutions. Industry analysts, such as Gartner and Meta Group, provided additional insights to help identify market leaders. Lands' End sent 11 RFPs (Request for Proposals) to identified vendors, including Unica Corporation. The first-round cut was made based on 'knockout' criteria (for example, no large installs). The remaining five vendors were reviewed in detail and each was scored based on weighted factors for both the vendor and technology, including functional capability of the software, implementation timeline, support model, financial viability of the vendor, customer base and reference ability, and rankings by industry analysts. Of the 5 remaining vendors, three vendors were invited on-site for a day long demonstration of their software features and functionality and corporate vision. Each vendor was asked to address twelve scenarios specific to Lands' End.

### OBJECTIVES

- Decouple tight interdependence between technical architecture and business process
- Leverage abundance of data disbursed across multiple systems
- Replace legacy infrastructure and contradictory, hard-coded business rules
- Enhance customer segmentation and targeting capabilities

### RESULTS

- Empowered marketing staff to manage design, development and execution of marketing campaigns
- Leveraged abundant data from multiple locations
- Moved to flexible, open systems environment
- Integrated several systems and processes
- Enhanced customer understanding across channels
- Significant cost savings achieved by reducing unprofitable mailings

Not only was Lands' End looking for robust functionality and the ability to automate complex processes of campaign design, development and execution but also a solution provider that would be a partner in its overall CRM strategy.

Of the three technologies presented, Unica Campaign was chosen as the optimal solution to automate Lands' End's catalog operations and boost its hybrid marketing capabilities. In addition, Unica's implementation methodology - not only laid the foundation for a proven best practice implementation, but also afforded Lands' End the flexibility to utilize flat file extracts from its mainframe customer database.

To address these challenges and achieve its goals, Lands' End and Unica planned an approach that relied on best practice methodology, tangible goals and prudent project scope. The technology needed to eliminate existing constraints and support the organization's core strengths and primary business objectives. The chart below outlines Phase 1 of the CRM strategy.

**Implementation**

Consistent with Unica Corporation's philosophy that the implementation of enterprise automation will affect people, process, and technology, Lands' End spent considerable time and effort understanding and developing a plan of how each of these areas would be affected as it enhanced its customer-centric strategies.

Challenge	Constraints Imposed
Tight interdependence between the technical expertise required for the business implementation of campaigns - marketing and technical processes were married.	<ul style="list-style-type: none"> <li>• High skill set required to design and execute campaigns</li> <li>• Iterative process to define and redefine segmentation, which slowed time to market</li> <li>• Limited version testing allowed</li> </ul>
Abundance of customer data disbursed across multiple systems.	<ul style="list-style-type: none"> <li>• No comprehensive customer view and no easy way to integrate data across multiple systems</li> <li>• Limited view of customer's lifetime value or buying behaviors</li> <li>• Limited ability to segment and target</li> </ul>
Legacy technology infrastructure and contradictory business rules.	<ul style="list-style-type: none"> <li>• Original database infrastructure and supporting systems were built in an OS390 (mainframe) environment, not an open systems environment</li> <li>• Marketing business rules were added over time, which inherently led to rule conflicts</li> </ul>

“Ultimately, we were looking for business functionality in a system designed for marketers, not programmers. Unica’s solution proved to be superior to the others. Unica Campaign is critical in being able to deliver the single-best shopping experience possible for our customers. It will enable us to analyze and leverage customer data, to understand and predict customer behavior, and to implement fine-tuned, automated marketing campaigns across all business channels.”

*David Johnson  
Vice President of Direct  
Marketing, Lands' End*

**THE SOLUTION**

**Product Acceptance**

After the rigorous selection process, Unica was chosen, and the company's first task was to implement a pilot program. The pilot was completed in 14 weeks during the busiest time of year when Lands' End was gearing up for the quarter in which it does about 40% of its annual business. Extracts from the legacy corporate database and flat files were used in product acceptance. Lands' End had a persistent, unique customer key that allowed staff to join disparate data feeds. Additionally, through Unica's UDI (Universal Dynamic Interconnect), Unica Campaign had the flexibility to map to any data structure available - relational or flat file - simultaneously so it could integrate last minute suppression lists or segments not stored in the data mart.

**Production Environment Architecture**

Lands' End migrated from its corporate database residing on a mainframe OS390 system to an open architecture on an IBM UDB-EE AIX system. The final environment was a physical two-tier implementation involving Windows clients, Unica Campaign Server and DB2 data mart on one RS6000/AIX. In addition, Promotion History DB2 Tables on the OS390 were accessed using Unica Campaign's UDI capability.

