

An Introduction to the **ABACUS ANALYTICS MENU**

Analysis and Profiling Solutions

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1. HOW CAN I GET TO KNOW MY CUSTOMERS BETTER?

You might know a lot about your customers RFM, but your customers' behaviour can't be fully understood looking only at RFM. Your customers might belong to different demographic groups, have different channel preferences, purchase at different times during the year and purchase from different merchandise categories outside your competitive category. Does that impact how they purchase from you and how you should talk to them? Of course it does.

That's why it's important to gather behavioural information about your customers and use it to understand as much as possible about them - and Abacus has a lot of valuable information to offer. With our Customer Profile Report we can help you to identify the key behavioural and demographic traits that define your current customers and to profile different segments of your housefile or buyers of your different brands.

Abacus can leverage transactional information from one of the largest data pools in the UK, with over 18 million households on the Alliance and more than 500 million transactions on file. Our data is updated weekly to guarantee that we are using the freshest information available and thanks to the Alliance members' commitment to providing regular updates, we have more than 6 million 0-12 buyers on file.

If you have in-house analytics capabilities, you might also be interested in the Abacus Data Enhancement offering. Abacus can provide you with transaction-based variables to be appended to your company's marketing database. These variables can be used for analysis purposes and to support your selection strategy. By hosting the variables directly on your database, you achieve maximum analysis flexibility and minimal campaign turn-around time.

2. WHERE ARE MY CUSTOMERS BUYING FROM WHEN THEY'RE NOT BUYING FROM ME?

As one of the largest data co-operatives in the UK, you asked the right people. In fact, not only can we tell you where they buy, we can also tell you how long ago they made their last purchase and how much they spent in each of our merchandise categories.

With our Merchandise Category Report we can show you how your customers spend is allocated among different merchandise categories and compare that to the trends of the entire Alliance so that you can clearly see where your customers are spending more/less compared to the average buyer on the file. This insight can be used to identify opportunities for list rentals, advertising or merchandise-mix expansion.

The Share of Wallet Report demonstrates how much each of your customers are spending in your merchandise category and what percentage of their spend goes to competitors. All this information is contained in our actionable Share of Wallet Report. This report comes with a customer-level segmentation that can be easily appended to your marketing database and used to support your selection strategy, helping you to turn insight into action.

Also, Abacus can help you to make the most out of the data available by appending customer level information to your database. Abacus Data Enhancement offering contains more than 400 transaction-based variables that you can tag to your database and use to support analysis efforts and your selection strategy. These variables will enable you to see in which merchandise category each of your customers is buying, so that you can launch product specific offers targeting only the customers that are active in that product category.

3. HOW DO MY CUSTOMERS DIFFER FROM THE BUYERS IN THE COMPETITIVE CATEGORY?

Good question. There are many things that can make your customers different (or similar) - seasonality in their purchasing behaviour, the allocation of their spend and their demographic profile for example. Fortunately you can find all this information in one place - our Market Insight Report.

The Market Insight Report is composed of three separate modules, each module providing insight relative to one area of the 'life' of your buyers. Together, these three modules provide a 360 degree picture of your buyers and help identify the characteristics that make your customers unique.

The Seasonality module shows you highs and lows in the activity of your customers and compares their purchasing behaviour to that of the buyers in the competitive category. This determines when your customers are active in your merchandise category but not particularly engaged by your title, helping you to discover both housefile and prospecting opportunities.

The Merchandise Category module looks at the purchasing behaviour of your buyers outside your competitive category and compares that to the average buyer on the Alliance. This allows you to see clearly where your customers are spending more/less compared to the average buyer on the Alliance. You can use this insight to identify opportunities for list rentals, advertising, or merchandise-mix expansion.

Finally, the Demographic module, based on CACI Ocean demographics, compares the profile of your buyers to that of the buyers in the competitive category and the entire Alliance, telling you what makes your customers stand out.

By combining all this information you can build a complete picture of *your* customers and *your* business, as well as improve *your* recruitment efforts by fitting *your* messages to *your* customers' profile, creating communications that are relevant to *your* prospects and optimising the delivery time of *your* communications.

