

# Improving Business Performance With Customer Insights

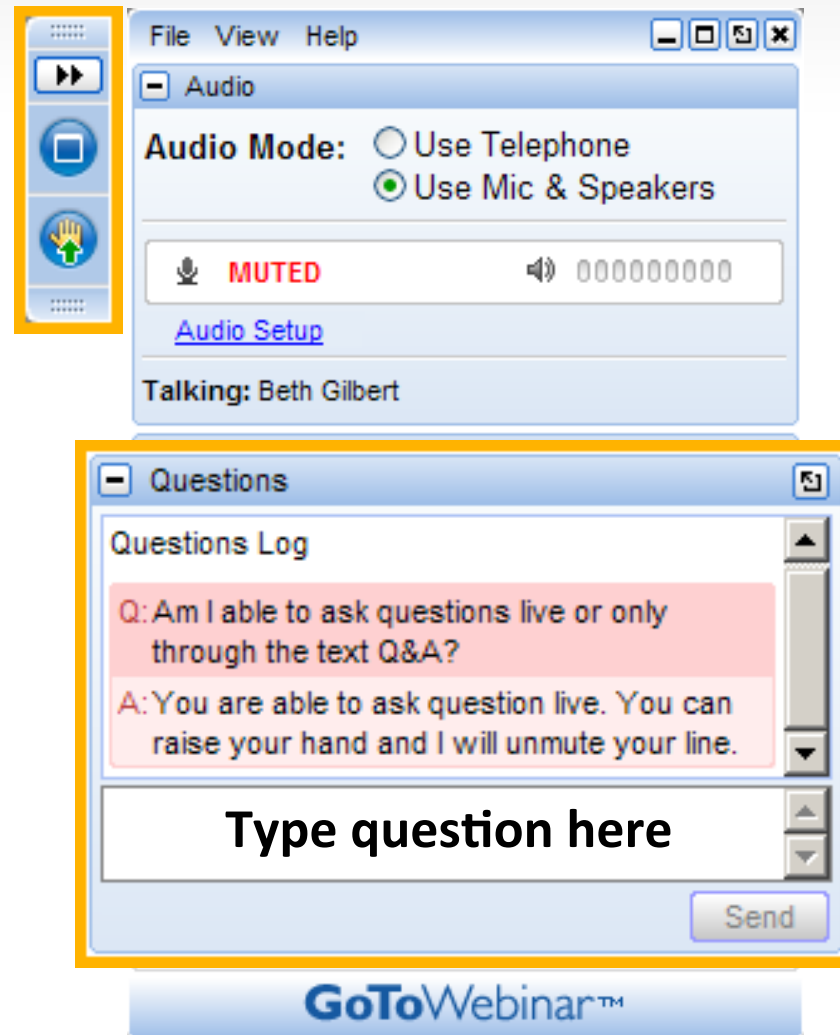
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- ✓ Over 23,000 subscribers
- ✓ To provide executives with relevant, insightful content across a variety of digital medium

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# Panelists



Eric Williams  
Former Executive VP  
and CIO  
**Catalina Marketing**



Anthony Volpe  
Retail Analytics Evangelist  
**SAS**

MODERATOR



Debbie Hauss  
*Editor-in-Chief*  
**Retail TouchPoints**

# Improving Business Performance with Customer Insights

For the “**Me**” Generation



# Who is Catalina Marketing



- Founded in 1983
- Headquartered in St. Petersburg, Florida
- \$500+ million annual revenue
- Privately held (Hellman & Friedman)
- Invented consumer-based Marketing in early 1980's
  - ~ 27,000 US Grocery & Mass Merchants
  - ~ 10,000 International (France, Italy, Germany, Belgium, Netherlands, UK, Japan)
  - ~ 17,000 Pharmacy (US)





# The World of Marketing has changed and the Data required to operate has changed

Mass Media continues  
to Diminish in  
Relevance



Personalized, Behavior-Specific  
Targeting is Everywhere



Online



Wireless



Social Networking



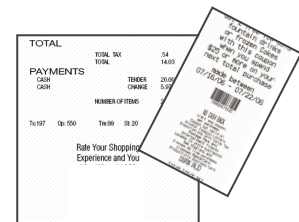
Voice Mail



POS Print  
Messaging



Text  
Messaging



Real Time POS

# The “Me” Generation has created challenges for traditional advertising media



*iPod*



*iPhone*



*My Television*



*Facebook*



*My Way*



*Self Magazine*



*Personal Trainer*



*Personal Coffee*

# What Consumers Want in Marketing Communication

1. Short and to the point
2. Choose to see when convenient for me
3. Personally communicated by trusted friends or experts
4. Information about price discounts or special deals
5. Customized to fit my specific needs and interests

Source: Yankelovich Partners Marketing Receptivity Study

**And... maintain my personal information securely  
and use it appropriately**

# Customer Insights: Making Information Actionable

Using Customer Insights to Move From  
**Product Centric** to **Customer Centric** Strategies



Product is king ...  
This is who buys it



Customer is queen ...  
This is what is important to her

# Data and Technology

- Three key examples of how data can change Marketing organizations
  - Data Mining and Predictive Analytics
    - The use of HPC and In-database technology
  - Offer Optimization
    - The use of Marketing Automation
  - The Brave New World of Media Optimization



# Predictive Modeling – Books / CDs / Movies

What is Predictive Modeling?

