

Customer Analytics

Your navigation system towards growth

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A few practicalities

1. Can you hear me?
2. One hour including Q&A
3. Various polls
4. Handout
5. Playbook



Why this webinar?

Too many companies base their marketing decisions on gut feel rather than solid data

Companies that use advanced data analytics outperform those that do not

Starting point of advanced data analytics is Customer Lifetime Value (CLV)



Three questions today

1. WHO ARE MY BEST CUSTOMERS, TODAY AND TOMORROW?
2. HOW CAN I FIND MORE LIKE THEM?
3. WHAT CAN I DO TO RETAIN THEM?

CUSTOMER
LIFETIME
VALUE



Your hosts



Rene



Bob

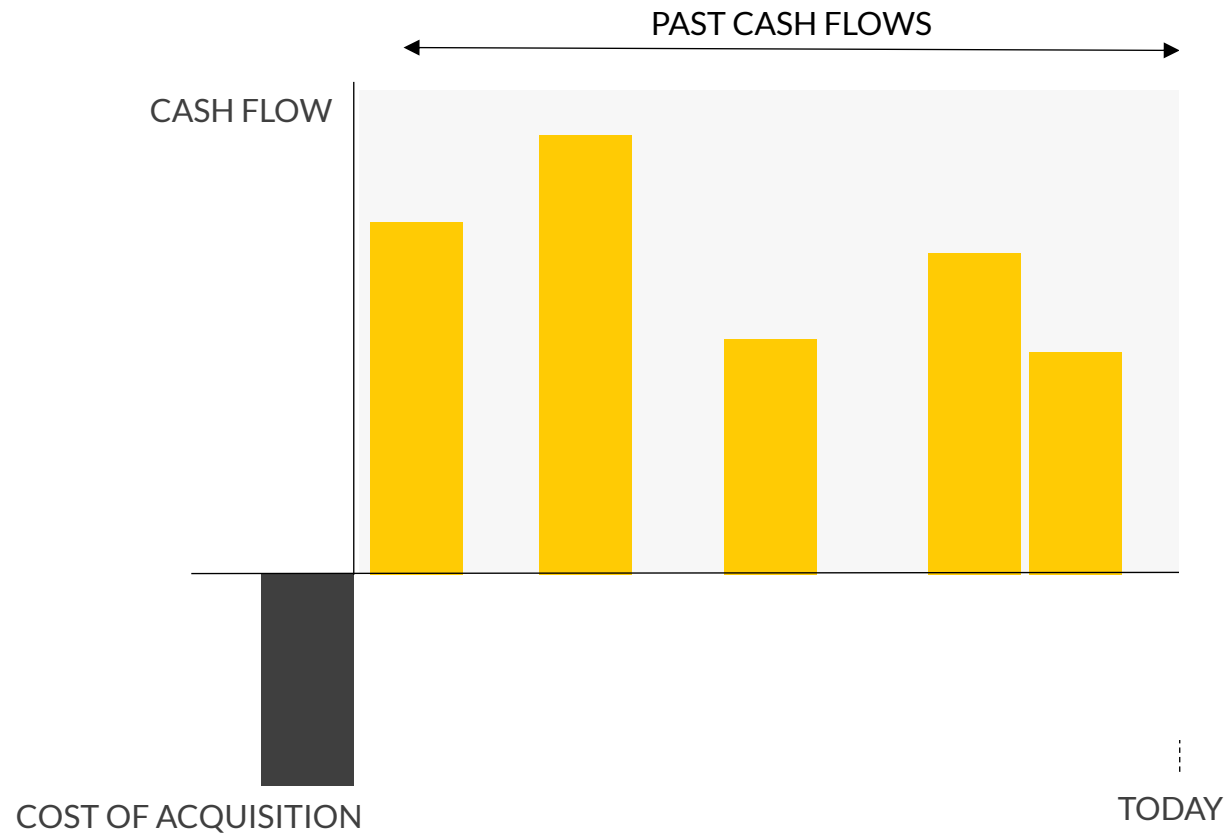


Customer Lifetime Value

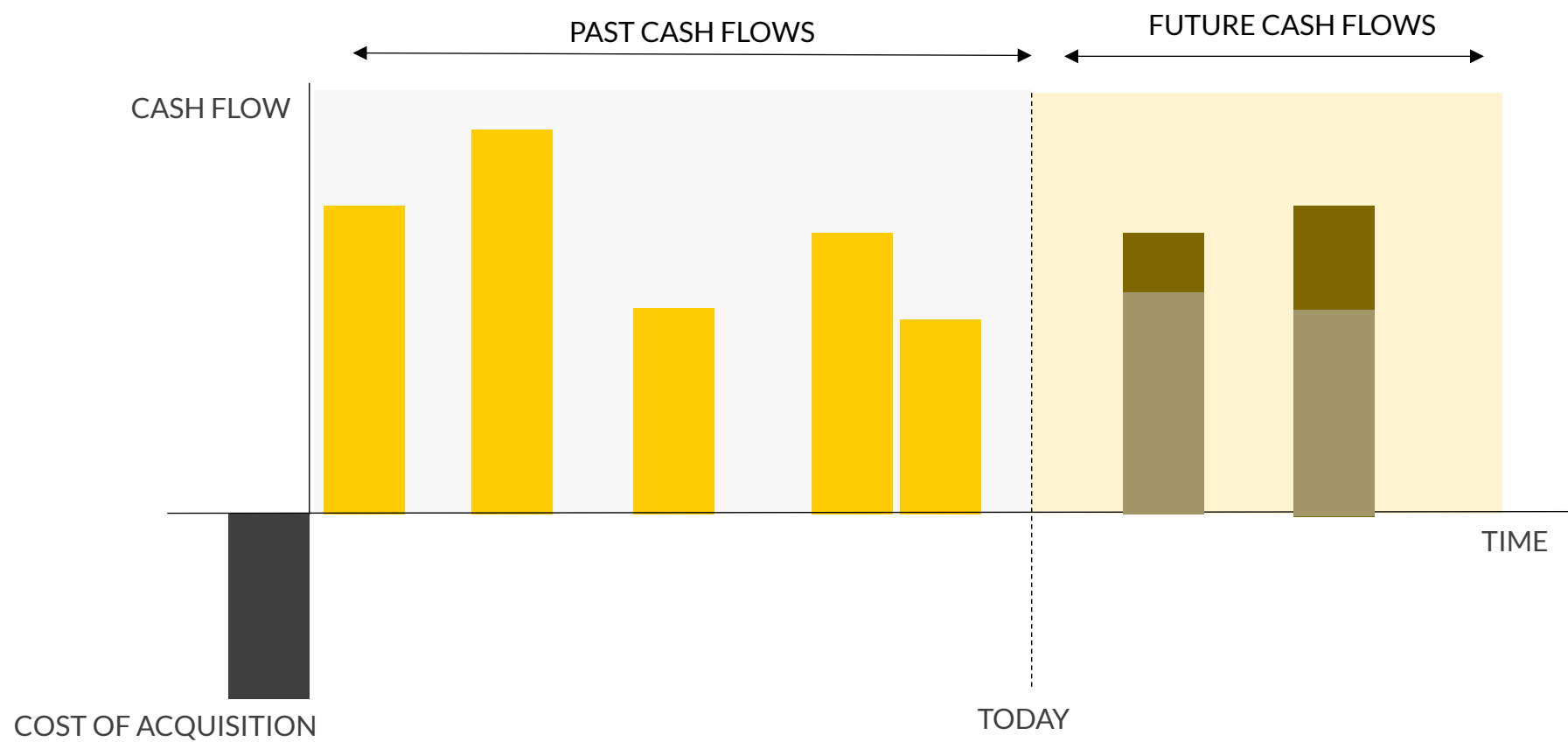
The only metric that matters for growth



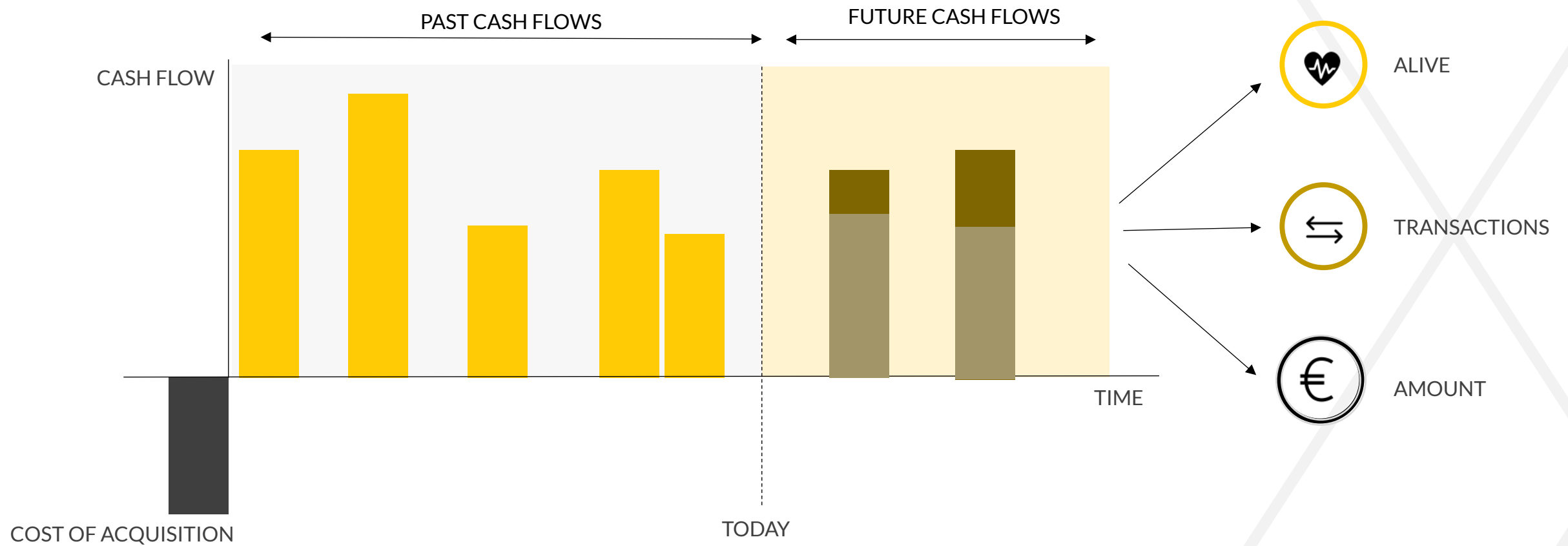
What is Customer Lifetime Value ?



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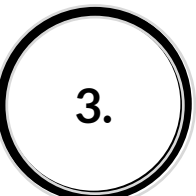


What is Customer Lifetime Value ?





Benefits of CLV

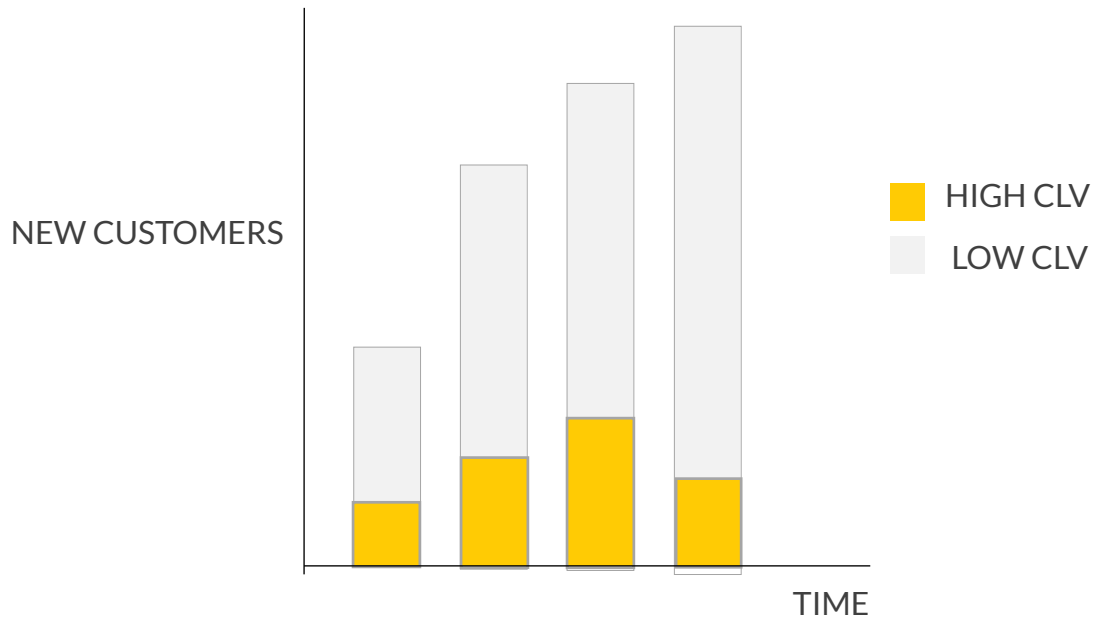
-  1. CUSTOMERS ARE DIFFERENT,
CLV IS JUST ONE METRIC
-  2. FUTURE-ORIENTED
-  3. INTUATIVE