4. HOW CAN I MAIL MY HOUSEFILE LESS BUT KEEP MY CUSTOMERS ENGAGED?

There is no single answer to this question as there are many factors influencing the level of engagement and purchase frequency of your customers. Some of these factors are related to seasonality and are common to your merchandise category. Others are specific to your offering and your customers. We suggest that you take a look at both.

Let's start with the seasonality. Our Seasonality Report analyses the purchasing trends for your housefile over a 12 month period and compares it to the trends in the competitive category. This will help you to identify months where the housefile opportunities are highest, so that you can concentrate your efforts in these periods and mail less when customers and prospects are not likely to be responsive.

Our Time to Purchase Report will help you get a better understanding of when and how frequently your customers purchase. This report looks at the purchasing behaviour of new recruits and existing customers separately, helping to identify patterns that can be exploited to test different contact strategies and optimise mail frequency.

Using this insight will identify the optimal contact strategy for your business. This will allow you to keep your customers engaged while minimising the number of touches and therefore growing the ROI of your housefile initiatives.

5. HOW CAN I ENSURE MY MARKETING BUDGET IS ALLOCATED CORRECTLY?

To make sure that you're spending your money in the right places you should track customer response using match-back analysis and measure Near Term Value (NTV) by different recruitment channels, or even by single prospect source, so that you can identify the prospect sources that are generating the highest returns to your marketing investments. Sounds complicated? Let us help!

Our Buyer Analysis Report will help you to measure NTV for your recruits by recruitment channel or prospect source, offering a better understanding of the purchasing behaviour of new customers in their first year after recruitment. The report will enable you to assess the differences in purchasing behaviour by recruitment channel, first order channel, first order value, time to second purchase and month of first transaction.

This will allow you to identify the combination of factors (recruitment channel / order channel / month of recruitment) that generates the best recruits, helping to answer the question "What cost can I recruit at?". This insight helps identify the breakeven point for your housefile and prospecting campaigns.

Also, the insight from the Buyer Analysis Report can help you to identify customers with high potential early in their lifecycle, allowing you to give them the red carpet treatment as soon as they get onboard. By segmenting your contact strategy you can ensure that high-potential recruits turn into highly profitable customers.

6. ARE WE LEAVING MONEY ON THE TABLE BY RE-ACTIVATING & CONVERTING HOUSEFILE NAMES USING JUST RFM?

Possibly. But don't despair, leveraging advanced analytics and additional data sources you can find ways to enhance your targeting strategy and win that money back. Here's a few things you should consider.

RFM uses only transactional information relative to your own business, so you could be missing other important indicators of customer engagement that can support your targeting efforts. Furthermore, RFM doesn't tell you much about the potential value of a customer. This can cause you to re-activate customers that might lapse again very quickly, or are just not worth re-activating.

The first step towards better performance for your re-activation campaigns is to build a Re-activation Model. Abacus Re-activation Models can help you to overcome the limitations of RFM in that they leverage more data sources and allow more factors to play a role in the selection. In fact, Abacus models leverage transactional information from your competitive category as well as other merchandise categories, measuring customer engagement in a more comprehensive way.

Also, since reactivating lapsed customers can take multiple touches and be very expensive, you might want to consider reactivating only those lapsed customers that have the potential to become highly profitable. Our Category Spend Report can help you to identify these customers by segmenting your lapsed customers based on how much they're spending in your merchandise category.

By combining likelihood of re-activation with an assessment of customers' potential you can increase the response to your re-activation campaigns and make sure that you are re-activating customers with long-term potential. A similar strategy can be used to identify the enquirers that are more likely to convert and become highly profitable customers.

7. WHEN IS THE BEST TIME TO GO PROSPECTING?

Generally speaking, the best time to talk to your customers and prospects is when they are buying the type of merchandise you sell. Sounds obvious, but knowing exactly when consumers are buying the type of products you sell can be quite tricky. In fact, this doesn't always coincide with when your revenue peaks during the year...

Since your contact strategy affects the trends in your revenue during the year, it is impossible to get an unbiased read of the seasonality in the marketplace by analysing only the trends in your own data. However, Abacus can help you to get a better read of the market by leveraging data relative to your entire merchandise category.