**A sophisticated method to identify and communicate to consumers who have never purchased your brand but are most likely to buy**

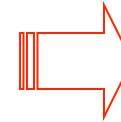
Predictive Modeling:

- 1) Greatly enhances trial efficiency
- 2) Excellent conversion rates after trial
- 3) Increases “never buy” response rates

Brand Buyer

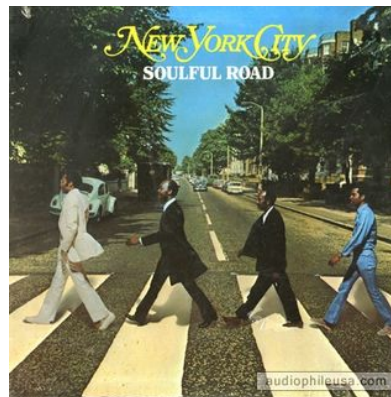


Likely to Buy Brand



Likely brand buyers exhibit similar grocery purchase behavior as current brand buyers, only they have not yet purchased the brand

**amazon.com**



# Making Consumer information Actionable

## Data Mining – Predictive Analytics

**Data mining allows marketers to focus their investments against most likely new customers**



“When consumers first try Coffee Mate or International Delight, they tend to remain loyal to that product. If we could only predict which households cream their coffee with milk we can attract them, but almost all households buy milk.”

- Nestlé USA

# Data mining allowed Catalina to predict and market to households lightening coffee with milk

- Within Catalina's household database
  - Use Behavior Activated Research (BAR) to conduct attitudinal study of a group of milk and coffee households
  - Identify those who lighten their coffee with milk
- Identify similar households in Catalina's database based on a predictive model
- Apply impressions against identified groups
- Measure changes in groups' purchase behavior

# Marketing Solutions for Top Industry Initiatives

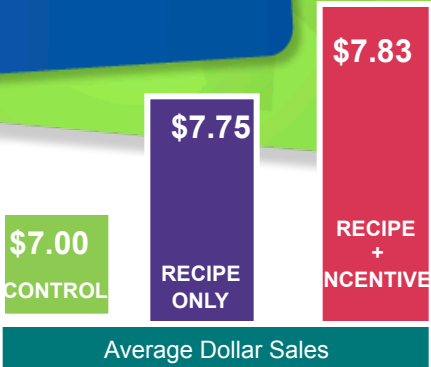
Launching  
New  
Items



**Precision Marketing Solution**  
Find the people who care  
Tell them the day it's in the store  
First an ad, then an incentive

**Result**  
Accelerated new item velocity  
Ongoing higher share

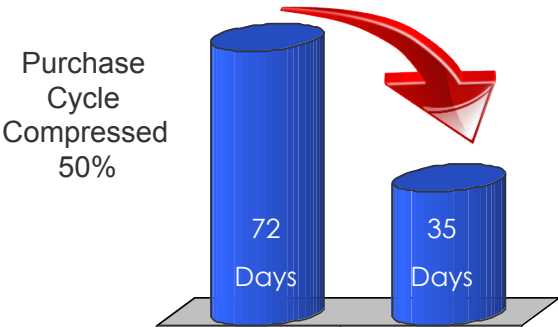
Advancing  
Eat At  
Home



**Precision Marketing Solution**  
Find the people who have the ingredients  
Give a cook-at-home-tonight recipe  
Recipe only or Recipe + Incentive

