

Lands' End embarks on voyage to deliver more customer value with DB2.

Overview

- **Application**
Customer relationship management system
- **Business Benefits**
Reduction in costs by automating manual processes and reducing volume of unprofitable mailings; time-to-market efficiencies gained through standardization of processes and use of best practices; increase in average revenue per customer transaction; lower customer acquisition costs; deeper understanding of customer behavior across channels
- **Software**
IBM DB2® Universal Database™ Enterprise Edition for AIX®; Unica Affinium
- **Hardware**
IBM RS/6000® (now IBM® server pSeries™)
- **Business Partner**
Unica Corporation
- **Services**
IBM Global Services



Landsend.com has been a leader in developing new ways to enhance the shopping experience and more active one-on-one relationships with customers.

How many times have you received a catalog that you immediately threw away because it had no personal relevance to you? This is a waste of time for you, and of time and money for the marketer who sent it. Retailers face a daunting challenge in efficiently targeting relevant and timely offers to consumers, and avoiding unprofitable mailings. Direct retailers could do a better job of qualifying prospects—but only if they have the information and analytical tools to gain a more insightful understanding of customer needs.

“By standardizing on DB2 and Affinium, we’re better equipped to make the right moves that can widen our reach to new customers around the world.”

—Steve Cretney, IS Director, Lands' End



Landsend.com is the world's largest apparel Web site in terms of business volume.

With almost 40 years in business, Lands' End, a global direct merchant and leading Internet retailer, could teach others a thing or two about direct marketing. Headquartered in Dodgeville, Wisconsin, Lands' End sells clothing for men, women and children, as well as luggage and home products through regular catalog mailings and its Web site (www.landsend.com). The company is also considered by Forrester Research as one of the offline leaders in the apparel industry.¹ In fiscal 2001, Lands' End earned revenues of \$1.462 billion—a result of 269 million catalogs mailed and 6.7 million customers served.

Until recently, Lands' End operated under a decentralized business model in which each of its five business units was responsible for developing its own marketing strategies. This made it increasingly difficult to coordinate marketing efforts, avoid duplicate offers and effectively cross-sell and upsell customers. In 1999, the company realized that it needed to recentralize in order to develop a more focused marketing strategy that cut across all catalogs and brands.

To support its recentralization initiative, Lands' End implemented a customer relationship management (CRM) solution utilizing Affinium Campaign from IBM Business Partner Unica Corporation, and based this solution on IBM DB2 Universal Database Enterprise Edition for AIX.

“We wanted a flexible, open-systems environment that would enable us to leverage our existing enterprise data warehouse, create a customer data mart for campaign management and implement enterprise marketing automation software,” explains Steve Cretney, IS director at Lands' End. “The combination of Affinium Campaign software and DB2 delivered on all counts.”

The company did evaluate Oracle along with DB2 to support Affinium Campaign. “We had been using DB2 for OS/390® in our IBM MVS™ main-frame environment since the mid-'90s,” says Cretney. “When we looked at our resources and skills and the performance of DB2, we knew that migrating to DB2 on an IBM RS/6000 server [now IBM @server pSeries]

“When you combine the low cost-of-ownership of DB2 with its superior performance, there is no doubt that DB2 is a better solution than Oracle.”

—Steve Cretney

would be ideal for our CRM implementation and our corporate environment. When you combine the low cost-of-ownership of DB2 with its superior performance, there is no doubt that DB2 is a better solution than Oracle.”

Streamlining, centralizing, automating

Working with IBM Global Services, Lands' End leveraged Affinium's Universal Dynamic Interconnect (UDI) technology and achieved a smooth migration, continuing to make use of the legacy MVS mainframe while phasing in DB2 for AIX. The ensuing solution integrates data and business processes from across the enterprise, enabling the company to gain cost efficiencies by centralizing customer histories and automating manual processes. Now the company's marketing staff can manage the operational aspects of its marketing campaigns, freeing up senior marketing analysts to focus on more strategic initiatives through data mining and modeling.