Acquisition

Finding the right customers

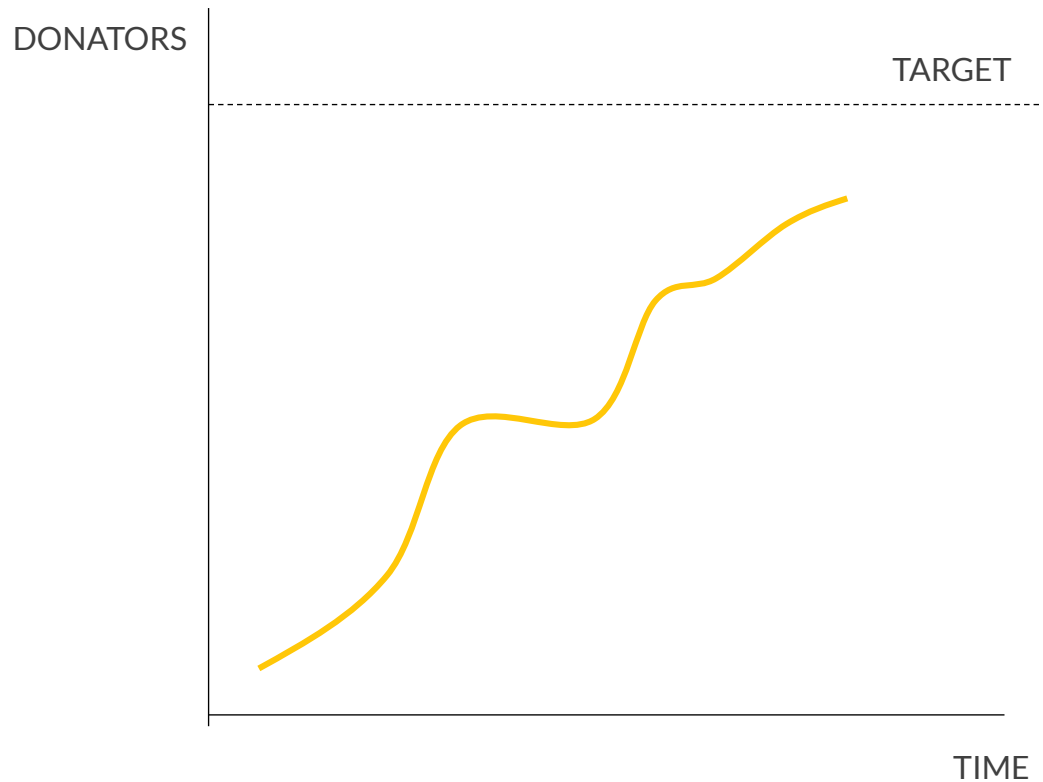




Are we acquiring the right customers?

New customers are great but how many really good customers have been acquired?



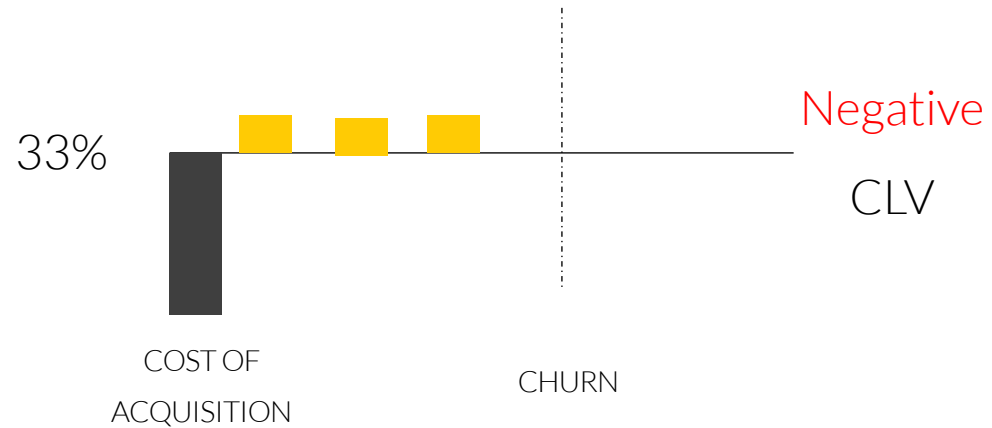


Case NGO

Successful acquisition strategy by using online (inbound) and offline (outbound) channels.

How to grow further beyond one million donators?