**Result**  
\$0.13 investment yielded \$0.75 in sales

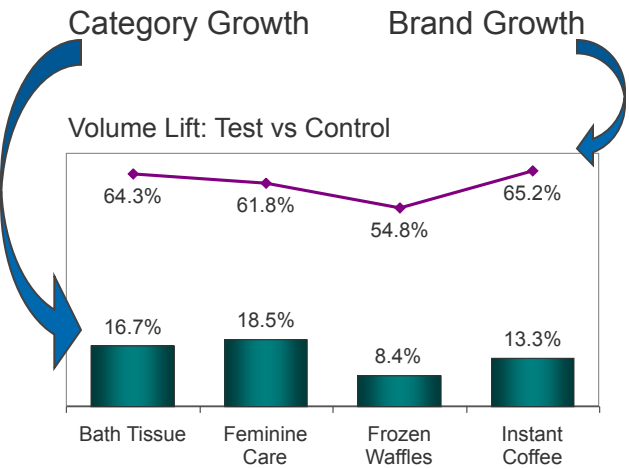
Driving  
Usage  
&  
Compliance



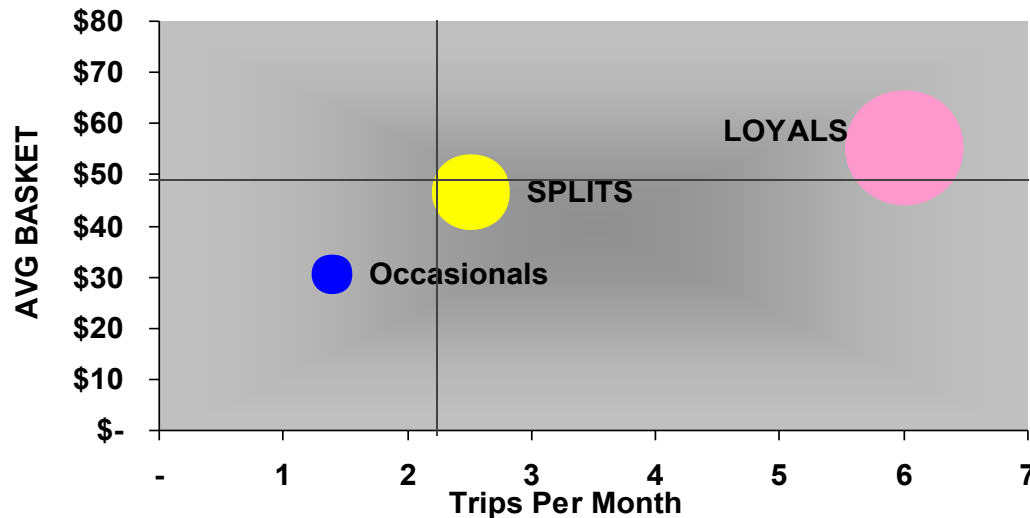
**Precision Marketing Solution**  
Educate with a series of helpful messages  
Reinforce benefits of regular regimen

**Result**  
Consumers began to buy monthly, not bi-monthly

Building  
Category  
Volume



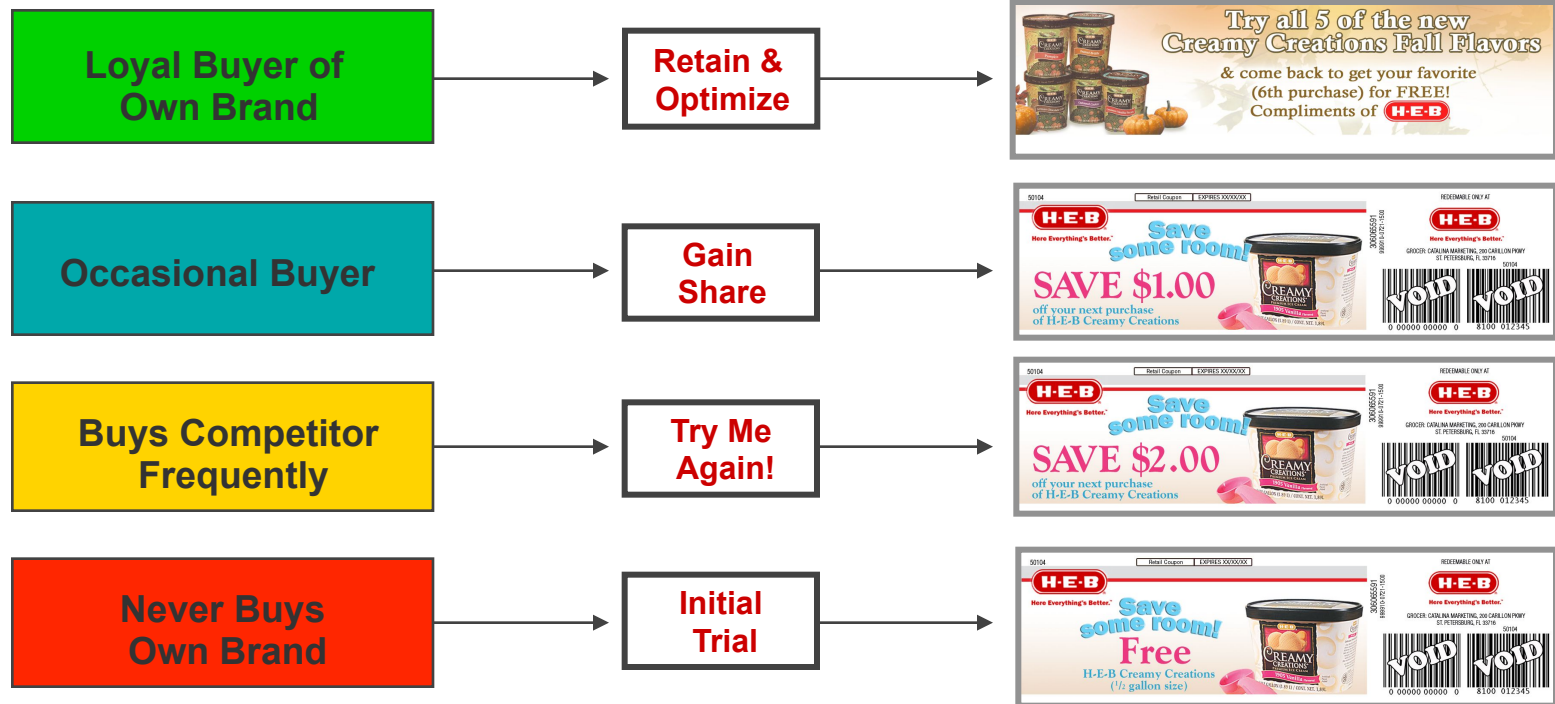
# Creating a Unique Campaign for Each Segment



