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Personalization Assessment

Immersion Session One

JUNE, 2018



Objectives for today

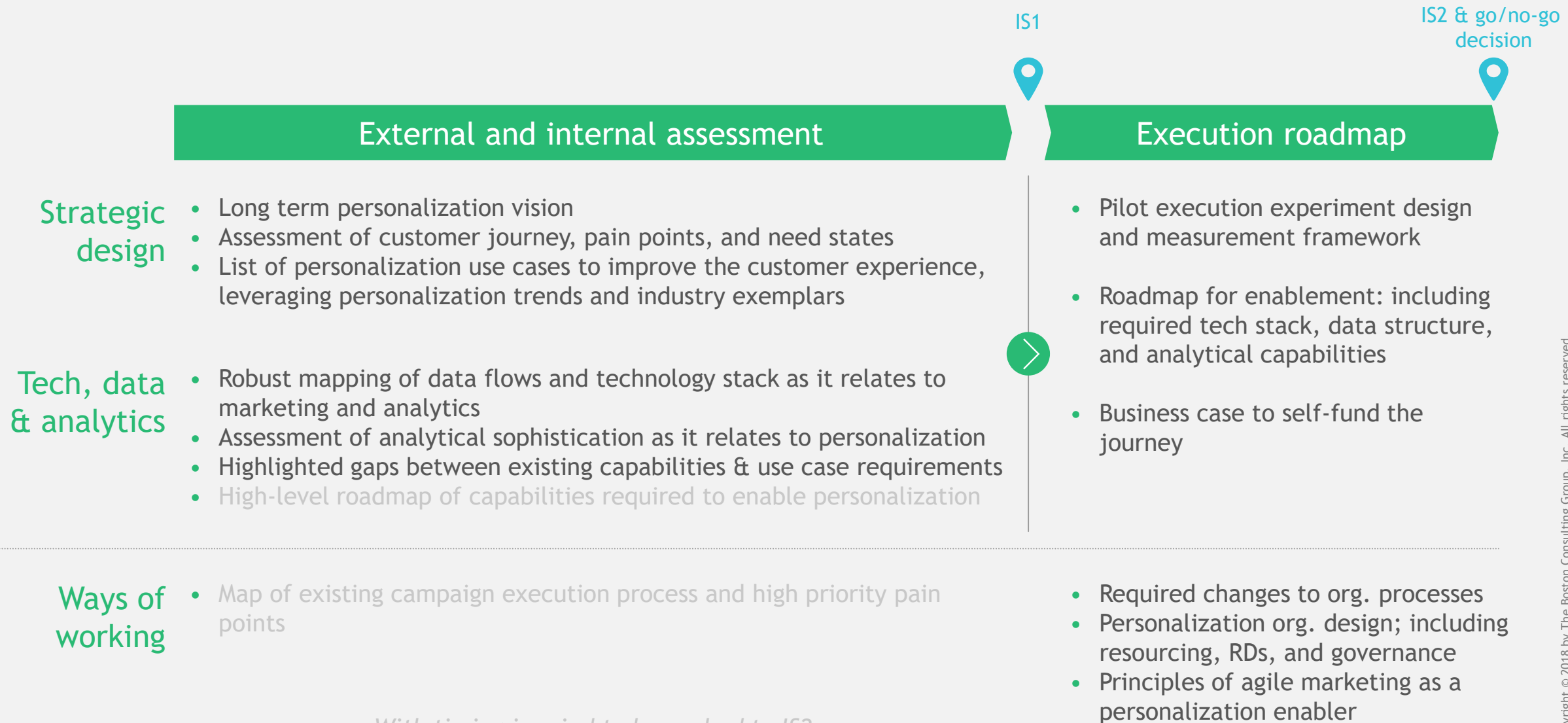
Share our perspective on personalization ambition

Discuss identified tech, data and analytics status

Align on priority use cases for pilots

Align on next steps

Content plan for immersion session one and two



With timing in mind to be pushed to IS2

Over the past five weeks we've worked hand in hand with multiple teams



Cinépolis Operations

- César Charnichart (Región 16)
- Isaac Rodríguez (Región 17)
- Ángel Ibarias (Fórum Buenavista)
- Abraham García (Universidad)
- Pedro Bernal (Plaza Satélite)
- Guillermo Sánchez (Plaza Satélite)
- Antonio Ortiz (Plaza Carso)
- Juan Lanverde (Plaza Fortuna)
- Fernando Chávez (Aurrera Izcalli)
- Sandra Álvarez (Tlatelolco)



Cinépolis Strategic Planning

- Manuel Urrutia
- Javier Asalde
- Eduardo Bravo
- Luis Huante
- Jorge Landero
- Karla Flores



Cinépolis Marketing

- Bernardo Rugama
- Pablo Esquivel
- Ángel Villanueva
- Alfonso Becerra
- Riccardo Musolesi
- Yazmin Alejandre
- Carlos Carreño
- José A. Anguiano
- Andrés Díaz



Cinépolis IT

- Gabriel Morales
- Marcial Rivas
- Joaquín Rodríguez
- Pablo Menéndez
- Matías Hapanowicz
- Roberto Lechuga



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- Eduardo León
- Joel Muñoz
- Patricio Amador
- Gonzalo Scaglia
- Pablo Feher
- Patricio Elizondo
- Mauricio Barrera
- Diego Infante