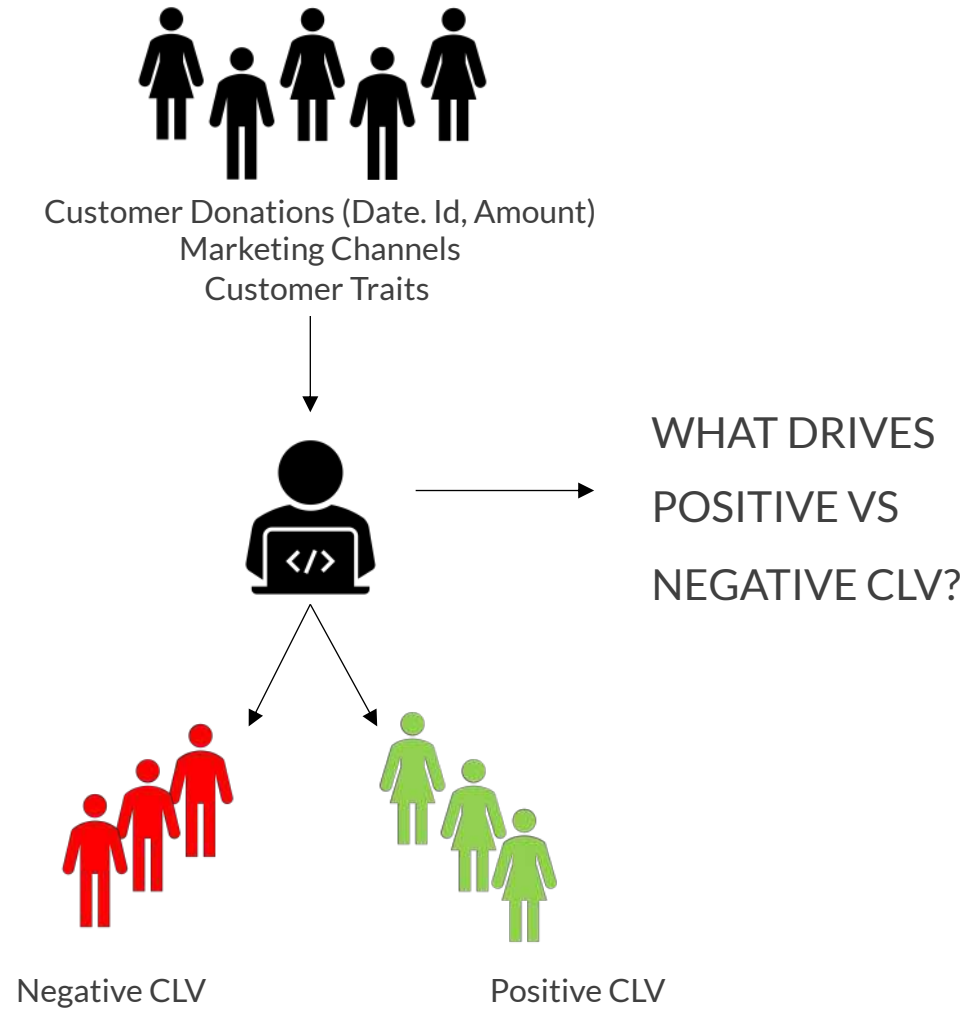




Cost of acquisition was relatively high.
Payback time was on average was 12 months.

33% newly acquired customer
churned before 12 months



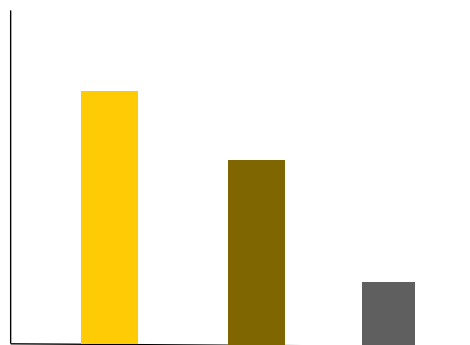


Predicting positive vs negative CLV donators

We used customer data to predict if a customer would have a positive or negative CLV.



IMPORTANCE

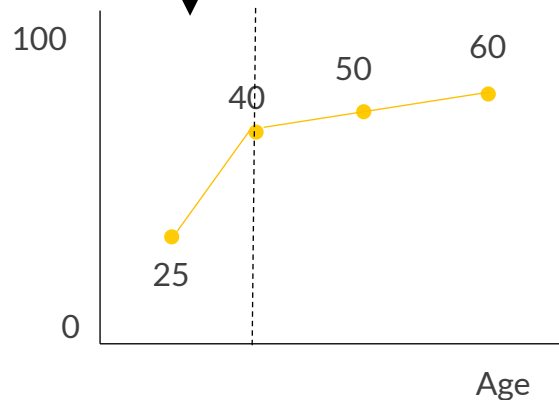


Age

Type of
Membership

Channel

PROBABAILITY OF
HAVING POSITIVE
CLV



Age, product and channel drive churn

The probability of having a positive CLV sharply increases until 40, then stabilizes.

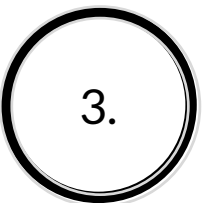




INBOUND
FIND POSITIVE CLV PROFILE



OUTBOUND
RANK PROSPECTS TO CALL



INNOVATE
DIFFERENT ACQUISITION FOR NOW
NEGATIVE CLV CUSTOMERS

Do: Actionable Items



Retention

Keeping the right customers





Proactive Retention Management. Who to select?

Proactive Churn Management, who should you select.
Get them before they leave.