In addition, Lands' End has boosted its bottom line significantly by reducing unprofitable mailings, lowering customer acquisition costs and increasing the average revenue per customer transaction.



In addition to its classic catalog of men's and women's wear Lands' End distributes specialized catalogs for such product lines as schoolwear and home furnishings..

Obviously, Lands' End has been doing a lot right over the years, and the result is an extremely loyal following. However, when faced with the challenge of increasing competition, the company recognized a need to shift from a product-centric to a customer-centric strategy.

In the past, a highly customized and time-consuming selection process was used to create mailing lists based on individual attributes and scores stored in DB2 for OS/390 on the mainframe. With no standards attached to the process, every time someone left the company, their knowledge and experience left with them. “We wanted to standardize and improve our processes so we could do a better job of acquiring loyal customers,” Cretney recalls.

Migrating from the mainframe environment to DB2 for AIX has given the company more control by standardizing the selection process. In addition to using DB2 for AIX to manage all its corporate data, Lands' End has also built a data mart on DB2 that is utilized by Affinium Campaign. The company continues to store promotion history information on the MVS mainframe, accessing it with Affinium's UDI technology.

"The data mart provides a tool for analyzing customer experiences and preferences over time," Cretney explains. "If a certain customer only purchases from the men's catalog, for instance, we can flag that in the system so we don't waste money sending him any of the other catalogs. By being sensitive to our customer's desired purchases, we can make sure we notify him of sales events that may interest him. Having the data available to avoid mailing catalogs to unproductive segments is saving us both time and money while allowing us to provide better service to our customers."

Leveraging an intelligent team

Lands' End's CRM solution was also designed to give employees an opportunity to grow in their careers. "A lot of the manual processes we were using were fairly mundane, so we looked at the technology as an enabler that would automate repetitive tasks, giving our people more time to use the creative side of their minds," says Cretney. "We had people with graduate degrees manually sorting addresses for mailings."

He continues, "Now senior analysts can devote more time to looking for new opportunities and correlations in our data because the operational staff is able to execute campaigns. DB2 and Affinium Campaign have put us in a position where we can actually study customer behavior over time in all our markets to develop more effective cross-channel campaigns."

Taking enterprise marketing to the next level

Cretney expects to transition from weekly contacts to a more dynamic and frequent event-driven scenario. Single, event-based campaigns will be replaced with trigger campaigns, in which a particular customer response prompts a pre-defined campaign, and longitudinal campaigns, in which a series of customer offers is scheduled out over time.

"By standardizing on DB2 and Affinium, we have created a truly unique solution that can handle the sheer volume of our catalog mailings," says Cretney. "It was a combination of people, processes and technology that came together to help us realize our customer-centric strategy. Now, we're better equipped to make the right moves that can widen our reach to new customers around the world."

For more information

Please contact your IBM marketing representative, IBM Business Partner or IBM Direct at: 1 800 IBM-CALL.

For information faxed direct to your location: 1 800 IBM-4FAX.

Visit our Web site at
ibm.com/software/data

For more information about Lands' End and Unica, visit:
www.landsend.com
www.unicacorp.com



© Copyright IBM Corporation 2002

IBM Corporation
Silicon Valley Laboratory
555 Bailey Avenue
San Jose, CA 95141
U.S.A.

Produced in the United States of America
06-02
All Rights Reserved

AIX, DB2, DB2 Universal Database, the e-business logo, IBM, the IBM logo, MVS, OS/390, pSeries and RS/6000 are trademarks or registered trademarks of International Business Machines Corporation in the United States, other countries or both.

Other company, product or service names may be trademarks or service marks of others.

¹Forrester Research, "Auctions Gain on Retail Sales", September, 2001.

This case study illustrates how one customer uses IBM and/or Business Partner technologies/ services. Many factors have contributed to the results and benefits described. IBM does not guarantee comparable results. All information contained herein was provided by the featured customer and/or Business Partner. IBM does not attest to its accuracy.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.