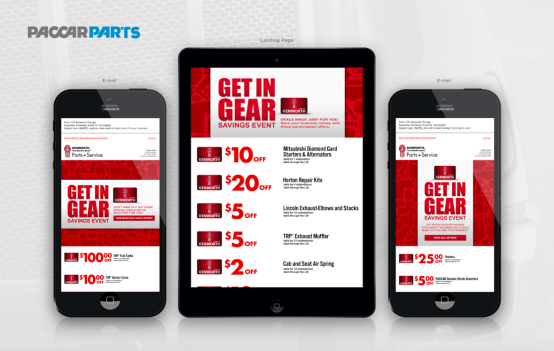
ARF DAVID OGILVY AWARDS | 25 YEARS 1994-2019

SILVER, Business-to-business
Campaign Title: SAVINGS IN OVERDRIVE/GET IN GEAR
Year the campaign took place: 2018





Brand: PACCAR Parts
Creative Agency: FCB Chicago
Media Company/Agency:
Research Company: FCB Chicago
Additional Affiliated Companies:

Summary of the marketing challenge, methodology, insight discovered, creative execution and business impact.

With a diverse portfolio of consumers, PACCAR Parts' loyalty program experienced growth plateau in digital engagement and offer redemptions. Fleet characteristics like truck age, fleet size, owner/operator etc. drove the product preference and buying patterns at individual customer level. A recommendation system powered by machine learning was built to recognize individual customer characteristics and analyzed the engagement and purchase behaviors to personalize offer content across digital touch points. Hyper-personalized offers were delivered through our "SAVINGS IN OVERDRIVE" and "GET IN GEAR" campaigns and the program achieved positive year over year redemption growth for the first time in the last six months.

CONSUMER INSIGHT

Fleet characteristics like truck age, fleet size, owner/operator etc. drove the product preference and buying patterns of our loyalty members. Hyper-personalized offers demonstrating unique knowledge of each of our member's specific fleet characteristics could drive engagement and sales.

MARKETING CHALLENGE

Driving sales through hyper-personalization in a meaningful and authentic way.

PACCAR Parts loyalty program offers product discounts exclusively to member across 900+ PACCAR authorized dealerships. Most of the discount offers may not be timed to a member's need as offers are mainly planned based on wholesale demands. And the breadth of product brand options can make member's offer experience exhausting and time consuming. This led to a one-size fits all generic CRM campaign.

Realizing these challenges, we needed to come up with new ways to promote and feature offers that were more appealing, intriguing, and relevant to each individual member.

METHODOLOGY

In order to increase redemptions, it is crucial to understand the preferences of loyalty members and to demonstrate that we know them. We employed AI/Machine Learning approach to understand the redemption behavior of members and uncover hidden trends, not easily discernable using standard techniques. Using Python-based Collaborative Filtering algorithm, we are able to identify the products, members are most likely to purchase, driving up the redemptions.

Our machine learning workflow comprises of the following steps:

- Data: Historical data for the past 8 years, consisting of each individual member's redemptions
- Model: Using collaborative filtering algorithm, generate a ML model which can identify hidden traits present in the input data
- Recommendation: Based on the model generated in #2, make personalized recommendations for each individual member

Given the input data, the algorithm analyzes members' redemption pattern, compares the redemption behavior across members and products and finally predicts a utility score for each member-product combination. Ultimately, this would allow us to understand what products and offers would be most likely redeemed by that customer. 14 million redemption transactions from 412K members were analyzed at scale using this customized recommendation system to recommend what to feature at individual level across digital channels.

The result allowed to create hyper-personalized creative. The individualized predictive rating by member by product allowed us to personalize the top two offers to be featured in our dynamic emails and the rest to be featured dynamically on our website offer page sequentially after email click throughs to provide individualized offer experience.

CREATIVE EXECUTION

As a first of its kind program, our "sales event" campaign sought to leverage machine learning AI algorithms together with eight (8) years of transactional data to better target our consumers with more personalized product offering which led to the creation of dynamic emails and landing pages specific to our members. For instance, we ultimately created 14,000 different landing page combinations of offers.

We created a 3-touch email program for each of our brands with creative specifically branded to our sales event. These had to catch the attention of our members, and intrigue them to engage with our campaign. The recommendation engine selected from a pool of 88 potential offers. For

three weeks, we deployed an email on Thursday that had 2 personalized offers within the email. Once they clicked through, they would be taken to a landing page that hosted a total of 10 additional offers – all of these being offers selected by our AI-driven, Recommendation Engine.

In summary, the creative strategy was to create a fully dynamic and personalized experience to best target our members with offers selected specifically for that member. We successfully launched our first AI driven campaign through email and website, all driven by our Recommendation Engine.

BUSINESS RESULTS/LESSONS LEARNED

We successfully launched our very first AI-driven campaign using our Recommendation Engine. This is an innovative step not only for our program, but our agency. "SAVINGS IN OVERDRIVE"/"GET IN GEAR" campaign powered by customized recommendation engine successfully drove incremental redemptions and increased engagement among loyalty members with the following results:

- 1st positive year over year redemption growth in the last six months
- 42% more redemptions for recommended offers compared to control offers among inactive members
- 18% more members responded to recommended offers compared to control offers among newer truck owners
- Furthermore, member offer email click to open rate reached the highest with 13% more clicks compared to year-to-date average and dynamic offer page interaction rate was the highest among all the other campaigns in 2018

Today, the ongoing monthly promotional email program and omni-channel campaigns utilize the recommendation engine with further optimization based on new sources of data and refined machine learning techniques.