	Occasional	Splits	Loyals
	\$38/Mo 1.1 Trips 9% Sales	\$99/Mo 1.8 Trips 31% Sales	\$285/Mo 4.2 Trips 60% Sales
Segment Strategy	More Trips	Create a Trip Mission	Recapture Stock Up Categories

# Tailor Your Communications

Deliver customized incentives based on loyalty and category consumption



# Offer Optimization

1

2

3

4

5

6

7

**Cereal \$1 off \$7**  
Cereal \$1 off \$5  
Cereal \$1 off \$3

**Carrs \$1 off 2 lb**  
Carrots \$2 off 3 lb  
**FREE** Salad Bag

**Jam \$1 off \$3**  
Jam \$2 off \$4  
Jam \$1 off \$5  
Jam \$2 off \$7

Milk \$0.50 off gal.  
**Milk \$1 off \$7**  
Milk \$1 off \$5  
Milk \$1 off \$3

OJ \$1 off \$7  
OJ \$1 off \$5  
**OJ \$1.50 off gal.**

Bakery \$1 off \$7  
**FREE Muffin**

**Cheese \$2 off \$7**  
Cheese \$1 off \$7  
Cheese \$1 off \$5  
Cheese \$1 off \$3



Personalized Savings!  
Use your Frequent Shopper Card to get your personal savings.  
Not available to other cardholders - these are just for you!



STORE COUPON EXPIRES XX/XX/XX

**\$1.00**  
off your next  
Cereal purchase  
of \$7 or more




STORE COUPON EXPIRES XX/XX/XX

**\$1.00**  
any purchase of  
\$3 or more of any  
Jam, Jelly, or Preserves




STORE COUPON EXPIRES XX/XX/XX

**\$1.00**  
any Skim, Low Fat or  
Whole Milk purchase  
of \$7 or more




STORE COUPON EXPIRES XX/XX/XX

**\$1.50**  
off any Orange Juice  
when you purchase  
one gallon or more




STORE COUPON EXPIRES XX/XX/XX

**FREE**  
Bakery Fresh  
Muffin




Customer must qualify for 3  
Offer Groups to get a  
distribution.  
If customer qualifies for more  
than 5, they should only get the  
5 highest priority



# The New Consumer

## Personalization

(opt in, my communication style, recognize me, mass is noise)





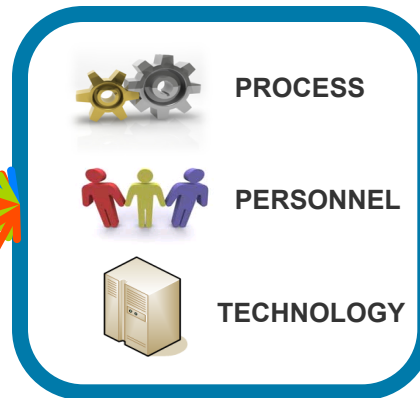
# Multi-Channel Shopper Platform

## DIGITAL TOUCHPOINTS

(Mobile, Kiosk, Screen, Apps, Email, NFC, etc.)



