

Case Study

Reduce Marketing Overhead By 60% And Reduce Customer Churn By 30%



With an affordable, comprehensive BI toolkit increased visibility marketing campaign effectiveness and impact on customer engagement.

Company: Online Retailer

Challenge:

- Loads of data on customer activity and transactions on eCommerce platform but did not have a tool to dig deep into understanding trends
- Did not have the budget to buy a new tool

Solution:

- An affordable, comprehensive BI toolkit that complemented their existing web-metrics tool
- Tool to reveal customer segmentations for targeted marketing opportunities
- Better analytics to understand the buying pattern and lifetime value for each customer

Results:

- Optimized email send frequency which helped reduce spam flagging and increased engagement three fold
- Reduced customer churn by 30%
- 60% reduction in marketing costs by using data to offer the right value to the right customers
- Ability to dig deeper into customer data

Our Client, an online retail firm, had amassed a large amount of data on customer activities and transactions on their eCommerce platform. They were seeking the ability to spot trends in how customers were responding to their various marketing campaigns. While their existing web metrics from standard tools were useful to them, our Client needed the data to reveal more in order to understand the impact of their marketing activities. At the same time, they did not want to spend a fortune uncovering this data.

How RTS Has Helped

With our affordable and comprehensive BI toolkit, we segmented the buyers based on Recency, Frequency, and Monetary Value of purchase. Plotting their scores along these 3 metrics, we were able to refine the target list of customers to whom our Client should approach with email offers.

The next step was to determine the “optimal” number of emails to send. Our analysis revealed that emails sent once in two months were the most likely to elicit maximum response. At the same time, our Client wanted to establish a way to retain high-value customers by engaging them with offers at key points in their purchase cycle. We calculated the lifetime value for each customer, and found that customers with the highest lifetime value had an average of 40 days between purchases. With this new insight, our Client devised retention-oriented offers that nudged high-value customers to make purchases before they became lapsed customers. This strategy was further customized for each segment of customers, as follows (see chart on next page):

	Low Expected Response Rate	Medium Expected Response Rate	High Expected Response Rate
High Worth	Do not send offer	Send the most expensive offer	Send the second most expensive offer
Medium High Worth	Do not send offer	Do Not Send Offer	Send the third most expensive offer
Low Worth	Do not send offer	Do not send offer	Do not send offer or send very cost-effective offer

Results: Better data, smarter marketing campaigns

- By ensuring that emails were sent out at optimal intervals, our Client avoided having their communication marked as spam. Within the first period, they experienced a threefold surge in response to marketing initiatives.
- With a new and refined retention strategy empowered by data, the customer churn rate reduced by 30%.
- Funneling offers of the right value to the right set of customers translated into a 60% reduction in marketing costs.