

# How a Leading Multi-concept Retailer with 10 Million+ Active Customer Base Boosted Their Incremental Revenue Through Hyper-Personalization Program using Advanced Analytics



## SITUATION

The client had access to a large volume of customer data that they were failing to leverage to drive hyper personalized initiatives, therefore resulting in low ROI for marketing & voucher spends.

Differentiation of personalization on the basis of the nature of business, Foods compared to Fashion was the need of the hour.

A consistent and adequate measurement framework for a holistic evaluation of the impact of marketing on revenue growth was also lacking.

## IMPACT

The detrimental impact of non-personalized communication and an inconsistent measurement approach sent to the loyalty base lead to:

- Lower ROI of marketing investments and voucher/promotion budgets
- Lack of ability to attribute the impact of revenue to customer initiatives
- Communication fatigue due to the series of non-personalized communications, and hence, a drop in response rates across channels

## RESOLUTION

Through a collaborative effort between Customer Insights, Loyalty Operations, and the ITC Customer Value Management team - the loyalty personalization program was re-defined to:

- Reset measurement metrics and implement a consistent reporting framework to assess short-term and longitudinal impact
- Re-build Advanced Analytical models using Advanced Statistical / Machine Learning concepts and methods to align to Customer Value Management principles
- Integrate personalization within Trade Promotion communications using Customer Intelligence
- Evaluate, modify and expand the voucher pool to align with customer objectives

## The Client

The client is a South African-based multinational retail company that offers full-line fashion, homewares, beauty stores and financial services, many of which incorporate a premium food retail offering.



## The Need

Personalization is a key part of the customer experience. With intelligent use of data, marketers can generate relevant and unique experiences that hold customers' attention for a longer period and have the potential to transform sales and profits.

While personalization has been a key priority for marketers for quite some time, many still struggle to execute the strategy in a rational and scalable way.

The client was looking to build a dynamic and customer behaviour led personalization program that would effectively handle the data and deepen the customer knowledge in order to deliver an outstanding customer experience, which would ultimately enable them to achieve their marketing and sales goals.

## The Solution

*"Personalized marketing and advertising are not about sales. It's about building a relationship with the customer."*

– Julian Hillebrand

ITC Infotech provided a complete end-to-end service through a tested customer-led approach to ensure optimal impact. This was done by obtaining a deep understanding of each consumer's personal preference through data-driven scientific algorithms developed for all relevant phases of the Customer's journey with the retailer and insights generated based on descriptive and predictive outputs.

This "Customer-Led Inside Out: Behaviour Analytics Driven" approach comprised the following steps to address identified areas of opportunities:

- Driving Relevance to Loyalty Customer Base: Target customers with the most relevant offers based on algorithmic predictions and objectives for the customer base along with the campaign. This involved analysis of their past behaviour based on transactional history, various response modelling using state of the art Advanced Statistical/Machine Learning and Deep Learning algorithms, coupled with differential activation techniques
- A host of advanced analytics models were built to drive relevant offers and content linked to correct customer groups including Customer Segmentation Model, Visit Propensity Models, Brand propensity Models, Recommendation model & churn model using state of the art Advanced Statistical/Machine Learning, Deep Learning & Stochastic Optimization
- Enabling a rigorous and consistent measurement approach to track both individual campaign effectiveness and longitudinal impact over time
- Personalization was extended beyond voucher campaigns and customer attributes were used to target the best customers for all brand communications
- The personalization approach was extended to the larger customer base while relevance was maintained using segmentation
- The offer pool was enhanced through addition of new offers and removal of vouchers that were low value and not offering relevant product combinations. Product-level voucher communication was complemented with product images to support ease of redemption of the vouchers. Different vouchers with specific objectives such as Introduction to a category/product (New-sell), drive bigger baskets of the same product (Up-sell) and Replenishment of Core items (Re-purchase) were included within the voucher pool

## Business Benefits

- Improved response by customers due to personalized email communications: 1% lift in Email response rates for personalized mailers
- Focused customer segments reported higher engagement with the brand; there was a 5% increase in spend by customers targeted with hyper-personalized initiatives at a customer level
- Over 600% return on investment of the personalization program, including cost of execution, voucher redemptions & cost of analytics delivery
- Vouchers also contributed towards building stronger loyalty with the brand within the returning customer base. Key department vouchers were also found to have a significant impact on overall baskets with no visible cannibalization impact from a longitudinal perspective for any customer segment
- 2% increase in the redemption rate within the customers targeted with personalized vouchers and communication was observed, with almost 50% reduction in target volume due to the approach to selectively reward customers with offers of higher perceived value

### About ITC Infotech's IT Solutions Practice for Retail Industry

ITC Infotech has extensive experience and exposure in the retail industry. ITC Infotech partners with its retail customers to create new data-driven digital possibilities to bring modern digital IT architecture and infrastructure operations – IAAS, PAAS, SAAS, DevOps, Cloud Migration and TAAS. By combining in-depth technical and industry experience with a commitment to building collaborative relationships with clients, ITC Infotech delivers innovative services and solutions that meet clients' most complex technical and business needs such as increasing conversions, customer lifetime value and revenue using state of the art Advanced Statistical/Machine Learning and Deep Learning algorithms coupled with sophisticated Optimization techniques and Business Consulting

Retailers juggle a multitude of factors across channels – demand forecasting, price, space allocation and so on. ITC Infotech helps retailers overcome this hurdle through closed-loop planning and optimization. Over the years, ITC Infotech has played a huge part in defining the strategies and best practices within the retail industry with its strong leadership team and an expansive pool of experienced consultants.

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