



## Starwood Vacation Ownership Boosts Sales with Unica® Corporation

Unica Campaign and Unica PredictiveInsight enable integrated cross-channel marketing, resulting in greater business agility and increased revenue

### BACKGROUND

A wholly owned subsidiary of Starwood Hotels & Resorts Worldwide, Inc., Starwood Vacation Ownership, Inc. (“SVO”) is one of the premier developers and operators of high-quality vacation ownership resorts. SVO currently operates vacation ownership resorts under the Westin®, Sheraton®, and St. Regis® brands in some of the world’s most desirable destinations, including Hawaii, Florida, Colorado, and the Caribbean. Headquartered in Orlando, Florida, the company has 18 resorts and more than 4,300 employees.

### THE CHALLENGES

Starwood Vacation Ownership has grown rapidly, launching many new resort sites and vacation products each year. Within calendar year 2007, SVO anticipated more than doubling the number of resorts it owned, and each new property required a new set of marketing programs to support it. Until recently, SVO had outsourced both its marketing communications and marketing database. However, this outsourced solution could not support SVO’s growing needs. SVO found that it needed a far deeper understanding of its individual customers’ preferences, a more effective approach to segmentation, and a much simpler way to test its programs. It took too long to deliver new marketing programs, and SVO could not fully leverage resources available elsewhere in Starwood, such as the Starwood Preferred Guest loyalty program.

To address these problems while simultaneously reducing costs, SVO decided to bring its direct marketing program entirely in house. Once this decision was made, the marketing organization was instructed to make the cut over without missing monthly budgets or negatively impacting sales or costs.

### THE SOLUTION

Building on success with Unica Corporation’s enterprise marketing management (EMM) suite elsewhere in Starwood, SVO decided to implement both Unica PredictiveInsight for data mining and predictive analytics and Unica Campaign for cross-channel interaction and campaign management, to integrate the entire process of analysis, campaign creation, and execution. To house all the data used in its marketing campaigns, SVO and Starwood also built a new, unified customer data warehouse.

Below are examples of how SVO is using Unica software to scale its marketing efforts and boost its booking rate.

#### Targeting the Right Prospects with the Right Offers

“In our business, making sales begins with gaining a deep understanding of each individual customer,” says Ron Lange, senior marketing database manager, Starwood Vacation Ownership. “For example, we have multiple categories of products. We offer vacation ownership interval programs for both Sheraton and Westin, where the customer owns a week per year at a specific location. We have fractional ownership programs where a customer typically owns three to six weeks per year at upscale, luxurious properties, and we’re getting further into the real estate market, offering full residences at locations such as our St. Regis property in New York City, which draw many of their leads from realtors and brokers. Each of these customer experiences appeals to different buyers. With Unica, we can understand which buyers will be most receptive to each, and how to approach each category of customer. We need to understand where a customer wants to vacation. So, if he or she has vacationed at our Westin in Aruba, we

### OBJECTIVES

- Boost SVO vacation package booking rate by 10%
- Gain deeper insight into individual customers’ preferences
- Segment the customer base more effectively
- Leverage all of Starwood’s marketing resources, including the Starwood Preferred Guest program
- Improve up-selling and cross-selling to existing customers by 5%
- Integrate email, direct mail, and phone communications
- Centralize management and execution of all inbound and outbound marketing efforts

### RESULTS

- Increased response by 15% and penetration by 24% within six months
- Raised total mail volume YOY by 20%
- Boosted client activations by up to 20%
- Reduced average lead turnaround time from 17 days to eight
- Minimized contact center Do Not Call hit rates by 56%

can now target a specific offer for a vacation property on the same island. That's just one example of how we can now integrate with our team members at Starwood hotels."

Another example is for testing various direct mail creative concepts - specifically for the Westin Maui. The SVO marketing team tested a new branded direct mail version for the property against the standard control creative. "Using the test and control functionality in Unica PredictiveInsight, we found that the branded version outperformed the control version by 21% in response and 38% in booking rate. Not only were our findings significant, but the ease of setting up tests allowed us to retest this creative two more times to validate our results. We then confidently rolled out the new version to all prospects," said Lange.



The Westin branded (shown left) and control direct mail concepts (above). The branded version outperformed the control version by 21% in response and 38% in booking rate.

Additionally, using models created with PredictiveInsight that anticipate which brand each potential customer is likely to prefer helped select the appropriate audience for the Westin Maui promotion. Prior to Unica, SVO offered a Sheraton or Westin accommodation to everyone in a direct mail offer. "Now, we use Unica to segment our customers based on their Sheraton or Westin preference and target each group with offers they are more likely to respond to. The result was a 55% increase in booking rate for Sheraton and 87% for Westin vs. the control group, where no modeling was used."

"To target the right prospect with the right offer," adds Lange, "we need deeper knowledge about travel patterns and locations for different types of guests and in different areas of the country." Now, for the first time, we can get that." SVO can systematically identify and target new niche segments using PredictiveInsight, and then quickly deliver relevant campaigns to those segments via Unica Campaign.

One key element in this process is testing. "Before we had Campaign, it was virtually impossible for us to conduct statistically valid testing. With Campaign, we can easily go in and create test groups that are statistically valid and get reliable results we can track. Since it's so much easier to do, we're doing far more testing. We had six different tests in August, five in July, and eight in June - whereas we struggled to get even one done per month last year. And we've learned a lot. For example, applying a hard expiration date to our specific offers gave us a 33% lift in response: something we did not know before."

