Case Study

Transaction Insights for Campaign Optimization
Industry: Retail

Challenge

Our client, a national mall retailer of athletic footwear, had amassed a customer database comprised of millions of records, including members of their loyalty club, online buyers, and email club members. Outbound communications were conducted through direct mail and email using a one-size-fits-all approach, and there was no personalization on their web site when registrants made return visits.

Knowing that successful companies tailor their offerings to individual customer segments to increase relevancy and responsiveness by offering content and offers appropriate to each segment, our goal was to help them isolate unique customer groups defined by common behavioral and demographical characteristics. This allowed us to then begin developing a messaging and offer strategy according to channel and communications type.

Goals

- Develop an actionable customer segmentation scheme based on purchase behaviors and household characteristics across all channels
- Link purchase, spending and lifestyle behaviors with attitudinal surveys to validate and strengthen segments
- Provide solid foundation to strategically direct future CRM, marketing, and retail initiatives

Approach

Building the segments was an iterative process that combined marketing judgments and robust statistical procedures to define the groups. Our team performed exploratory data analysis that included compiling data, linking tables and checking distributions.
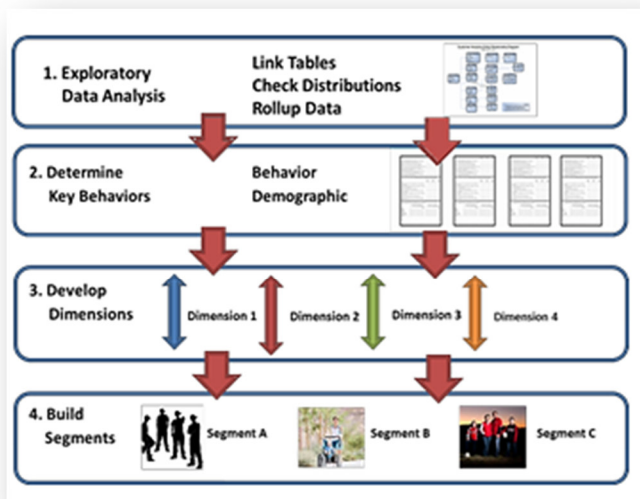
Then the client's customer and operational databases were analyzed from transactional, temporal, demographical and categorical positions. Each of the segment consisted of individuals who were similar enough to respond to the same products, appeals, and tone.

We utilized our discoveries in an analysis of hundreds of variables including disposable income, product purchases and household characteristics and linked our findings to survey results to confirm our analysis and identify key behaviors. The team then developed dimensions and categories of customers by conducting cluster analyses.

Results

The Anthem team created eight segments that were comprehensive and memorable to allow for planning and that clearly explain behavior and purchase expectations. We distinguished the groups' purchase frequency patterns, discount rates and rewards rates. Once we completed this segmentation process, we were able to rank the segments by the amount of revenue each group was expected to bring the company.

We also presented the client with **recommendations** to help them properly utilize their new segments and maximize their customer value.
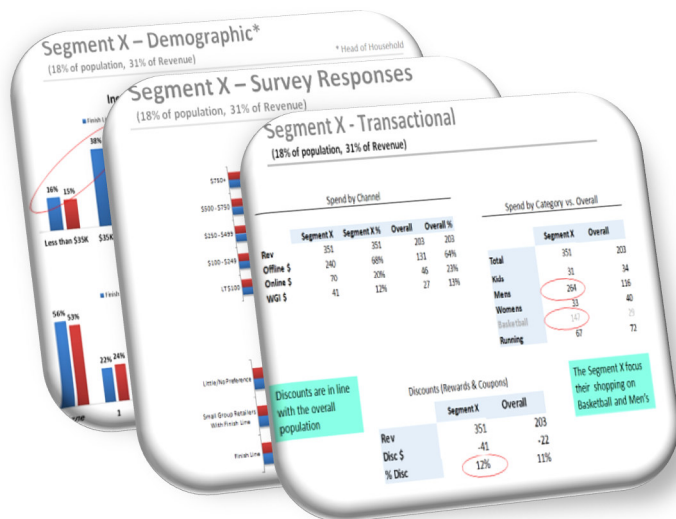
- Develop processes to assign segments to households on an ongoing basis
- Close the marketing loop to measure the effectiveness of offline and online communications
- Develop initial offer and contact tests based on segment membership
- Target catalog circulation with response models to reduce unprofitable circulation

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About Anthem Marketing Solutions

Recognized by Inc. Magazine as one of the nation's fastest growing companies, Anthem Marketing Solutions provides data-driven solutions to today's omnichannel marketers, focusing on growing long-term customer value.