Personalization Experts

- Mark Abraham
- Stefano Fanfarillo
- Mitch Colgan
- Kathleen Tong



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GAMMA

- Silvio Palumbo
- Joakim Kalvenes
- James Jasper



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PLATINION

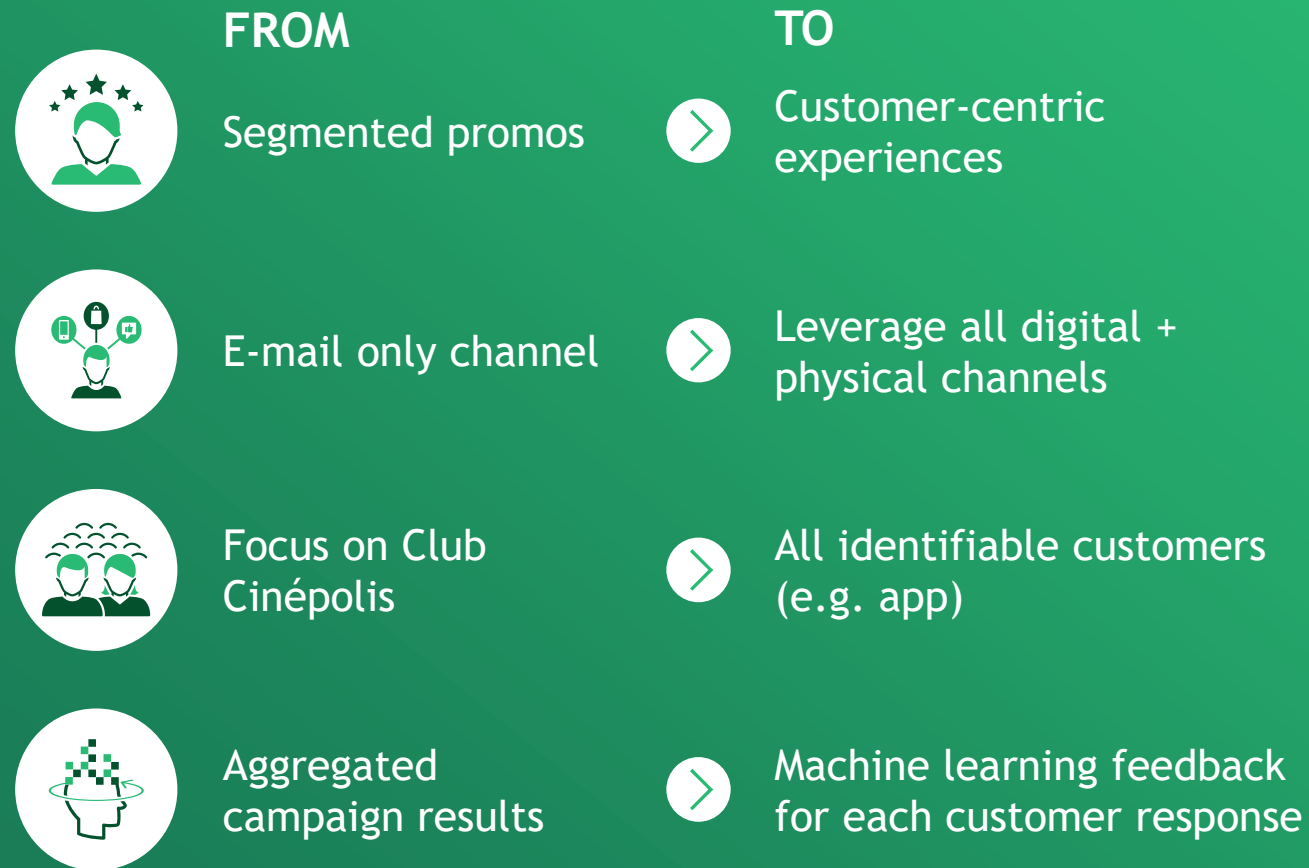
- Jacob Varghese

Recap: What is personalization?

Personalization is delivering the right 1:1 experience, in the right channel at the right time



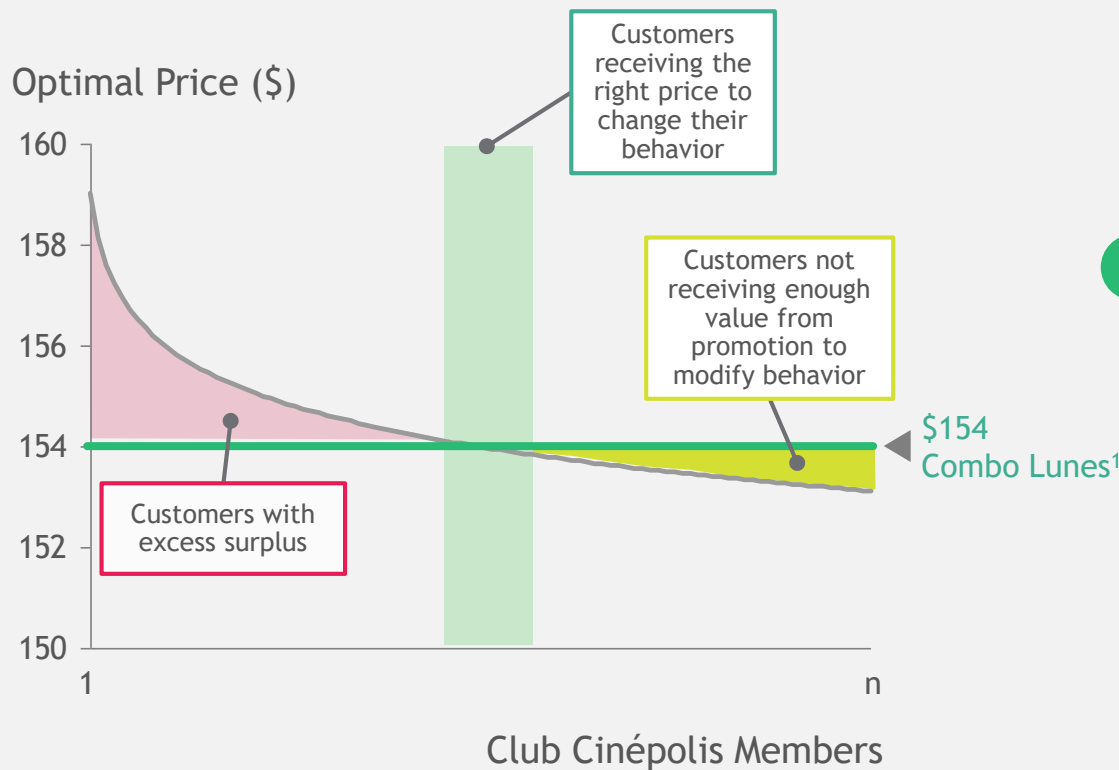
Cinépolis' personalization vision...



