

Memo

To: VP of Sales
From: Eknor Sethi
Date: May 21, 2025
Re: Design Space Decision Brief

Differences in targeting analyses:

While analyzing our data, it's clear that there are crucial differences between our three options of no targeting, perfect targeting, and predictive targeting. Since perfect targeting is unrealistic, we can omit that analysis from our comparison within

	No Targeting	Perfect Targeting	Predictive Targeting
Total SalesSpend	\$ 3,202,571	\$ 1,306,249	\$ 2,467,559
Total Revenue	\$ 24,071,162	\$ 24,071,162	\$ 22,566,676
Project Profit (not incl Sales)	\$ 6,308,297	\$ 6,308,297	\$ 5,933,202
Total Profit (net of Sales)	\$ 3,105,726	\$ 5,002,048	\$ 3,465,643
ROI = (Profit-Sales) / Sales	97%	383%	140%

this memo and focus on the comparison between no targeting and predictive targeting. As shown in the table above, there's a higher total sales spend, revenue, and project profit with no targeting, and a higher total profit and ROI with predictive targeting.

Why predictive targeting is optimal:

With using predictive targeting, we're able to increase our total profit by \$359,917 and increase our ROI by 43%. By shifting toward the predictive targeting strategy, we optimize our sales spend by reducing the unnecessary outreach and wastage of resources on consumers that don't provide us with the return that's beneficial for the company. Using this targeted approach helps us focus on higher-value consumers and ultimately yields a 43% higher ROI (140% compared to 97%).

Addressing potential objections:

1. Predictive targeting generates less total revenue compared to no targeting, so why should we implement this?

Although there may be a concern of losing out on total revenue, the overall total profit and return on this investment that predictive targeting yields brings our company better and more efficient outcomes. Our current approach without targeting analytics inefficiently generates higher total revenue and doesn't optimize the usage of our resources. By using a targeted approach, we're able to enhance consumers' retention and generate a 43% higher return on our targeted strategy's investment. Further, total revenue is not truly as important as total profit. As mentioned, predictive targeting generates \$359,917 more in profit than no targeting, which outweighs the decrease in total revenue – due to the overall profit generated for the company after the coverage of operating costs.

2. Is the predictive targeting worth the investment?

Since our analysis shows that predictive analytics and targeting shows an increase of \$359,917 in total profit (\$3,465,643 compared to \$3,105,726) and a 43% improvement in ROI (140% compared to 97%), this approach is definitely worth the investment. Further, as business

environments continue to evolve, it's important for companies – including ours – to adapt. New business practices involve implementing predictive analytics, and in order to stay culturally adapted, it's important for our company to implement new strategies of targeting consumers and ensuring those consumers have a high retention rate.

Next steps:

As explained previously, going forward with predictive targeting is crucial for our company for various reasons. Predictive targeting yields higher total profits for our company, it generates much higher return on investment, and it's an important factor in staying up to date with the evolving business world. As data analytics evolves in the business space, it's important for companies to take advantage of these opportunities to help further their success – such as how a predictive targeting approach can improve our Design Space business. Further, while implementing this new approach, it's important to define what success looks like for our company. Additionally, we must decide how long we want our testing to last in order to truly understand the positive impact this new targeted approach will generate for our company. Finally, going into this new chapter of consumer targeting with an open and positive mindset is extremely important! The BI team is excited to share this new opportunity with you and is hopeful that you'll take our proposal into consideration.