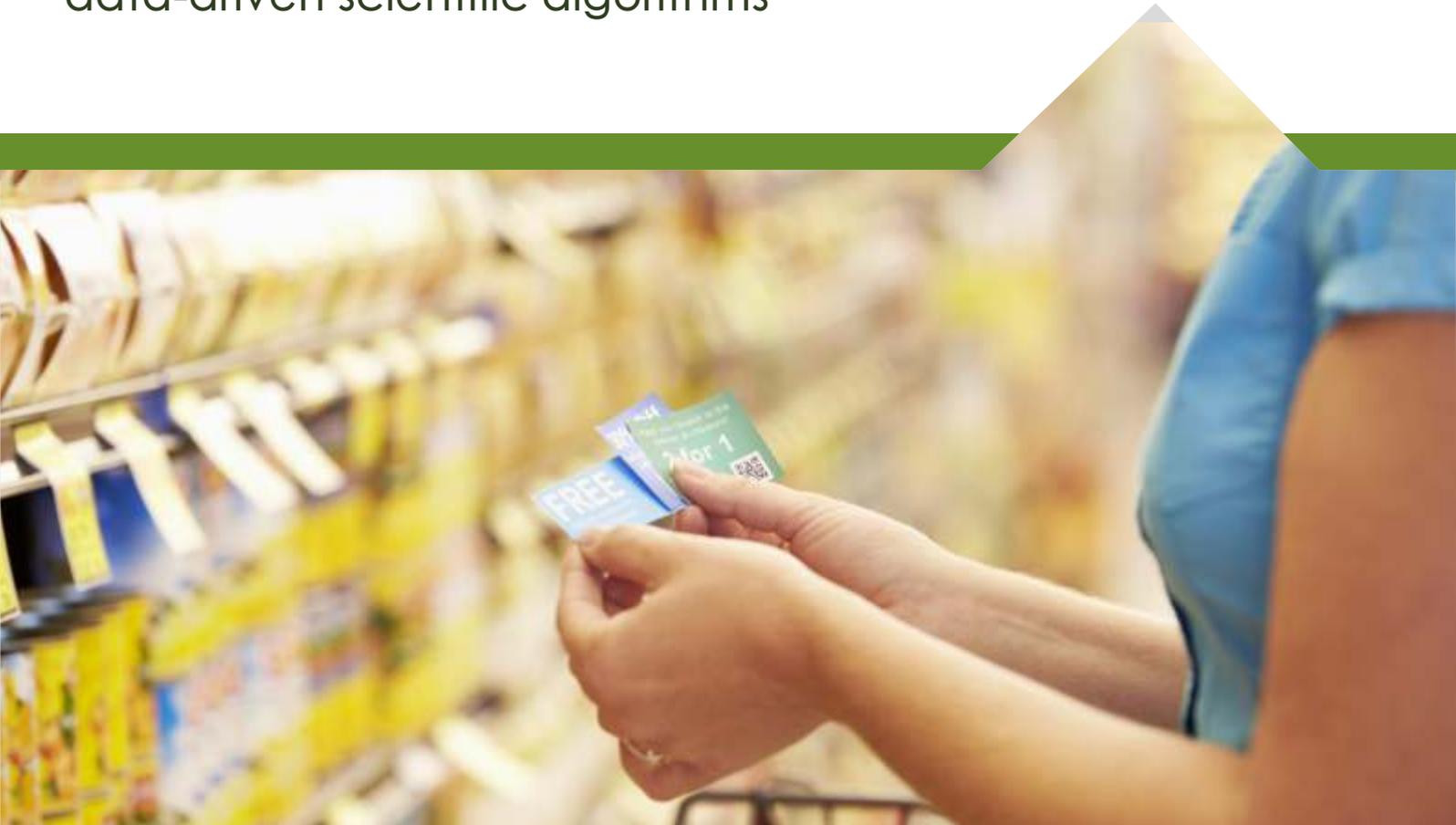


A leading South African Food retailer clocked over 600%RoI from personalized voucher campaigns. The results were achieved using hyper-personalization initiatives built atop data-driven scientific algorithms



## SITUATION

The retailer identified the need to develop hyper-personalization capabilities that offer customers relevant vouchers and promotions. In turn, these initiatives induce cross-sell and up-sell within customers for Foods and Grocery shopping.