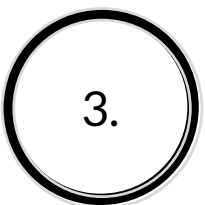




Customer Churn



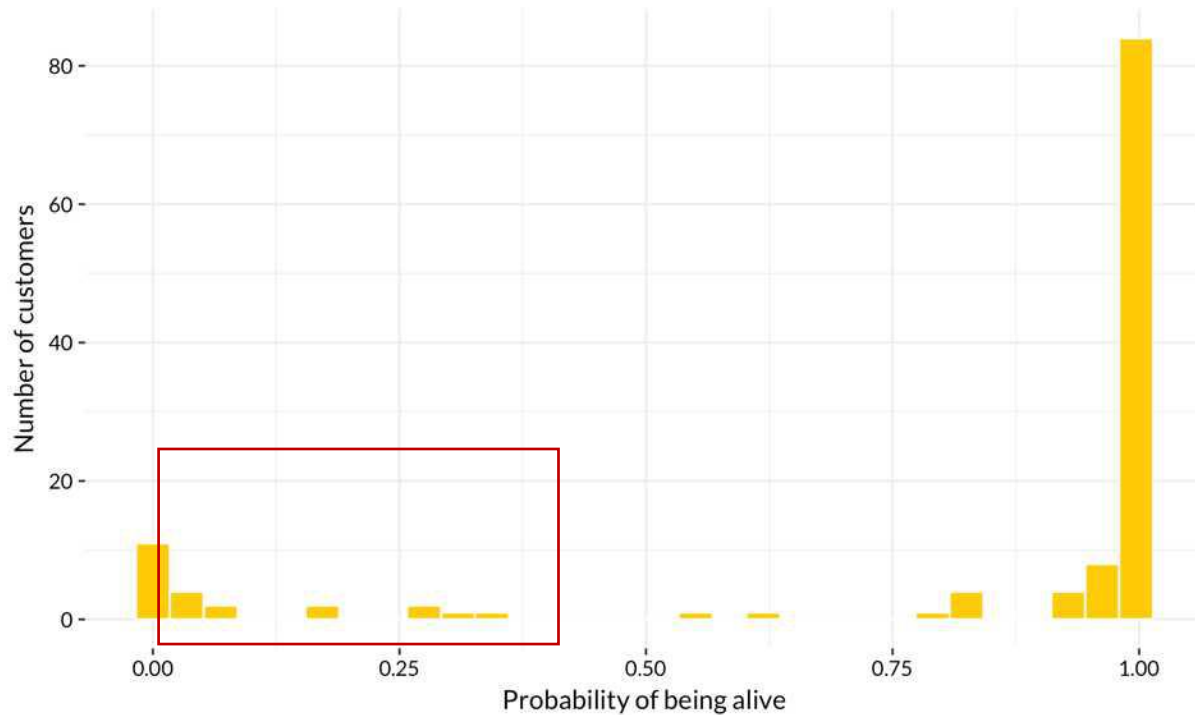
Churn And Sensitivity



Churn, Sensitivity and **CLV**

Three ways of selecting
customers for your
retention campaign





1. Churn Approach

Retaining customers, who
to select

Focus on high probability of churn is **not** optimal





		RECEIVES AN OFFER	
		GOING TO LEAVE	GOING TO STAY
RECEIVES NO OFFER	WANT TO LEAVE		
	WANT TO STAY		



2. Churn And Sensitivity

Focus on the churn AND sensitivity towards the offer





RECEIVES AN OFFER

GOING TO LEAVE

GOING TO STAY

WANT TO LEAVE

LOST CAUSE
Unnecessary Costs

RECEIVES NO OFFER

WANT TO STAY



2. Churn And Sensitivity

Focus on the churn AND
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SURE THINGS
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SLEEPING DOGS
*Loosing Additional
Customers*

SURE THINGS
Unnecessary Costs



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PERSUADABLES
*Retaining Additional
Customers*

RECEIVES NO OFFER

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SLEEPING DOGS
*Loosing Additional
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SURE THINGS
Unnecessary Costs



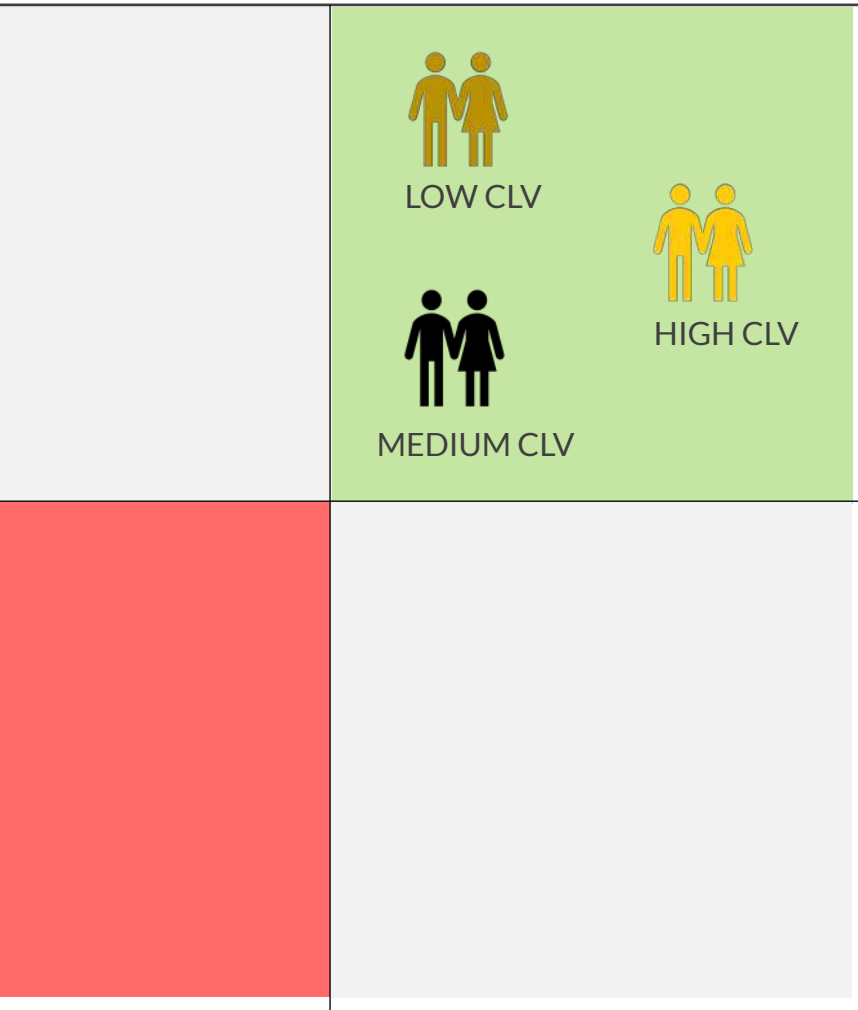
2. Churn And Sensitivity

Focus on the churn AND
sensitivity towards the
offer



LEAVE

GOING TO STAY



3. Churn , Sensitivity and CLV

Optimize selection against CLV (thus including future spending – campaign cost)





How? Experiment!

Use a A/B test to model Uplift,
CLV

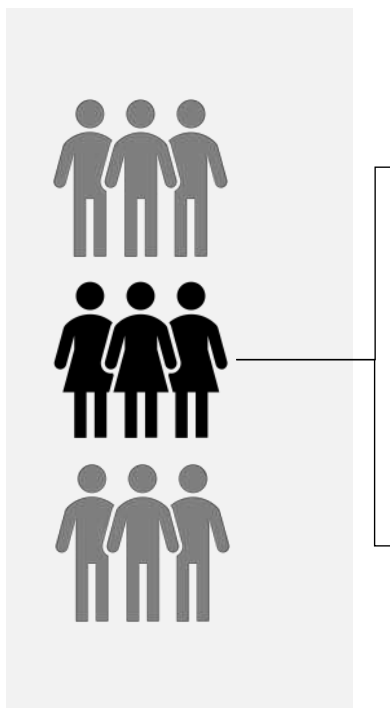
Model the **additional** customers you retain by running
an experiment.