Generate
incremental
or protected
margin

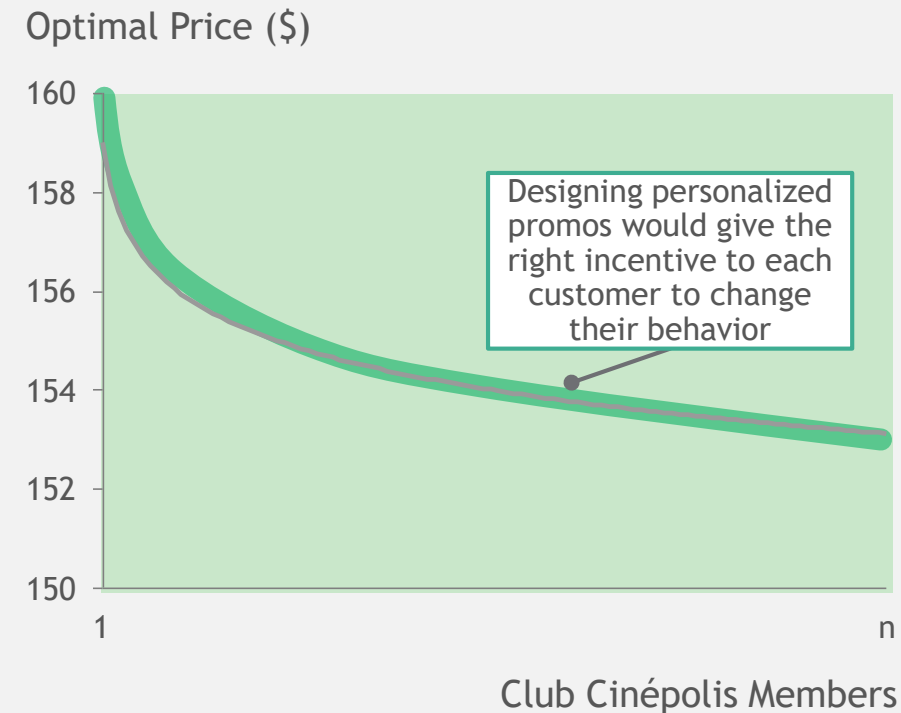
Personalization also allows us to optimize promotion pricing; it's about spending better, not more

Segmented promotions giving too much or not enough value to customers



1. Includes two tickets, two jumbo sodas and a single large popcorn

Individual promotions with differentiated incentives based on each customer's needs





External Assessment

External assessment approached from two lenses



BCG Global Personalization Index

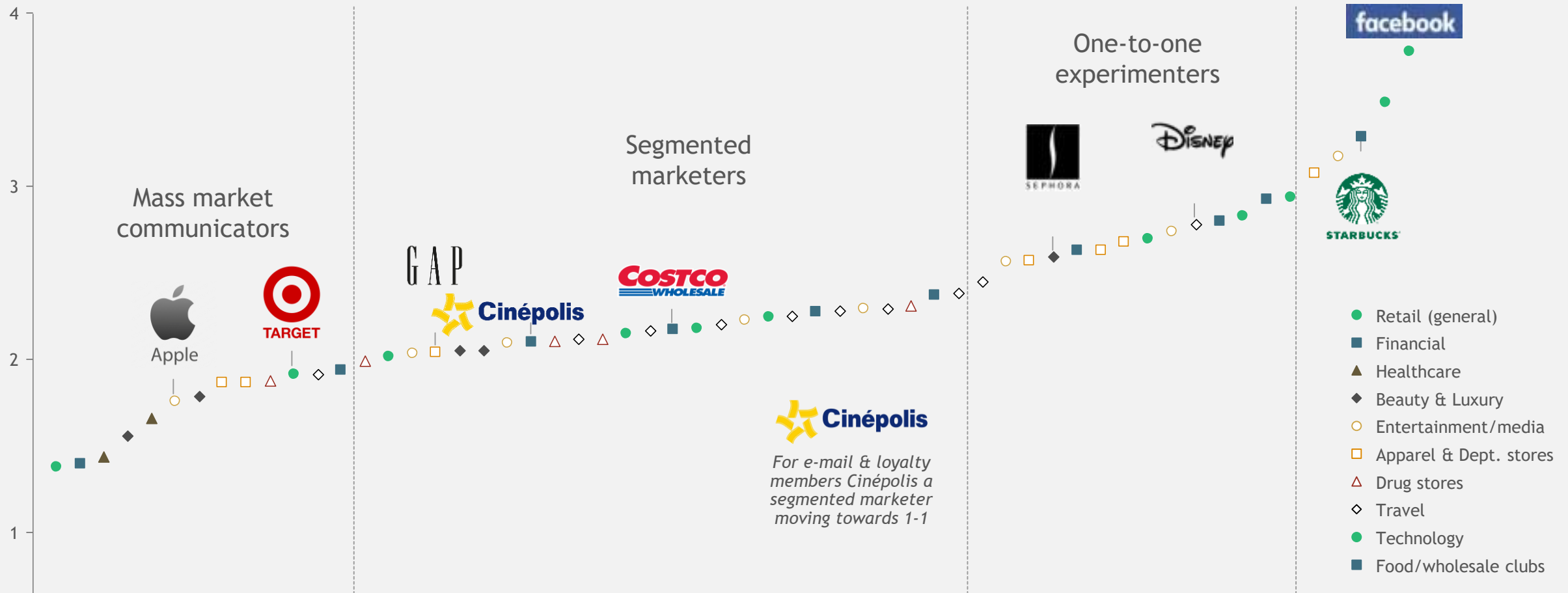
- 50+ global players
- Multidimensional assessment across all personalization pillars



Peer benchmarking

- Analyzed players across Asia, Middle East, India, USA and EU
- Interviewed former CTOs and Marketing Directors

