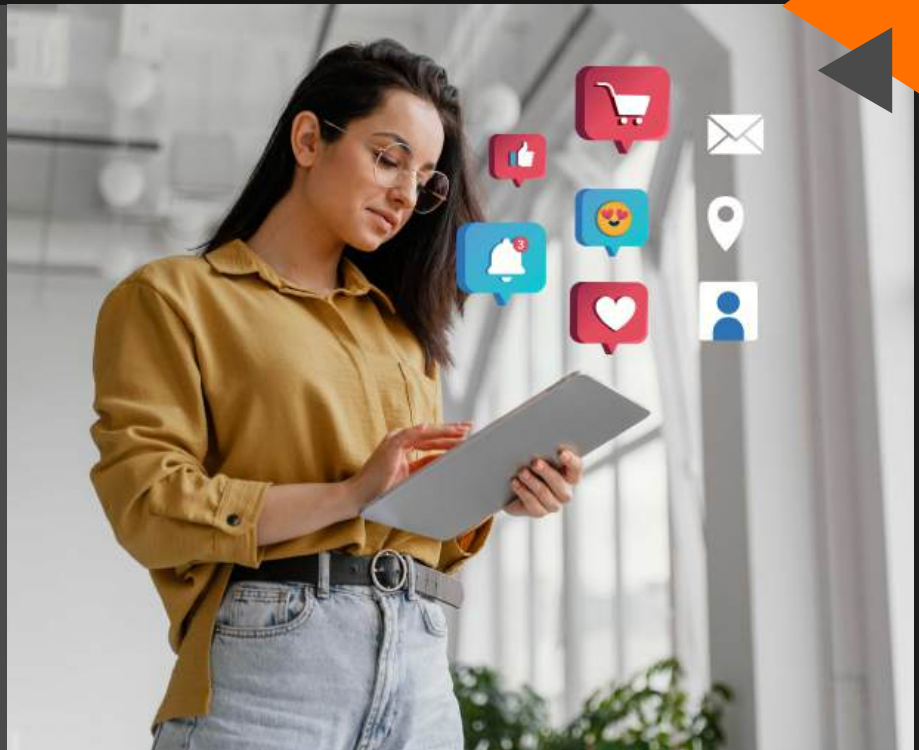
POLESTAR

Technology/ Saas

Marketing Mix Model for a SaaS/ Tech Firm



Problem Statement

A leading SaaS company, specializing in cloud-based solutions for enterprise clients, sought to optimize its marketing strategy. The company was investing in various channels—**digital advertising, Newspapers, physical banner ads, TV ads, and partner events**—but faced challenges in forecasting the ROI of each channel and identifying whitespace opportunities for growth.

They were struggling to reduce **High CAC**, which was higher than industry standard.

A higher share of spend going to less productive channels was one of the key reasons for it.

They were spending almost 35% of their revenue on marketing with unpredictable MROI.

Solution Overview

We implemented a Marketing Mix Model(MMM) using advanced machine learning techniques:

Data Collection and Preprocessing

Data was gathered from multiple sources, including marketing spend, customer acquisition, revenue, and external economic factors. Pre-processing ensured data was clean, normalized, and ready for analysis.

Model Development

- **Regression Analysis:**
  Multiple linear regression models were developed to quantify the impact of each marketing channel on key business outcomes, including revenue and customer acquisition.
- **Time Series Forecasting:**
  Time series models were used to forecast the effects of marketing efforts over time, capturing lagged and cumulative impacts.
- **Attribution Modeling:**
  A multi-touch attribution model was employed to allocate credit to different marketing channels, improving the accuracy of attribution and understand which channels drove conversions.

Optimization and Scenario Planning

- **Optimization Algorithms:**
  Gradient Descent and other optimization algorithms were used to find the ideal marketing mix, maximizing ROI and identifying whitespace opportunities for future campaigns.
- **Scenario Analysis**
  Monte Carlo simulations were conducted to assess the impact of different budget allocations under various market conditions, enhancing decision-making and predictive accuracy.

Continuous Monitoring and Model Refinement

The models were continuously updated with new data, leveraging machine learning techniques to improve the accuracy of predictive models and ensure alignment with business goals.

Business Impact

Improved Business Outcomes:

Marketing ROI	→	19% increase
Marketing Spend on Low-Impact Channels	→	Optimised by 10%
Customer Acquisition Cost	→	Decreased by 13%
Campaign Effectiveness Prediction Accuracy	→	25% increase

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