Do an experiment: Sample customers

1. SAMPLE

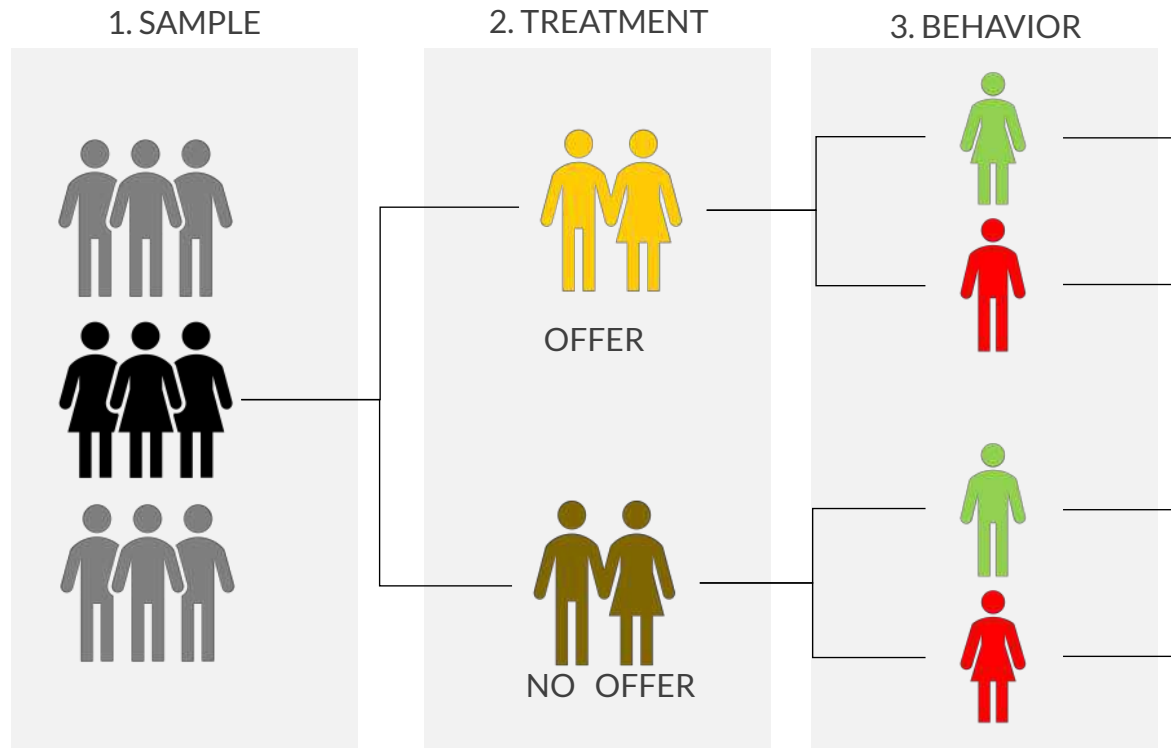




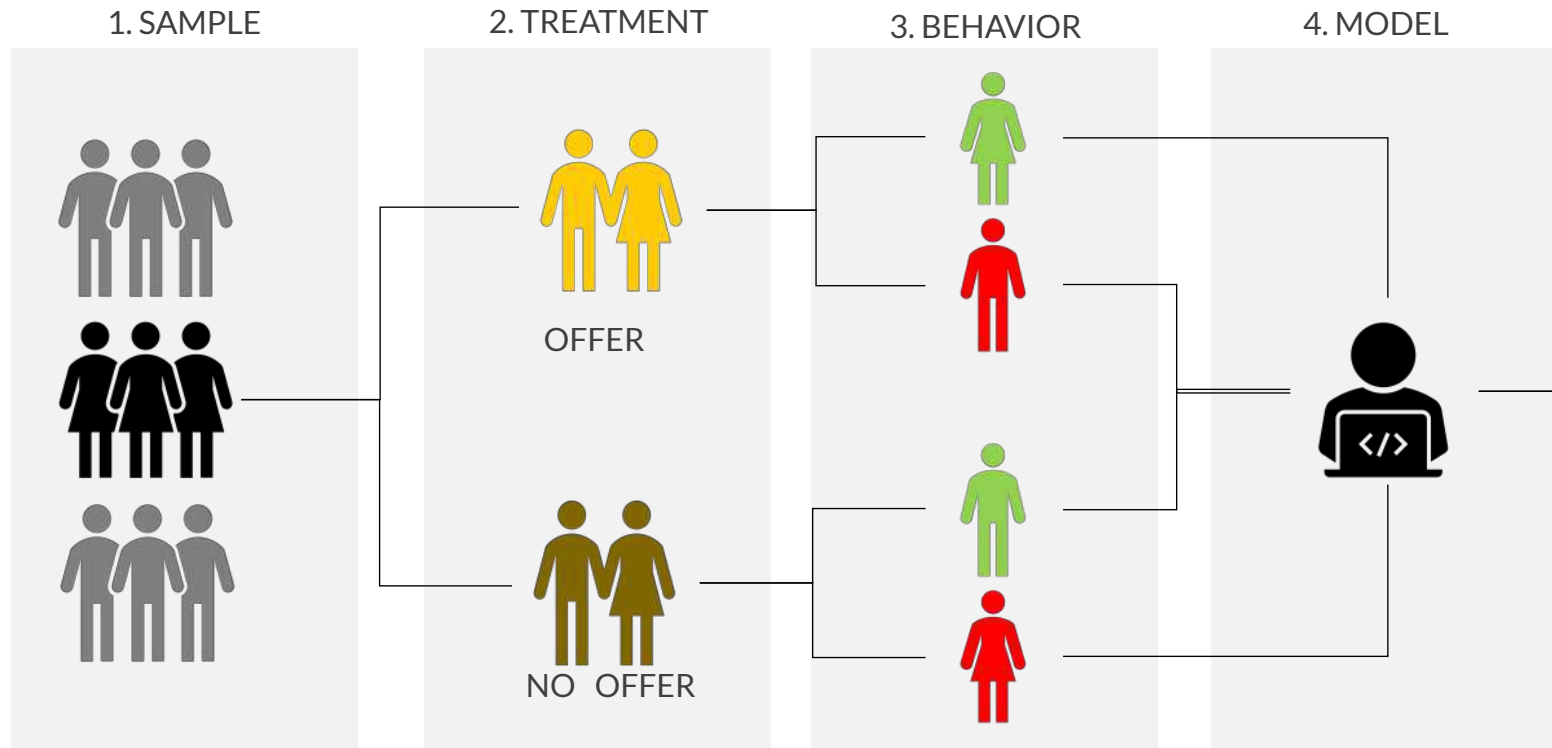
Do an experiment: Create a treatment and control group