## Intelligent Shopper Solution

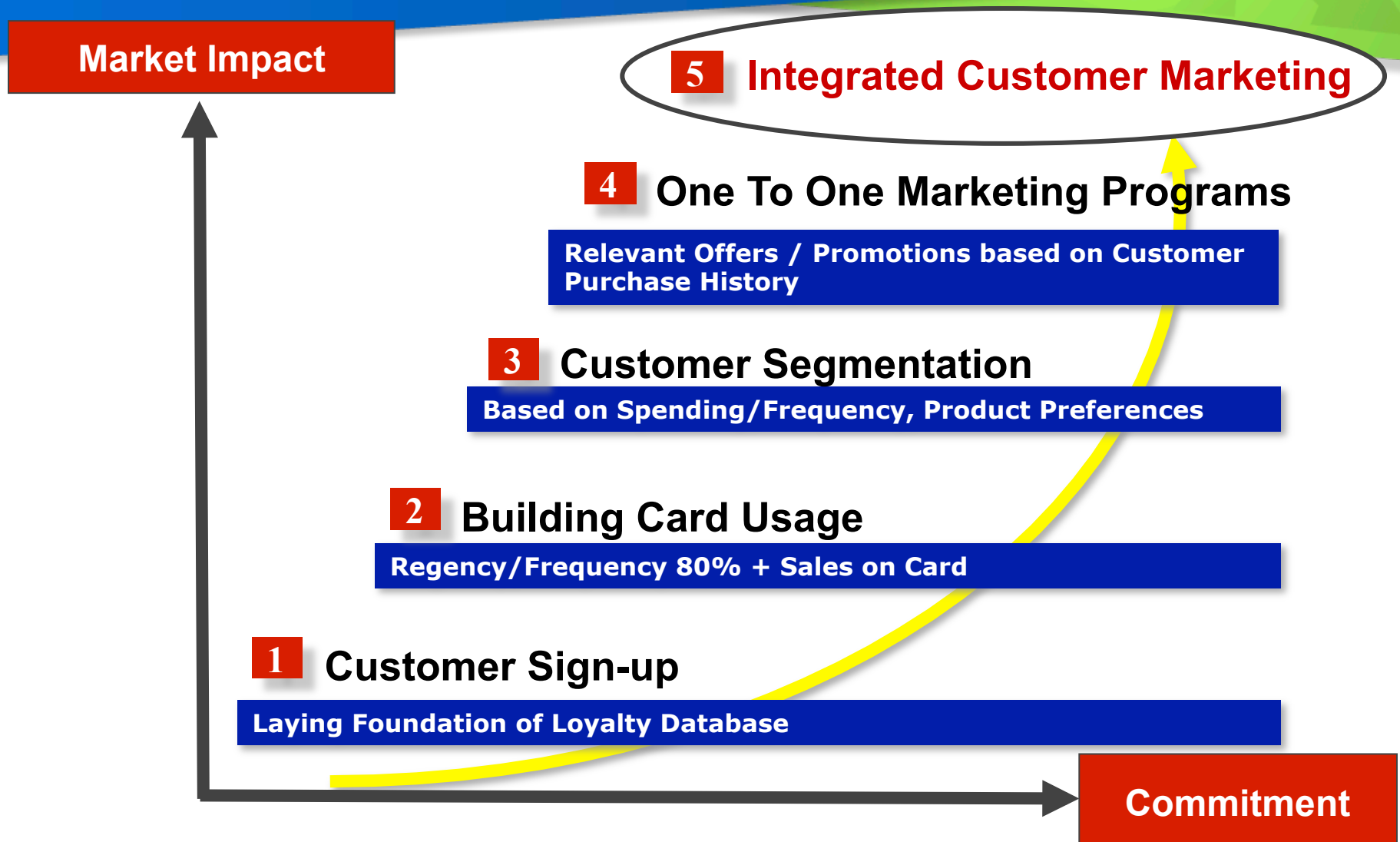



## Targeted Offers

(Relevant. Personalized. Timely.)



# Loyalty Marketing Continuum





**Data gets you in the game**  
**Information provides the advantage**  
**Knowledge changes everything**

**Thank You!**

Eric Williams  
Executive VP & CIO - Retired  
Catalina Marketing Corp.  
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# **IMPROVING BUSINESS PERFORMANCE WITH CUSTOMER INSIGHTS**

**A SOFT-LINES PERSPECTIVE**



# Customer Insights Are Just That-- Insights

- Improved business performance requires insights to be incorporated into critical decision processes
- The decisions to be impacted should drive the search for new insights
- Innovation is the key to continuous improvement with Customer Insights