**THE RESULTS**

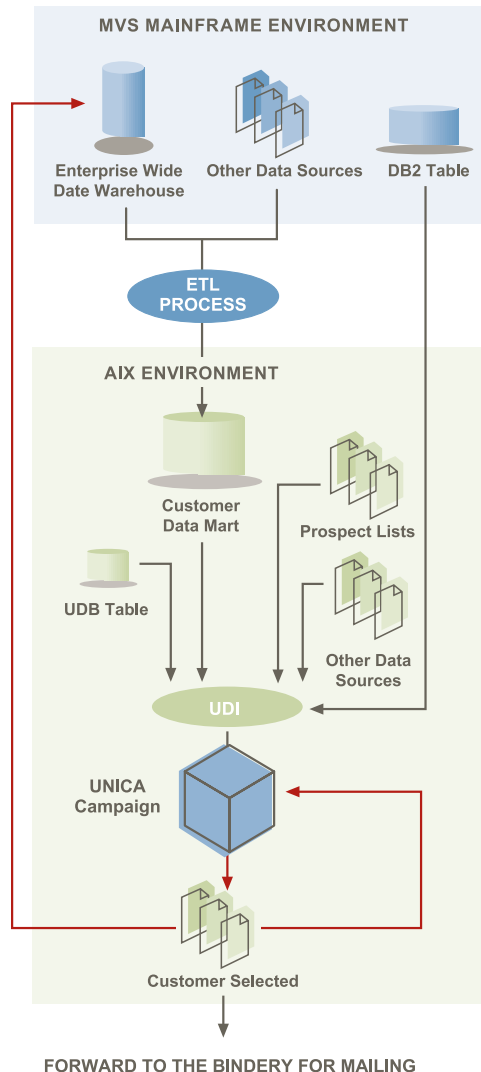
The selection and implementation of Unica Campaign has been a marked success. From the beginning, Lands' End was adamant about picking a partner, not a vendor. They not only chose a technological solution that would enable them to meet their goals, but also a vendor that was the right "fit" for the organization and one that could help them achieve their objectives. This success did not hinge upon Unica alone. The staff at Lands' End also realized they played a big part in the success of the implementation and they held themselves accountable for their part in the implementation process.

**Empowering Marketing Staff**

The vice president of direct marketing was looking for a flexible system that had robust business functionality, as well as complex customer segmentation techniques. As David

Johnson, Vice President of Direct Marketing at Lands' End, noted, "Ultimately, we were looking for business functionality in a system designed for marketers, not programmers." Lands' End anticipated that marketing roles would need to be re-assigned and functional responsibilities re-aligned as necessary. The implementation of this software appropriately shifted the responsibility of campaign design and execution from Quantitative Analysts to Marketing Analysts, who are responsible for circulation and planning. The Quantitative Analysts now spend their time on more strategic database functions, such as data mining and model development for segmentation and targeting.

**Lands' End Production Environment**



Unica Campaign, with its flowchart-based GUI for designing campaigns, provided marketing staff an intuitive and extensible tool for creating, documenting, and sharing campaigns. It also enabled the staff to integrate several processes that were formerly discrete operations within the overall context of a campaign.

### Gains in Process Improvements and Integration

The implementation of Unica Campaign allowed Lands' End to integrate several processes and boost the depth and effectiveness of its customer segmentation. With a strong need to show ROI derived from the implementation, Lands' End was able to point to several areas where they attained significant upside. They retired five old systems, including their former segmentation and selection process, which were replaced by Unica Campaign. They were able to point to several technical 'firsts,' such as having a UDB-EE analytical processing database available on AIX. In addition, they were able to avoid hard-coded programming of frequently changing information, such as country suppression lists, by including this information as a user-defined and editable derived field in Campaign. The Lands' End customer segmentation process is now more robust and flexible. By not only having more data available for more effective targeting, fewer manually-driven processes and easier ways to suppress and segment its customer base, Lands' End estimates it will recognize significant initial annualized savings by avoiding mailing catalogs to unproductive customer segments.

Unica Campaign and the completion of Lands' End Customer Data Mart enabled Lands' End to gain a greater understanding of customer buying behavior and provide better customer information to the marketing staff. The implementation of the marketing automation strategy to this point has uncoupled the reliance of the marketing process on technical expertise and reduced the reliance on legacy, closed systems.

### THE FUTURE

Lands' End not only will continue to derive value by enhancing revenue through its catalog operations, but also plans to drive more cross-channel marketing efforts. As Unica Campaign becomes the staple marketing tool, Lands' End can define and track a multitude of customer contact strategies. The marketing staff can identify responders and non-responders and leverage either event-driven campaigns where the software detects a "trigger" (action or inaction) on the part of the customer and executes predefined campaigns, stream-based or longitudinal campaigns where a series of contacts can be made over time. Because Unica Campaign can support any number of versions of a mailing, Lands' End can execute custom, individualized mailings, reducing overall production costs and enhancing revenue through its more customer-focused efforts.



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