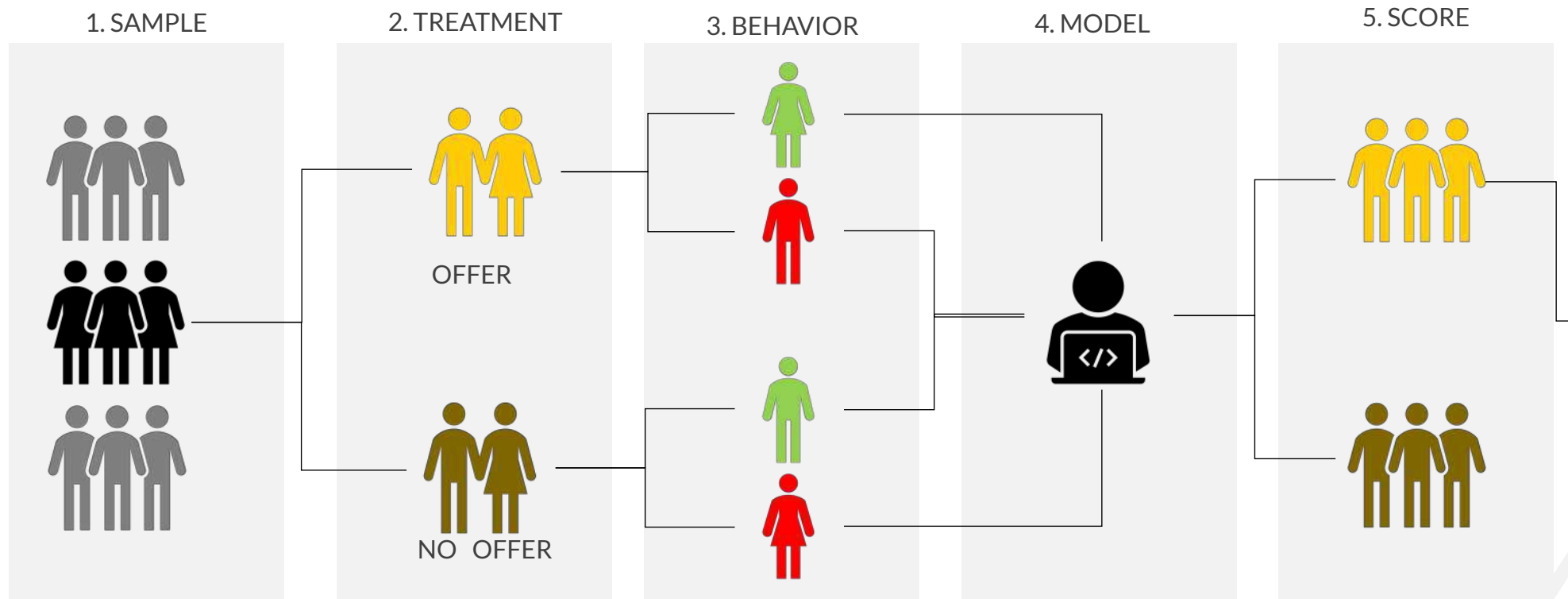
Do an experiment: Provide an offer and observe real behavior



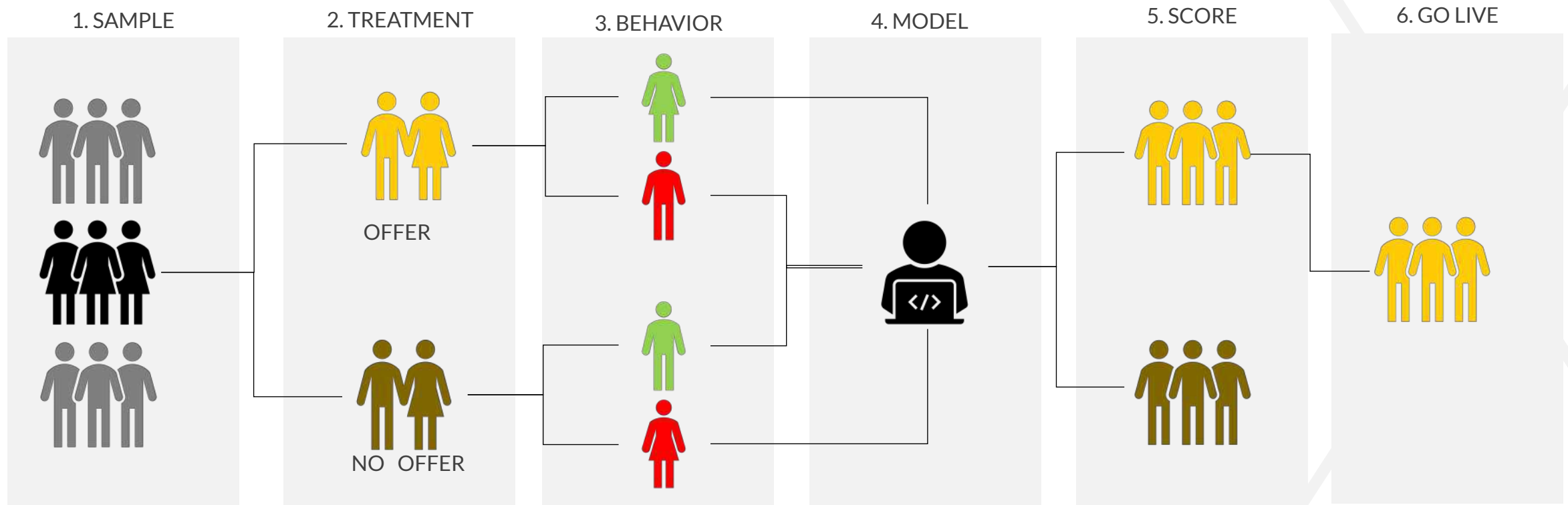
Do an experiment: Using the data train and Uplift model



