Case Study

SUMMARY

A 30-year old U.S. corporation that manufactures and sells furniture and home décor items came to Express Analytics wanting to use data analytics to optimize its email and direct marketing programs. On examining the retailer's 10 million plus customer base the EA data analytics team found:

(a) data from various channels like sales, emails and website were not integrated

(b) there was no customer information database available for direct marketing

That's why despite having valuable information on its customers, the company's marketing programs were registering very poor 'Opens' and 'Click' rates, and the direct mail campaigns were being executed at higher costs. What was needed was a Customer Interactions Management (CIM) database.

The retailer decided to outsource the project but faced a challenge since very few organizations retained the expertise of developing a data warehouse and providing the necessary predictive scoring and analytics models.

Express Analytics developed the CIM database to integrate customer data emanating from all the retailer's channels. This helped create a longitudinal profile of every customer. Then, Express Analytics segmented the customer base using recency and scoring models, which, in turn, was used to drive all email and direct mailing marketing efforts. The solution helped the company increase revenue without increasing spend. In the first year of contract, it started generating an incremental revenue of over US $2 million per campaign.

BUSINESS OBJECTIVES

The retailer wanted to target its customers, online and offline, with suitable promotions based on their buying pattern, through their preferred channels. Further, customers who walked into the retailer's 46 plus stores needed to be provided catalogs and other marketing collateral. They also had to be put on the direct mailers' list and be sent updated product catalogs at the right time in their buying journeys.

Because of the lack of customer profiling and segmentation, the retailer did not know how to take up these tasks. Simultaneously, each business unit of the retailer was working on projects in a silo. The IT department was on the verge of rolling out a new Point of Sale system across its stores; the digital team was concentrating in coordinating the website and related e-commerce activities. Neither was shaking the digital hand.

More specifically, the business and IT challenges were:

- Rich data but almost nil-insights
- Lack of consolidated customer database
- No customer segmentation based on buying behavior and demographics
- Lack of data hygiene
- Legacy IT infrastructure

Till then, the retailer only had experience in dealing with hardware vendors and real-world mail vendors but had no interaction with the world of data. The VP of direct marketing decided to bring in an external partner for a scientific solution, i.e. marketing analytics, to combat the problem of disparate data sources. It awarded the contract to Express Analytics because the latter retained the ability to do both – provide business intelligence and statistical **modeling**.

EXPRESS ANALYTICS SOLUTION

Express Analytics collaborated with the retailer to implement a CIM in alliance with its partners Microstrategy. It set up the hardware and software infrastructure, including a data warehouse, an analytics platform and predictive analytics models, all of which were scalable in the event of a change in business environment and IT infrastructure. It helped the client by making its data actionable, thus driving up revenue.

Here's How Express Analytics Assisted:

The team started by focusing first on **data integration,** which involved:

- Integrating historical data from various in-house and 3rd party data sources across channels and devices
- Setting up processes to cleanse, standardize and enrich the customer data

Once done, the Express Analytics team addressed the **Business Intelligence** part of the solution. It implemented:

- Customer segmentation based on historical transactions and customer response to campaigns
- Desktop analysis tools that could query large datasets

The 3rd step was the **advanced analytics** part, wherein the team:

- Built a library of predictive algorithms
- Developed predictive models for customer response to campaigns. Based on it, the EA team was able to forecast sales and the revenue impact of specific email and direct mailer campaigns
- Provided standardized, easy-to-understand analytical ad-hoc as well as advanced reports through dashboard engines

RESULTS DELIVERED

After the successful implementation of the CIM database, Express Analytics helped the retailer in optimizing its marketing spend. The solution provided:

- The ability to analyze, segment, and promote customers based on purchase history and product category
- The tracking of marketing campaign productivity effectively
- The empowerment of key members of the retail team to run their own ad-hoc reports and queries
- Improved data exchange with all marketing partners

The successful implementation of the CIM led to the targeting of customers for new product categories, and the ability to better target promotions based on initial and subsequent impact.

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In the first year itself, the retailer saved approximately $200K from improved email open and click rates, In the subsequent years, it generated incremental revenue per campaign of around $2 million (10 campaigns per year).

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