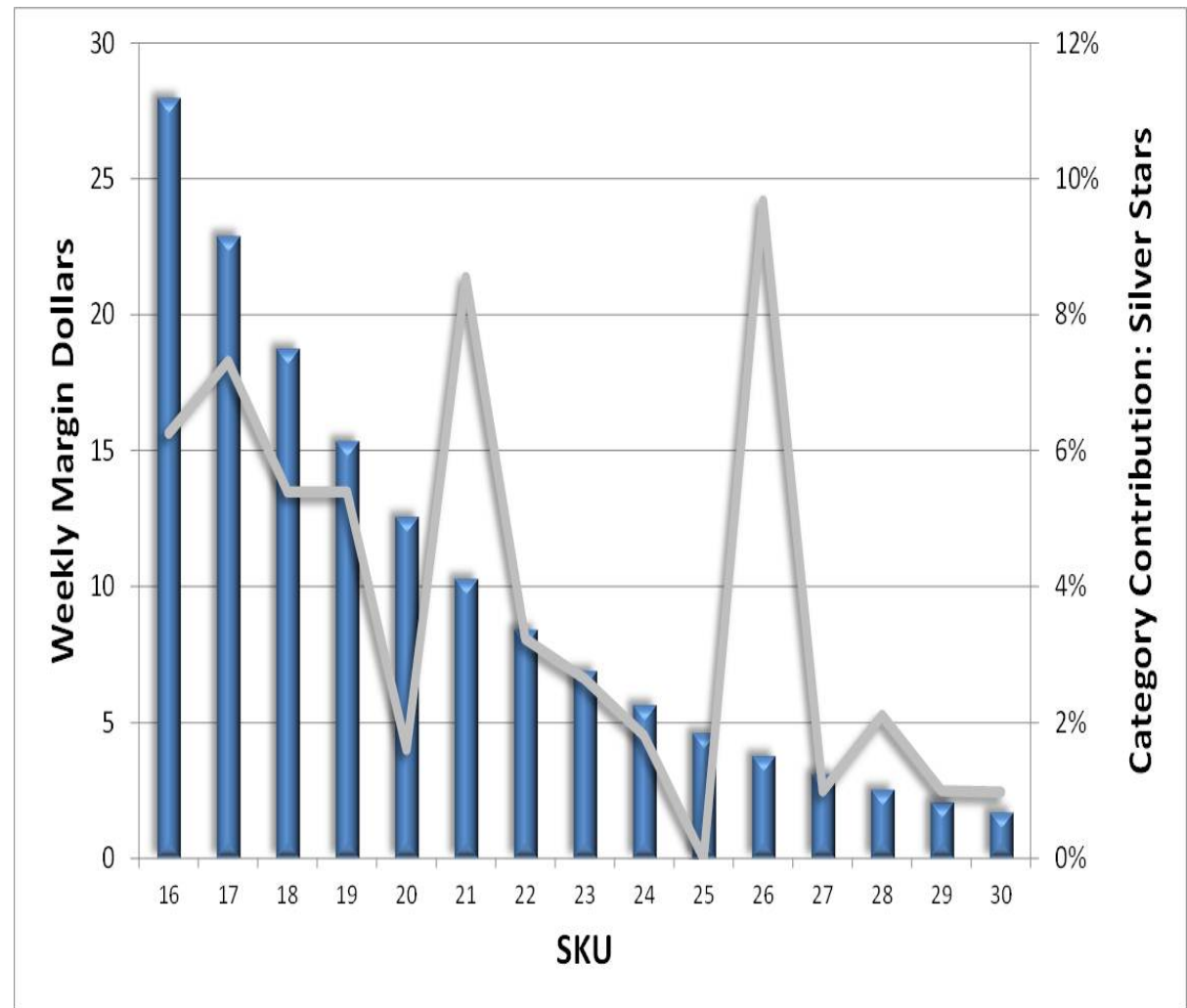
# Customer Insights Can Impact All Aspects Of Retail

- Merchandising and Supply Chain have the potential to be revolutionized
- Progressive Omni-Channel initiatives will rely heavily on Customer Insights
- Marketing remains the most common application