Past customer initiatives did not have a uniform measurement approach. They also lacked a holistic evaluation methodology to gauge the impact of marketing on revenue growth.

Additionally, the past set of offers had been repetitive and were not aligned to the Customer Segment Objectives and did not drive higher customer value.

## IMPACT

The detrimental impact of non-personalized communication to the loyalty base and the inconsistent approach towards measuring it lead to:

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

## RESOLUTION

Through a collaborative effort between Customer Insights, Loyalty Operations & ITC Infotech's CVM team the loyalty personalization program was redefined as:

- Reset measurement and implement consistent reporting framework to assess short-term and longitudinal impact
- Re-built an analytical model using Advanced Statistical / Machine Learning and Deep Learning algorithms to align to Customer Value Management principles
- Evaluated, modified and expanded the voucher pool to align to customer objectives

## The Client

The client is a leading retailer in South Africa offering a unique blend of food, fashion, beauty, homeware, and financial services with the vision to be a leading fashion retailer in the Southern Hemisphere



## The Need

In an era of increased customer expectations, personalized offerings are a key factor in influencing customer loyalty towards a retail brand. One size no longer fits all: businesses must develop unique, tailored strategies and use innovative technology to create hyper-relevant experiences for their customers if they wish to retain their loyalty.

After experiencing a rather disappointing return on past personalization efforts caused primarily due to stagnation of curated offerings to customers, the client wanted to transform the personalization program. The client hoped to rebuild analytical models in order to inform offer and customer selection criteria that align with the Customer Value Management principles.

## The Solution

*ITC Infotech provided a robust, end-to-end solution by utilizing a tested, customer-led approach for optimal impact. This was done by obtaining a deep understanding of each consumer's personal preference through data-driven algorithms. Each algorithm was developed for relevant phases of the customer's journey with the retailer. The insights that were generated were based on descriptive and predictive outputs.*

*Customer focus group research, survey, and deep data analysis using Advanced Statistical / Machine Learning concepts and methods discovered that customers did not find the present set of personalized vouchers relevant to their needs. Moreover, the discounts and rewards provided were not perceived to be 'valuable' to the customer. Hence, the experience awarded through communication was not customized up to expectations.*

In order to re-set and revamp the experience to the customers, the ITC Infotech team took on the following steps aligned to what the customers had said:

- Drive relevance: Segmented approach was taken to target the best customers aligned to clear strategic objectives of 'Protect', 'Grow', 'Winback' and 'Acquire' for the Foods business.
- A clear Personalization strategy: Advanced Analytics models were developed at a customer level to inform the personalisation strategy. The models, built using sophisticated classification algorithms, can:
  - Predict the likelihood of the customer to visit in the next fortnight and month based on their past visit behaviour, and also predict the kind of products that would be bought
  - Provide tailored cross-sell recommendations at a customer level by using association rules within products to have
  - Propose new product recommendations by using Collaborative Filtering models to identify recommended products at a SKU level for any customer
  - Offer repeat purchase predictions that capture the likelihood of certain core grocery items due for re-purchase by a customer based on their buying behavior and product consumption pattern.

- Enhanced pool of offers: The statistical models helped generate insights for the addition of new offers, removal of vouchers with low value, and relevant product combination offerings. Product level voucher communications were complemented along with product images for 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) was included within the voucher pool.

## Business Benefits

- 1% higher email open rate achieved; higher use of personalized emails compared to SMS led to lower execution cost
- 2% increase in redemption rate in the customers targeted with personalized vouchers & communication, with almost 50% reduction in target volume due to approach to selectively reward customers with offers of higher perceived value
- 674% return on investment including costs for execution, voucher redemption and cost for analytics
- 0.5% incremental sales achieved within 3 months of execution of revamped personalization program

### 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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