Cinépolis with opportunity to become an industry leader in 1:1 personalization

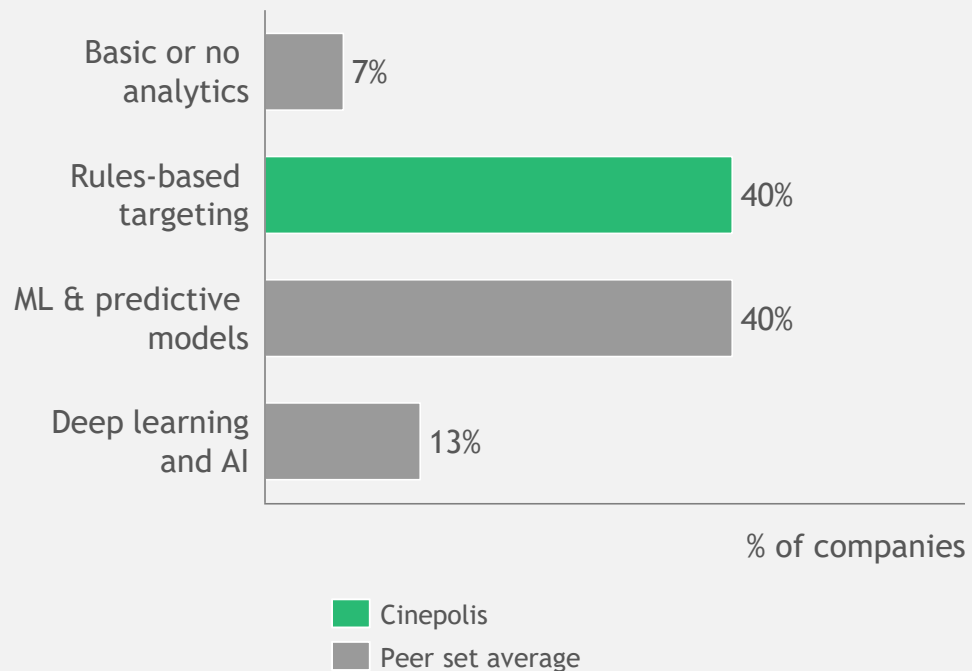


Note: Mass market communicators score <2.00, Segmented marketers 2.00-2.49, One-to-one experimenters 2.50-2.99, Leaders >2.99

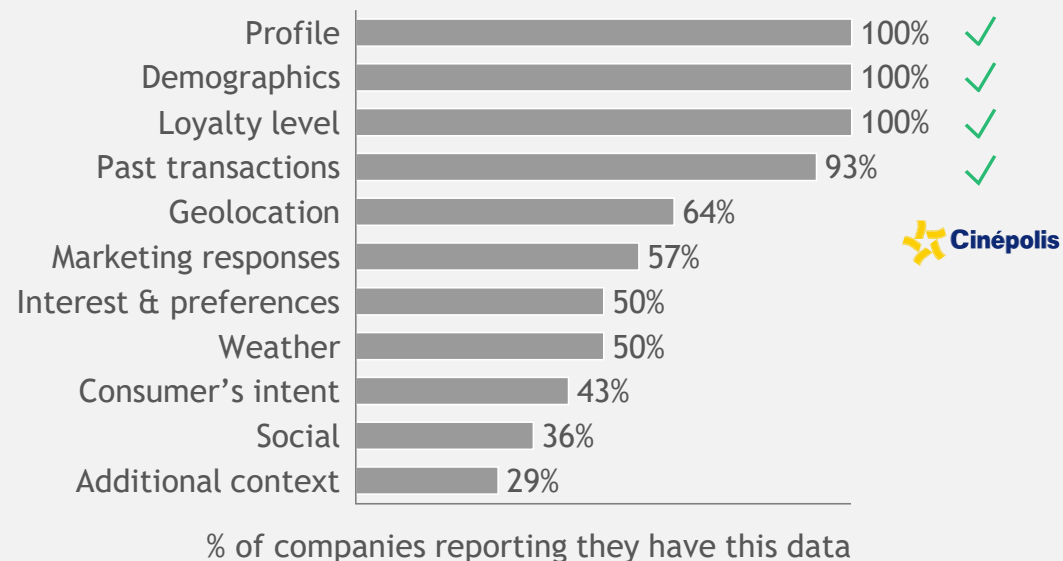
Source: BCG Global Survey on Personalization, N=58

Opportunity to move towards predictive modeling segmentation enriched with more robust data sets

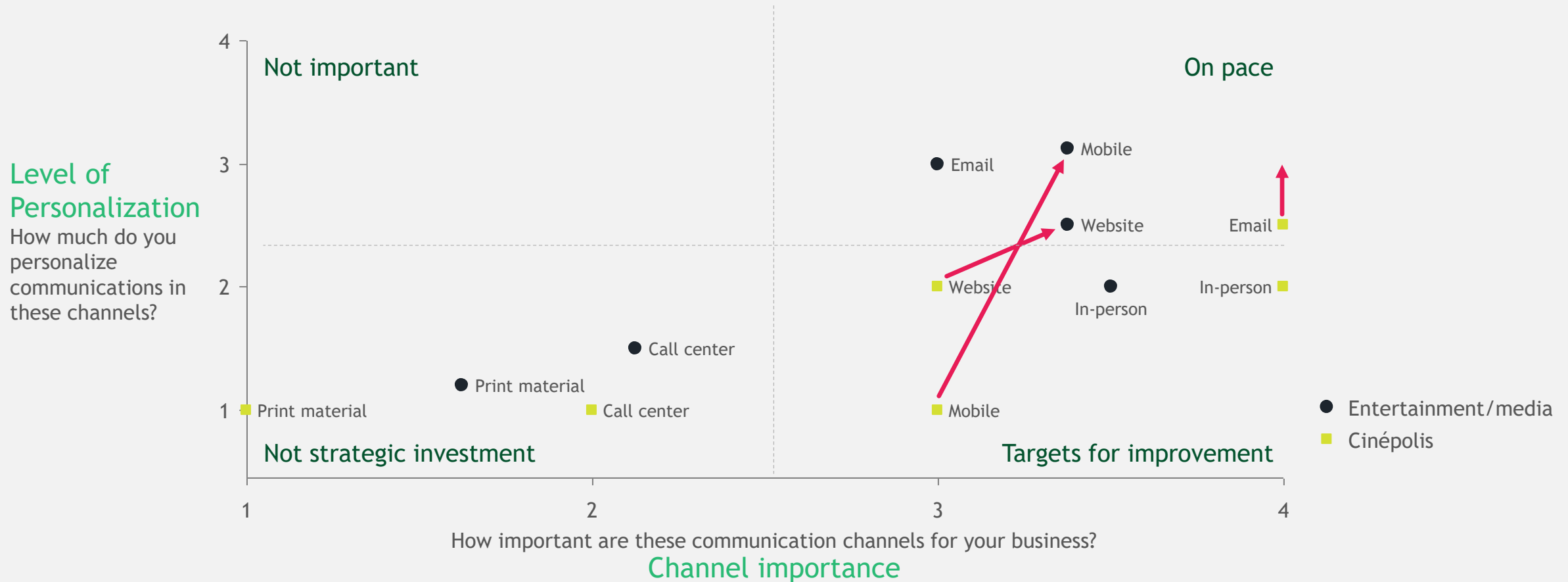
What analytics do you use to determine which customers get which communication?