## CUSTOMER INSIGHTS

### Impact Localized Assortments

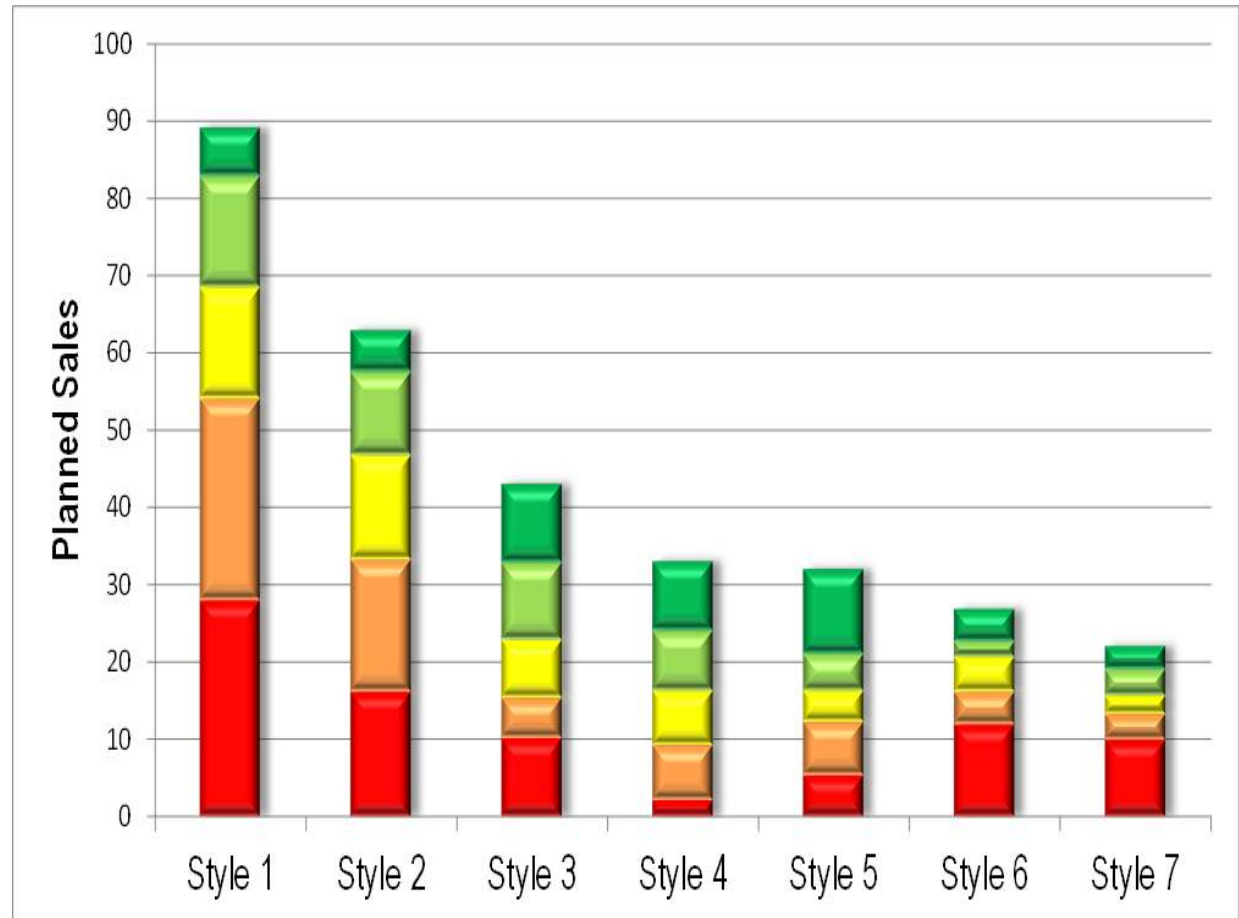
## IMPROVING MERCHANDISING PERFORMANCE



## CUSTOMER INSIGHTS

**Broaden  
Assortments by  
Properly Using  
E-Comm**

## IMPROVING OMNI-CHANNEL PERFORMANCE

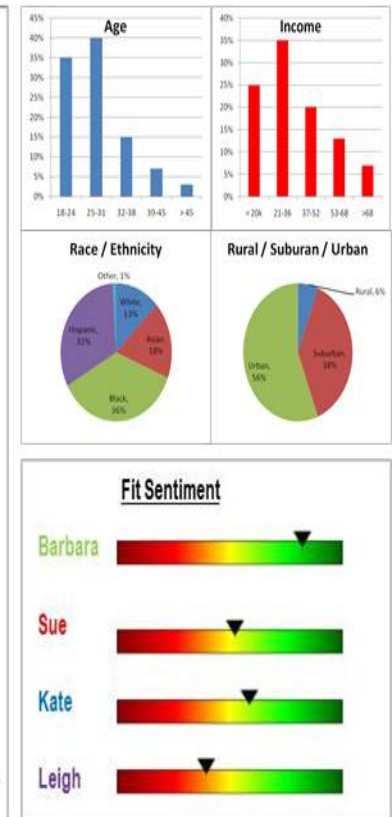
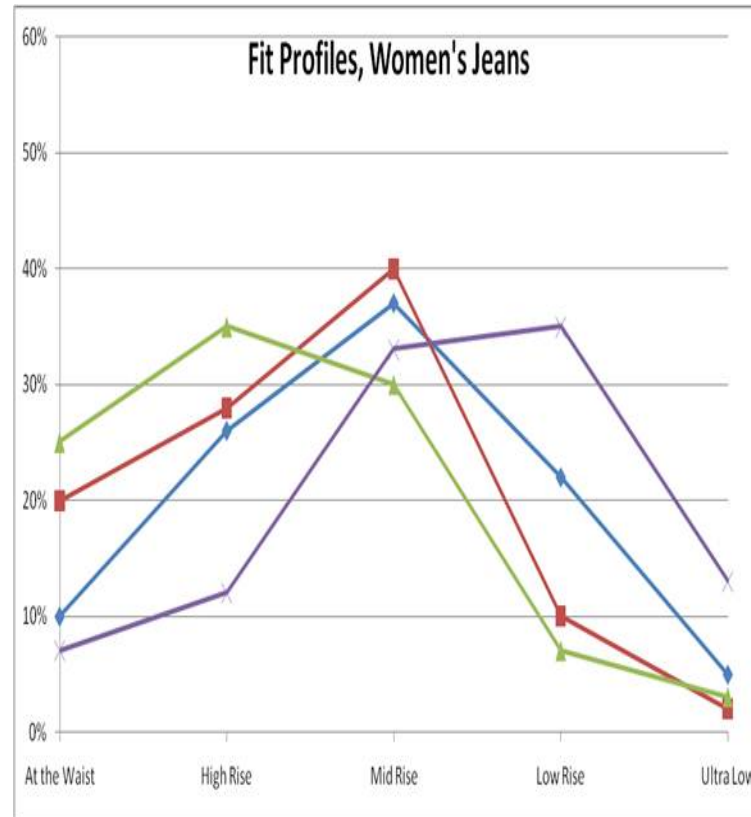




