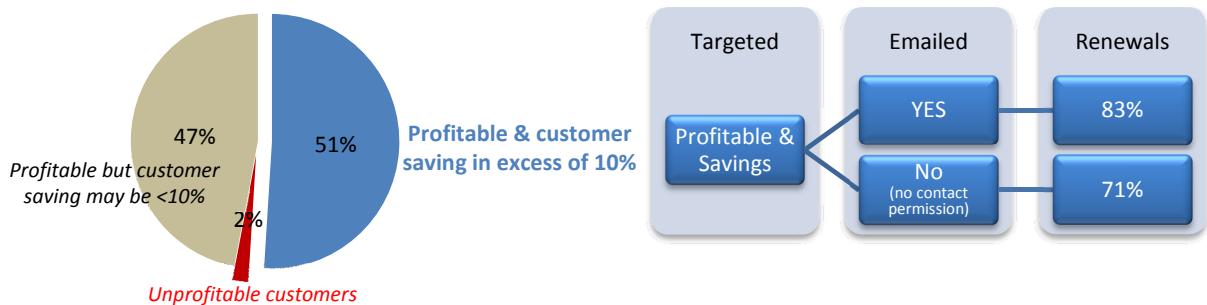


Using Existing Customer Data to save money through a 17% increase in client retention; fraud limitation and better partnership contracts

The Value of Granular Links to Improve Targeting was of essence. By linking Loyalty Programme Membership with purchase histories we quantified the profitability of individual customers, empowering our client to target their promotions more effectively.

The Challenge: For several years our Entertainment & Media client had been running a profitable Loyalty Programme with hundreds of thousands of members, monitoring P&L at the aggregate level. Their transaction records were held separately from the membership database however, so purchase histories of individual members were not known and as a result the value of customer segments was unclear.

Our work: We analysed the transaction records, compiling a purchase history for each member, and combined that with the financials for each purchase in order to calculate accurate profitability figures for every customer. This made it possible to specifically target marketing efforts and was immediately put to use in a Membership Retention campaign focused on the most profitable members. Specifically we identified members who were nearing Renewal stage, were desirable customers from the perspective of profitability, and who could be shown to have themselves made substantial savings from their membership of the programme. Our client was then able to email these specific members before their Renewal date, pointing out how much they had personally saved through membership.



Results: savings of several hundreds thousands GBP

1. The main result was an immediate reduction in churn with retention improving by 17% amongst targeted members, saving the programme hundreds of thousands in Net Margin.
2. A by-product of the profitability work, generating savings of many tens of thousands in net margin, was the identification of a tiny minority of customers who were defrauding the programme. This recuperated several times the investment in Stillae’s consultancy services
3. Another by-product was the ability to negotiate better arrangements with third parties for sponsored offers and promotions, using the reliable profitability figures that were now available for each customer segment.

Quantification of per customer profitability led to churn reduction, savings and negotiation leverage