Do an experiment: Apply the model and score the rest of customer base



Do an experiment: Select customers most likely to positively respond to your offer



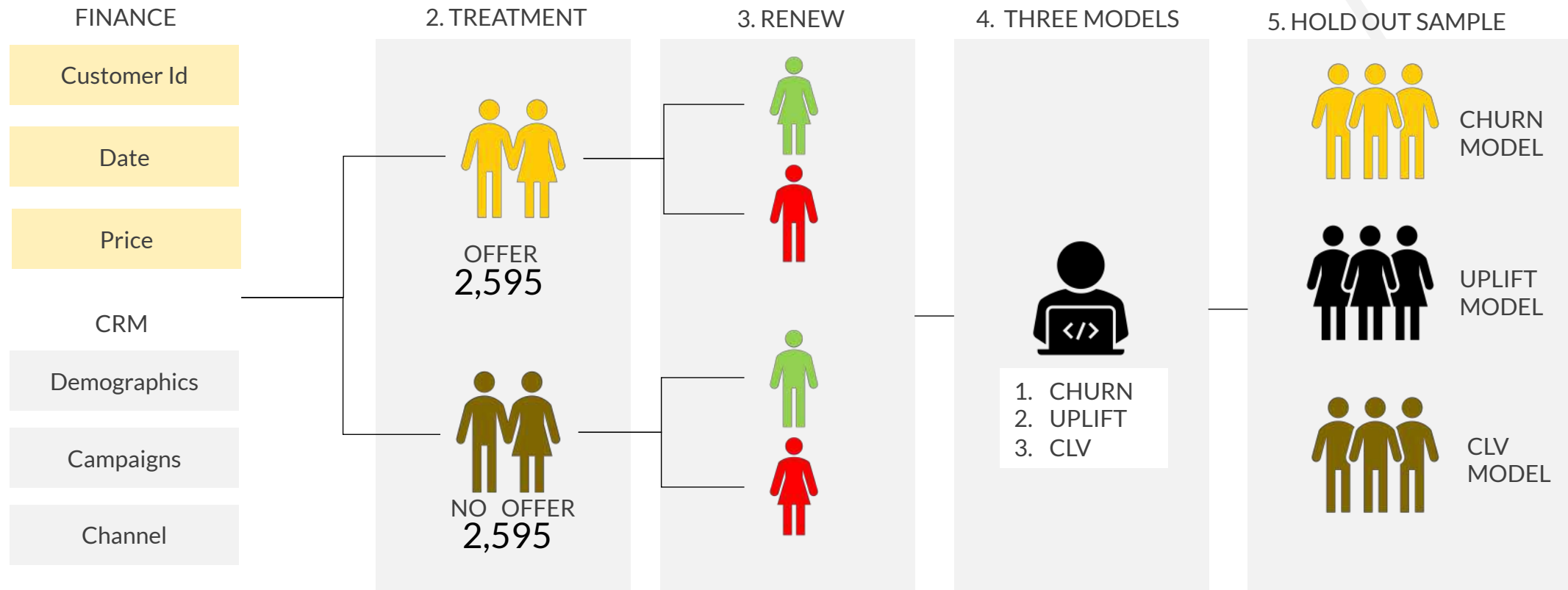


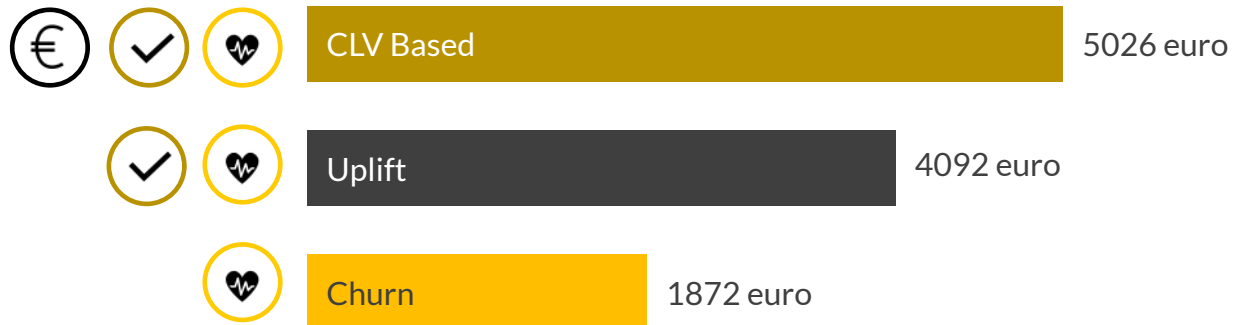
Case Video on Demand

40% churn after trail. How to select high clv customers who are sensitive for the offer (discount). (Lemmens and Gupta 2020)



Do an experiment: Select customers most likely to positively respond to your offer





CLV based approach
performs 23% better and
268% than churn based.

It pays to do the analytics.



Wrap Up





WHO ARE MY BEST CUSTOMERS?



HOW CAN I FIND MORE LIKE THEM?



WHAT CAN I DO TO RETAIN THEM?

Three questions today

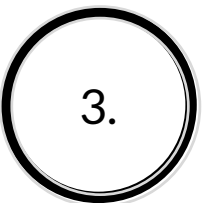




1. DATA: INVOICE



2. MODEL: OPEN SOURCE



3. EXPERIMENT: DIY

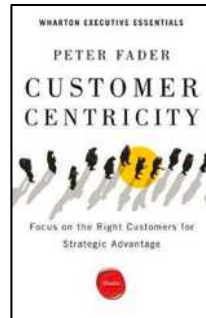
How to get started

If you can send an invoice, you have the correct data to train a CLV Model



1.

PRESS



2.

ACADEMIA

Papers

3.

OPEN SOURCE

R: BTYD

R: BTYDplus

Python: Lifetimes

Read on

CLV is a rich topics with books, papers and software. You can dive right in.



Questions?

