

Further Analysis

RFM Analysis
Segmentation
Churn - Addressing Retention



Advancing **Insight**

Once we have established

- the quality of the data
- the scope (just address details, basic transaction information, or unique customer behaviours)
- the make-up of your customer base

it could be that implementing an acquisition strategy is all that is required

However, by having a fuller understanding of the data, Momentum Analytics can make additional recommendations on how to move the capacity of insight and data-driven decision-making forwards



Recency, Frequency, **Monetary Value**

Segment	Level
1	High
2	High/Medium
3	Medium
4	Medium/Low
5	Low
6	Exclude?





One of the more straightforward models is the RFM model

Put simply, it allows for increased levels of prioritisation and segmentation of the existing customer base

As a standalone approach, because of its simplicity, it isn't a match for more complicated analyses, such as CHAID segmentation and Regression

However, once established and implemented, it can be maintained with relative ease in-house and allows for effective customer tracking

	Spend Level					No Spend Available
	High	Medium High	Medium	Medium Low	Low	
	296	1,250	2,651	10,608	2,972	36
	243	1,508	1,897	16,744	9,806	89
	263	1,407	887	28,314	15,632	
	327	1,700	3,533	45,807	42,809	433
	882		4,270	35,706	63,396	526
	3,423	7,339	27,347	101,454	128,451	7,243

	10,438
	107,122
	178,896
	272,793



Segmentation

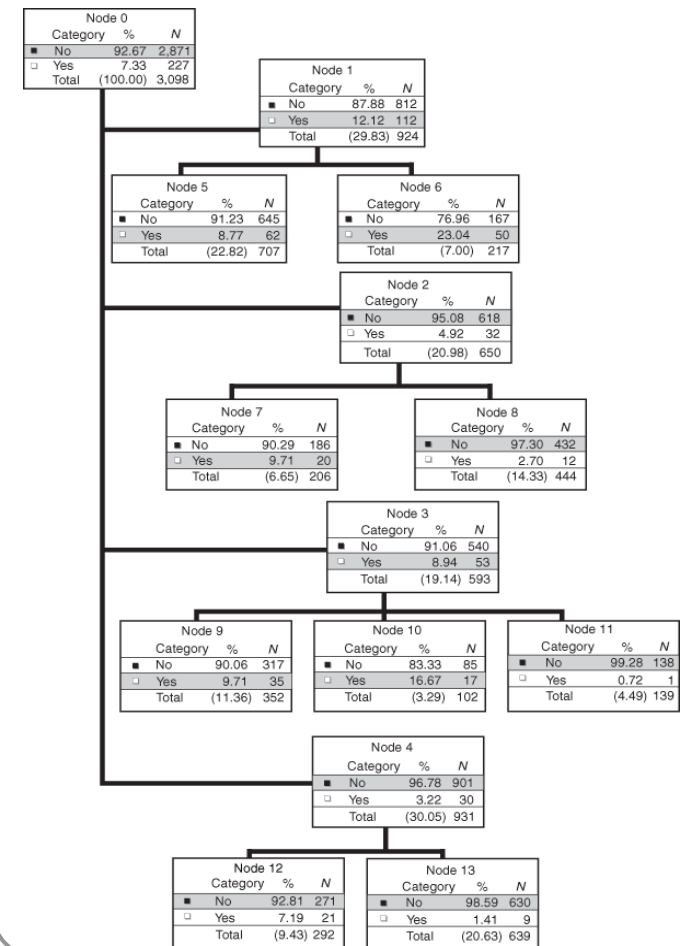
For more advanced, detailed analysis, a technique called CHAID can be used

This can incorporate a whole host of separate criteria (for example Consumer type plus Product lines plus spend bandings) that, when combined together, could run to thousands of combinations

However, running a segmentation analysis allows for increased levels of prioritisation of the existing customer base

In turn, the greater knowledge of customer behaviour leads to increased ability to cross / up sell to your existing customers, at the same time as looking to recruit potentially more valuable new customers

CHAID illustration



Cross / Up Sell

Another approach is to understand the combinations of products regularly bought by customers

This allows us to predict which customers are likely to buy which products

Adding another angle of recency then allows you to provide effective customer service by pre-empting client need