What data types do you have readily available in your data warehouse?






From a channel perspective, mobile and web capabilities show largest gap vs. peer activation channels



Note: For level of personalization, answer choices were: 1. No personalization (e.g. mass communication), 2. Limited personalization (e.g. name, gender, frequency), 3. Extensive personalization (e.g. based on demographics and past behavior), 4. 1:1 personalization (e.g. based on each consumer's context)
For channel importance, answer choices were: 1. Not important, 2. Somewhat important, 3. Important, 4. Critically important. Source: BCG Global Survey on Personalization, N=9

Performed external assessment to identify relevant personalization strategies and trends

Analyzed leading players from across the globe

UK	 An amc company
USA	  
India	 
South Korea	
Middle East	

Identified innovations to serve as inspiration:



Immersive, seamless user experience

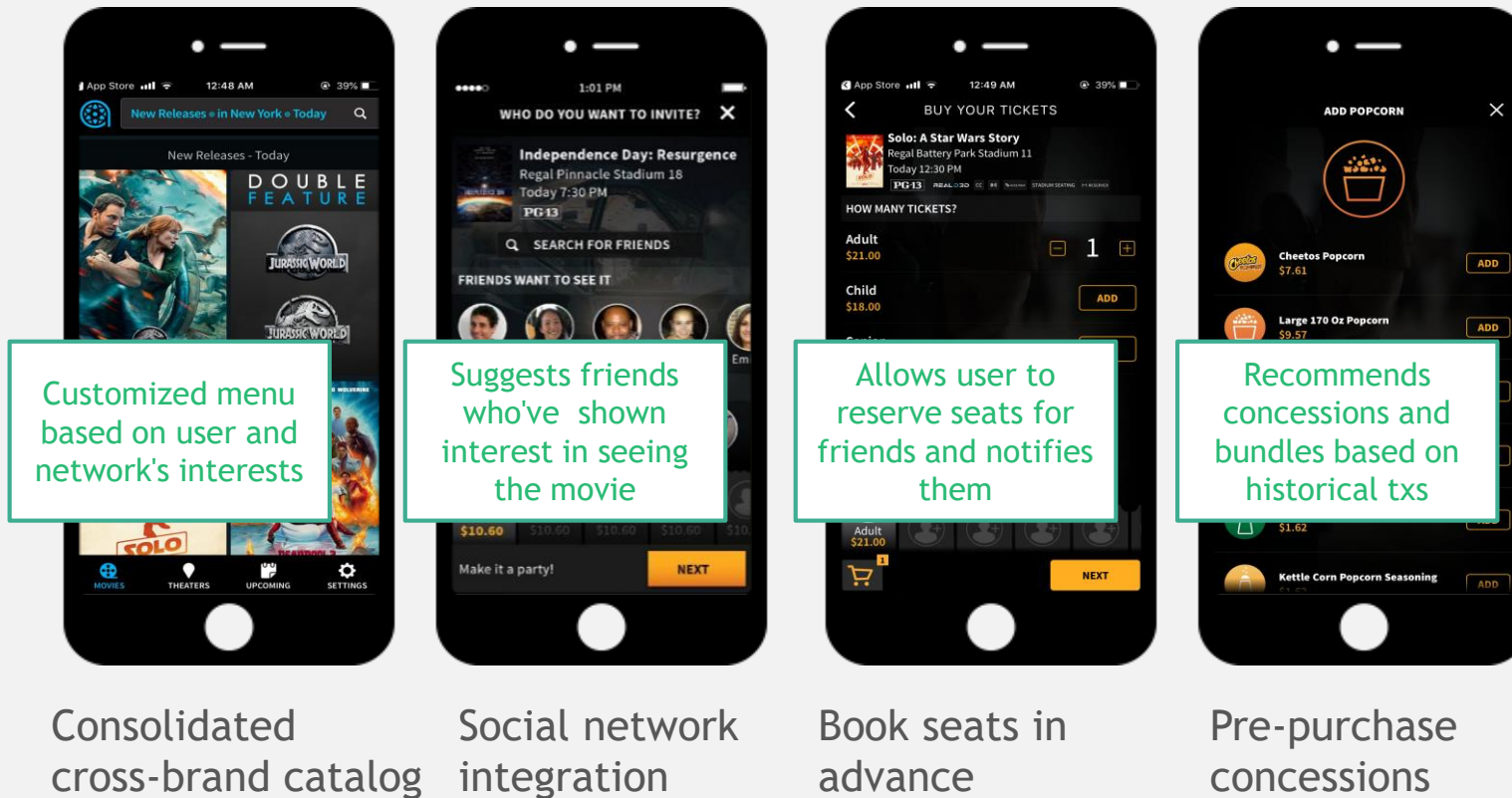
- Single, multi-functional sales platform
- Presence in end-to-end journey
- Social media integration