"When we find a new segment or opportunity with PredictiveInsight, we can easily leverage this information in Campaign due to the tight integration between the applications. The best part is we can do it all ourselves; we don't have to rely on IT to make the necessary changes."

"Another thing we learned through testing is that integrating email with direct mail and telemarketing gives us a 5% lift in response. Fortunately, thanks to Unica, fully integrated campaigns have become practical for the first time. Previously, they were extremely difficult for us to coordinate. Now, we can set them all up, no matter how many disparate data

sources they utilize. We can precisely time our campaigns to send an email teaser about a direct mail offer that will come the following week, then follow up a week after it hits with another email, and make an outbound phone call several days after the second email. The coordination via Unica software is pretty slick and it's significantly improved our results. We also plan to test different multi-channel communication strategies against one another to further improve our response rates. The users like how easy it is to set up even more complex testing, and those test results will enable better decision making for our team."

### **ACCELERATING CAMPAIGN EXECUTION AND LEAD FOLLOW-UP**

"Before we implemented Unica," says Connie Fowler, marketing database manager, Starwood Vacation Ownership, "significant lead time was required to produce a marketing campaign. Today, using real-time data, we can create a campaign in one day, if necessary. This makes us much more flexible and nimble. For example, we can coordinate our direct mail drops to align with inbound call volume at multiple call centers, giving sales representatives a nice, steady flow of inbound and outbound calls, so they can operate at consistent levels. Conversely, if we're reaching the end of a month, and a call center is running below its sales commitments, we can quickly turn around a campaign to increase their call volume."

"Another big win is related to lead distribution and routing," adds Fowler. "We've been able to cut down on the interval from when someone fills out a lead form to when we deliver a prequalified lead to the outbound contact center with our business rules and suppressions applied to it, and the best offer for that individual associated with it."

Using Unica and the in-house data warehouse, SVO gives its outbound callers more accurate and reliable information to work from. "Historically, when we needed to supply outbound callable numbers to a contact center, we had to build in extra time to deliver the data. By the time our callers were ready to make their calls, much of the data was out of compliance. We know our Do Not Call (DNC) list hit rate, and we know how many hours it takes to sell one package. If you provide people with

great leads, it doesn't take long. But if 20% are kicked back because our backup systems report that these people can't be called, that wastes everyone's time. Since Unica lets us create campaigns faster, we can wait until the last minute before we generate our data files. As a result, the data is more compliant with DNC, and more callers reach real, receptive people. We saw an immediate drop of 11% in DNC hits the first month after pulling outbound campaigns with Unica, and after one year with Unica, our DNC hit rate is 56% lower."

Even after customers purchase a vacation package, it's important to get them to book their arrival and tour with SVO in order to increase sales revenue. Unica's efficiency has made it possible to launch highly successful "unactivated pipeline" direct mail and email campaigns to specific individuals who have purchased packages but have not scheduled their arrival date, to encourage them to "activate" their vacations. This additional communication strategy helps minimize the cancellation and forfeiture rates.

### **THE RESULTS**

Increased response, penetration, and volume. After six months of using Unica for its marketing efforts, SVO increased overall response rates by 15% and booking rates by 24%; within nine months, it increased total year-over-year mail volume by 20%.

Through systematic testing, made possible by Unica, SVO discovered multiple opportunities for optimization. In addition to the 33% lift associated with hard expiration dates and the 5% lift associated with integrated marketing programs, the SVO marketing team also found creative packages that offered a 2% lift.

Faster, more effective lead delivery to outbound telemarketing. Since campaigns can be developed faster, SVO can wait until the last minute before generating data files for use by its outbound contact centers; this has reduced Do Not Call hit rates by 56%, making outbound callers more efficient and effective. Meanwhile, using Unica and its integrated data warehouse, SVO has reduced the turnaround time of "hot leads" to contact centers from an average of 17 days to just eight days.

Fewer unactivated customers. By making possible "unactivated pipeline" campaigns

targeting customers who have booked packages but not yet scheduled them, SVO has increased activations by up to 20% in a given arrival window.

Tighter integration of analysis with campaigns. Using Unica PredictiveInsight and Unica Campaign together, SVO has integrated model results with campaigns for the first time, leading to a 7.3% lift in penetration rates overall and 55% and 87% lifts to the Sheraton and Westin brand test groups.

Enhanced revenue from existing revenue streams. Through more effective analysis and better integration with campaign execution, SVO has quickly enhanced existing marketing programs to boost their revenue streams. For example, a property in Colorado used to blindly call individuals who attended events about various SVO offerings. With Unica software, the marketing team can now provide a strategy and execute this as a targeted program on behalf of the property. A complete contact strategy leveraging brand preference data, product purchase details, past visits, location of the individual relative to the property, and various other business rules is applied to determine who to contact and what incentive to offer. The result has been increased response and revenue.

Stronger, more centralized management processes. Implementing PredictiveInsight and Campaign has helped SVO automate and streamline its entire campaign planning and execution process, and drive improvements that touch the entire organization. For example, SVO automated weekly internal lead routing and distribution to contact centers and automated the delivery of weekly surveys. Previously this took up to three weeks to deliver; now it takes only about eight.



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