Indeed; this then ties into another stage of further analysis

Cross-Sell illustration

Product A	Product B	Product C	Product D	Product E	Customers	Spend	Average Spend
Y	N	N	Y	Y	1.80%	43.80%	£84
N	N	N	Y	Y	0.00%	0.01%	£10
Y	Y	N	Y	N	6.20%	20.30%	£53
Y	Y	N	Y	N	0.20%	0.10%	£52
Y	Y	N	Y	Y	0.10%	0.10%	£20
N	N	N	N	N	1.50%	6.40%	£23
N	Y	N	N	Y	1.10%	0.30%	£16
N	Y	N	N	N	0.00%	0.01%	£5
N	Y	Y	Y	N	0.00%	0.10%	£23
Y	N	N	Y	Y	2.60%	0.90%	£113
Y	N	Y	N	Y	1.90%	0.80%	£65

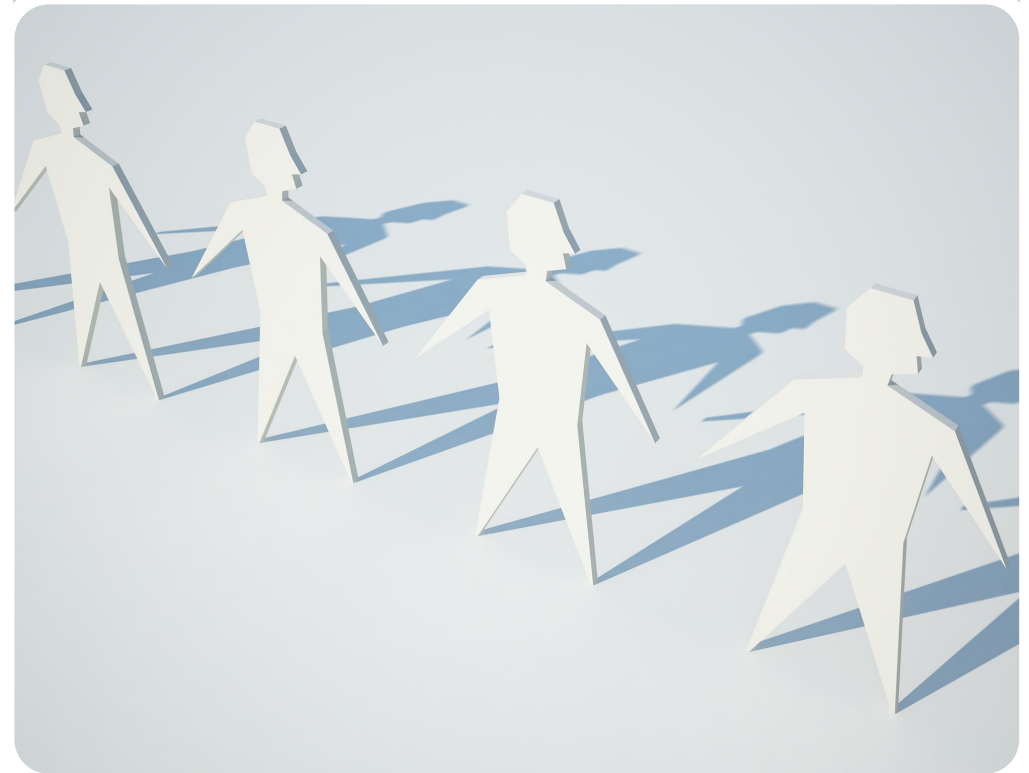


Customer Churn

All businesses experience customer churn. However, those businesses that invest in data in order to address customer churn often find that even as a result of small-scale investment, arresting churn is a lucrative practice

We will work with you to identify those customers that have a high likelihood of leaving the business, and estimate a timescale of loss

In turn, using this (and other approaches mentioned earlier) we can identify those customers that are key to the business, and prioritise accordingly



Acquisition and Retention **Strategies**

By combining all of these approaches, we can help develop your customer database into a powerful tool that works for your business

By putting in place key acquisition and retention strategies, you can

- acquire new customers
- provide pre-emptive customer service
- optimise your product offerings
- put into place efficient and timely contact strategies
- maximise ROI and increase revenue



One Final **Thing...**

Our Philosophy

- Build, develop and maintain a close consultant / client relationship
- Identify, discuss and apply the learnings to the business
- Ensure that the end point is always actionable insight and business-critical solutions
- Most importantly, results and resolutions built around your requests, tempered with our experience

We won't tell you what you need; Just work with you on what you value

For more information, please email Momentum Analytics : contact_us@momentumanalytics.co.uk

Alternatively, why not call Momentum Analytics on 0161 408 4985

We would be more than happy to meet you and discuss your plans for the future

Give your business **Momentum**



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