Customized messages / content based on

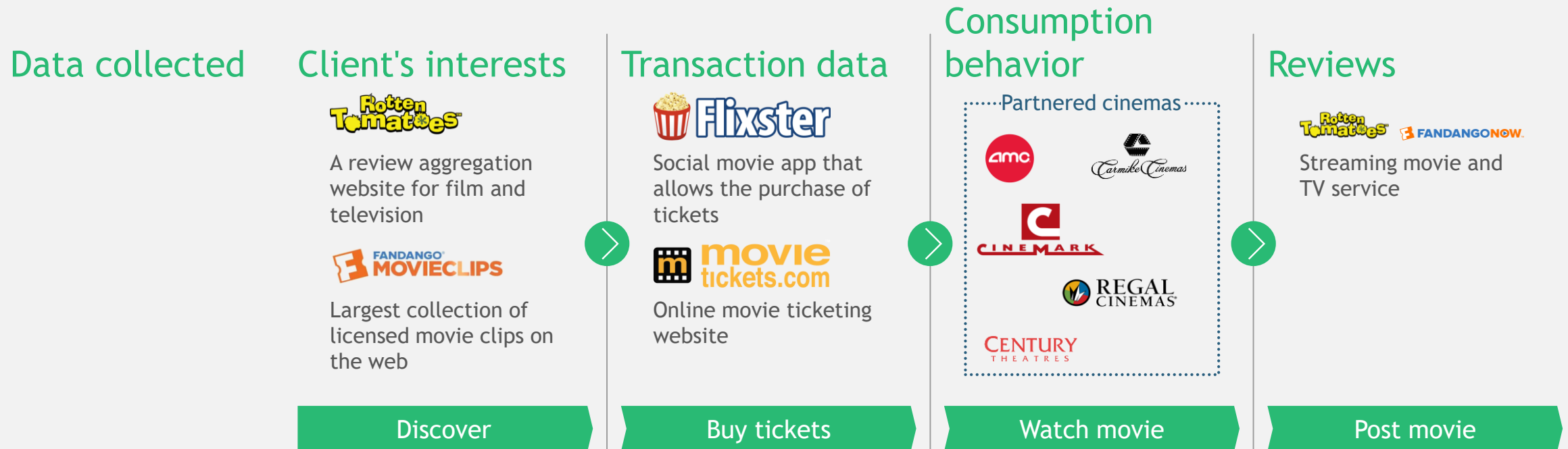
- Transaction history
- Correlated purchases
- User's behavior

Atom Tickets offers a simple, intuitive, social app to drive ticket sales and monetize user's data



"Using 'predictive analytics', Atom suggests movie tickets based on previous orders and information gleaned from linked social network accounts"
-New York Times

Fandango embeds itself in end-to-end journey to gather customer data and monetize



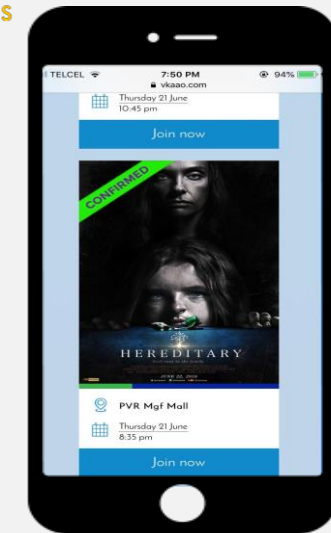
Other leaders across the world offering innovative solutions to deliver value to moviegoers



INOX sends users weekly schedules and promotions via WhatsApp

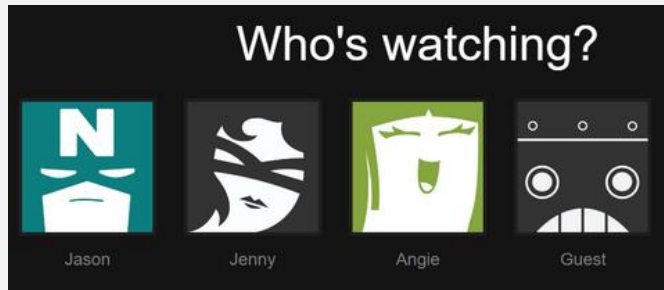


CGV allows users to personalize their tickets with their pictures (members only)

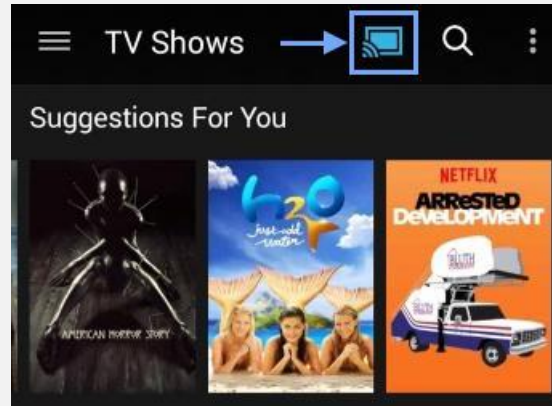


PVR, through Vkaao, screens crowdsourced films if online voting threshold is reached

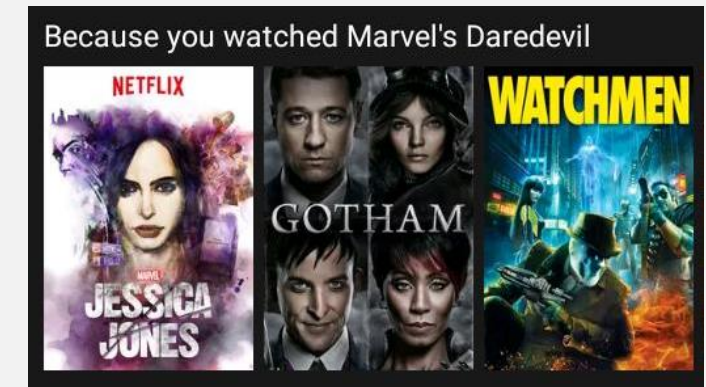
Netflix at leading edge of personalization leverages a strong recommendation engine...