With our Seasonality Report we can allow you to identify seasonal trends in the purchasing behaviour of your buyers and the buyers in the competitive category and to discover housefile and prospecting opportunities based on a comparison between your customers and the buyers in the category.

Using the insight contained in our Seasonality Report you'll be able to identify opportunities for prospecting and to optimise your contact strategy so that you can talk to prospects exactly when they are ready to listen. Also, the report will help you to identify opportunities on your housefile so that you can grow your share of wallet among existing customers.

8. HOW CAN I IDENTIFY GOOD CUSTOMERS EARLY IN THEIR LIFECYCLE?

In order to identify good customers early in their lifecycle, you should first analyse the behaviour of your past recruits. In particular, you should try to identify the characteristics of the first order made by your past recruits that ended up being very good customers. Once you've done this you can use the insight to screen new recruits as they get onboard and identify high-potential recruits as soon as they make their first purchase.

You can find all this information in our Buyer Analysis Report. This report helps measurement of key performance metrics and calculates a customers Near Term Value by the characteristics of their first order. The report contains information regarding average order value, average number of orders, total spend, subsequent spend and repeat buyer rate by recruitment channel, first order channel, first order value, time to second purchase and month of first purchase, offering an in depth view of the performance of different groups of recruits.

For example, you might look back at last year's recruits and find that recruits who purchased a certain product, spent over a certain amount, or purchased through a certain channel in their first order ended up being your best customers. You can then screen new recruits as they get onboard and identify high potential customers as soon as they put a foot in the door.

9. HOW CAN I ENSURE IMMEDIATE IMPROVEMENTS AND MAKE THE ANALYSIS PAY OFF?

If you're looking for analysis that can help you change things right away, you should make sure that you're being provided with precise and practical recommendations and that once the results have been reviewed, you'll have everything you need to transform insight into action. Fortunately, all these things come standard with our Actionable Reports.

There's no point in investing in analysis if you're not going to use the insight provided to improve your business. However, sometimes turning the insight into action is not easy and the implementation phase is where the lifecycle of most analytics projects ends abruptly. That's why Abacus created Actionable Reports, so that you can not only answer key business questions, but also quickly implement changes and extract the full value of the analysis from day one.

Along with our Actionable Reports we provide a dataset with customer-level information that can be easily loaded to the company's marketing database. This data can be used to segment your housefile (alone or along with your RFM) and support your selection strategy. Also, this data can be used to track changes in customer profile over time, allowing you to be proactive in your communications.

Actionable Reports allow you to get the insight that you need to better understand your customers and make the right strategic decisions for your business, but they also help you to build the infrastructure that you need to implement changes in your strategy and move your business forward. It's a simple idea, but also a life changing one.

10. WHAT IF I HAVE A QUESTION THAT HASN'T BEEN LISTED?

No problem! We understand that each business faces unique issues and has to answer to unique questions. Abacus can work with you to identify the right bespoke analytical solutions to answer your questions.

Abacus can offer a team of analysts with extensive data mining experience and deep knowledge of the mail order industry. All our analysts are SAS and SPSS trained and can implement flexible solutions so that we can get exactly the information you need. That's why we can promise you that if we have the data, we can get to the answer – and we have a lot of data!

Abacus can leverage transactional information from one of the largest data pools in the UK, with over 20 million households on the Alliance and more than 500 million transactions on file. Abacus can also leverage the demographic information provided by the CACI OCEAN product, a database of 40 million individuals created by integrating multiple data sources from major providers that contains variables such as age, income, financial holdings, media readership and lifestyle interests, as well as geo-demographic classifications such as ACORN.

Using our data and our expertise we can offer tailored analytics solutions to help you answer your questions and also create bespoke segmentation solutions - from RFM segmentation, to demographic and behavioural segmentation, to customer LTV segmentation – so that you can make the most out of your housefile. So please don't hesitate to contact us, whatever your question might be - we love to chat about analytics!

**To discuss how analytics and profiling solutions can work for you contact
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