# CUSTOMER INSIGHTS

## IMPROVING DESIGN PERFORMANCE

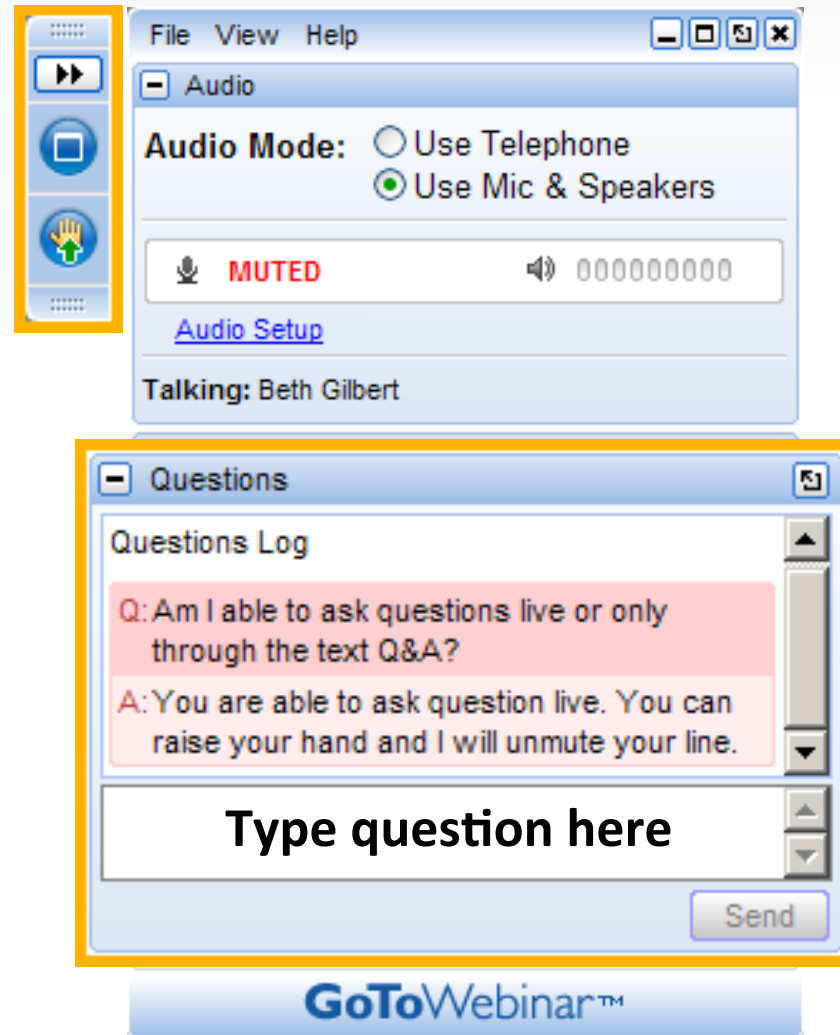
Capture Behavior  
and Sentiment in  
Design



# High Performance Analytics Supercharge Customer Insights

- Behavioral data is truly Big Data
- Failing fast is critical
- Innovations can incorporate a broader combination of data elements than ever imagined

# Q&A // Submit Your Questions



# Q&A



Eric Williams  
*Former Executive VP  
and CIO*  
**Catalina Marketing**



Anthony Volpe  
*Retail Analytics Evangelist*  
**SAS**

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