Netflix first identifies the user to access behavioral data collected on that profile



Displays content that user is prone to like based on predictive models and past behavior



Improves algorithm based on viewing history to show further recommendations

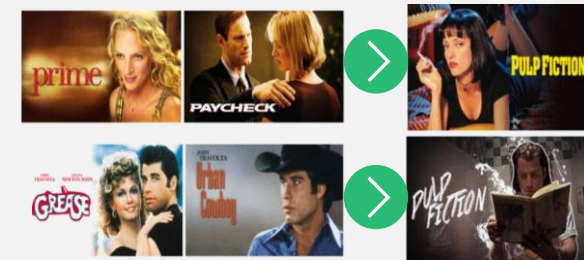
... and even tailors artwork to individual users to display images with highest propensity to make them watch



Modular menu allows real-time,
1:1 artwork personalization



Aesthetics diverse across
dimensions engage wide
potential audience

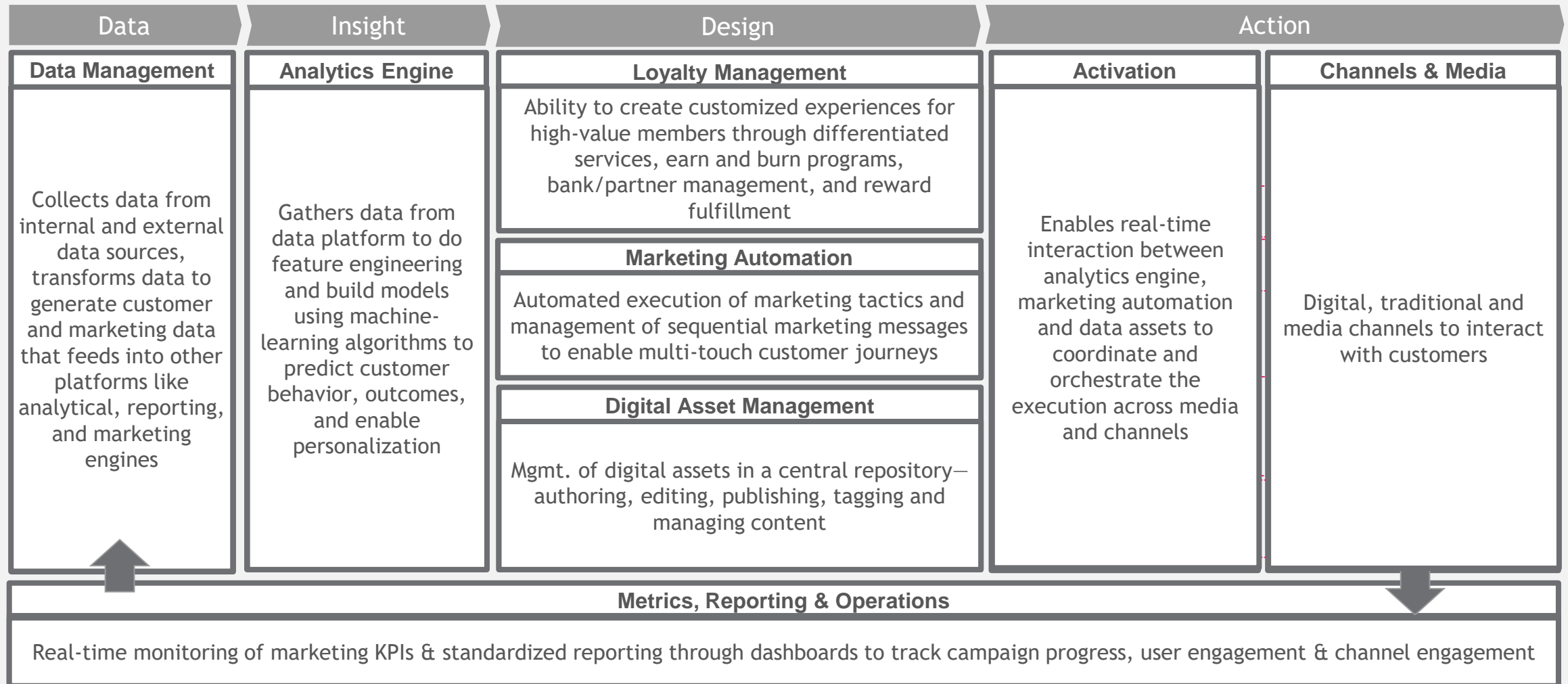


Propensity model selects artwork
most likely to make each user
play content



Personalization Starting Point

We used a comprehensive personalization capabilities framework and identified different levels of maturity



Based on work to date, we believe a four step-change investments required for personalization at scale



Integrated data platform



Personalization analytics engine



Agile activation / delivery channels



Multi-functional personalization team



Three lenses analyzed for each



Current capability diagnostic



Short-term work-arounds for pilots



Long-term, full potential solution

Solutions can be implemented in piloting phase to work around limitations

1



Integrated data platform

- Extract data from different DBs into an external analytics environment
- BCG Gamma team to integrate and clean relevant data from different DBs
- Add new data ~1-2x per week

2



Personalization analytics engine

- Analytics models developed by BCG and run on a BCG environment
 - e.g. propensity models, churn models, NBA
- Feedback mechanisms instituted to ensure models learn from results of previous campaigns

3



Agile delivery channels

- E-mail campaigns integrated to predictive models
- Exploring option to use Movio or a different ESP to get around data limitations
- Will explore one-to-one promotions at POS

4

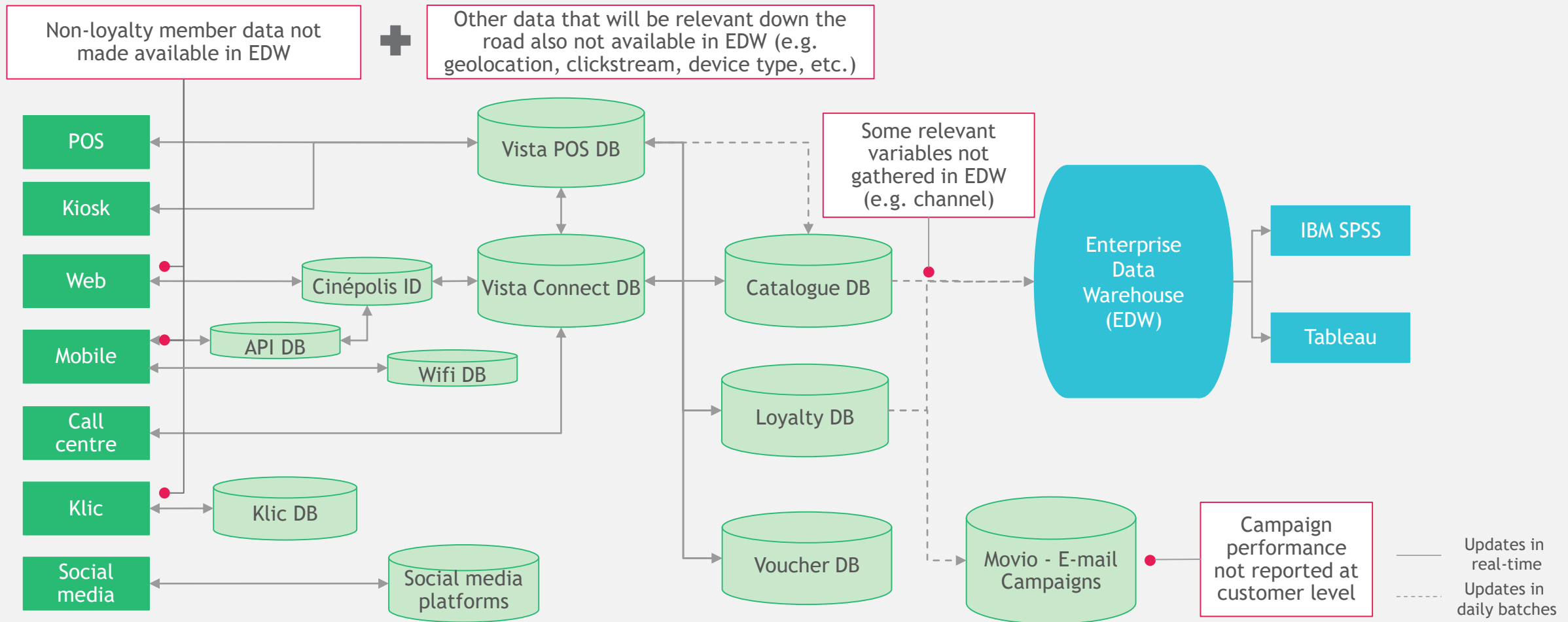


Multi-functional personalization team

- Need to stand up cross-functional team
- Including IT, marketing, and commercial team members
- Will include BCG resources where needed



Current data architecture has gaps that limit personalized customer engagement



Note: Some data sources not shown because they are less relevant to personalization. They include: Back office data, inventory data, and credit card transactions data

Source: Interviews with Cinépolis IT and Business Intelligence teams



Three data integrations options; choice depends on aspirations and willingness to invest

Data Warehouse

Data stored in a fixed schema that is difficult to modify

- + Can enhance current data warehouse incrementally based on use cases
- + Least disruptive to current tech landscape
- Difficult to add new data sources with different schemas
- Difficult to use advanced analytics that require different schemas
- Difficult to change schema to adapt to new business processes
- No support for real-time analytics



~US\$ 3-5M CapEx + ~0.5-1.0M OpEx p.a.
implemented in 4-6 months

Customer Data Platform

External subscription provider cleans & integrates data for marketing team

- + Can build incrementally based on use cases
- + Focused on marketing automation and marketing analyses
- + Quick implementation
- + Supports real-time applications
- Vendors are new and small, so higher uncertainty around reliability
- Can only store data directly related to marketing (e.g. cannot store inventory, operations data)



<US\$ 1M CapEx + ~0.5-1.0M OpEx p.a.
implemented over 6-8 months

Suggested solution

Data Lake

Raw data is stored with no fixed schema; schemas can be applied as needed

- + Can build incrementally based on use cases
- + Flexibility to add new customer data with different schemas
- + Flexibility to add operational data with different schemas
- + Flexibility to use data for advanced analytics that require different schemas
- + Support for real-time analytics
- Requires high level of engineering expertise
- Complete implementation will take more time



~US\$ 4-7M CapEx + ~0.5-1.5M OpEx p.a.
implemented (fully) over 12-18 months



We will leverage existing data to create initial predictive models to enable use cases

Current analytics capabilities limited



Manual segmentation

- Based on managerial intuition and aggregated past campaign results
- Simple trigger based offer capabilities (e.g. birthdays, months w/o visit)



Broad and descriptive metrics

- Data availability only at aggregated campaign level metrics
- Ad-hoc reporting and data extracts done by business intelligence team

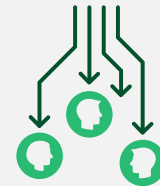


No dedicated analytics resources

- Data science team pending recruitment
- Current BI limited to business reporting



We will develop predictive models & create feedback mechanisms to run use cases



Next Best Action

- Determine best way to engage a client
- E.g. Jorge is most likely to attend cinema if offered a 2x1 popcorn promotion via e-mail on Sunday afternoon



Purchasing propensity

- Predict likelihood of purchasing different movie tickets and concessions items
- E.g. Miguel is 70% more likely to redeem offer for popcorn than for soda



Churn propensity

- Predict likelihood of losing a client
- E.g. There is 60% probability of Jorge not visiting cinema in next 6 months



Today, direct marketing efforts focused on e-mail

	Personalization level	Current actions	Aspiration
E-mail		Segmentation in broad groups (n= ~180k on avg.)	One-to-one segmentation using advanced analytics
Web & Mobile		In app, suggestion of closest cinemas based on location	Content Management System (CMS) displays personalized content and trigger based push promotions
POS & Kiosk		Segmentation based on TCC level	Personalized content and promotions
Social Media		Ads & content personalized through 3 rd party, isolated, tools	Integration with other data sources and channels



May leverage an e-mail service provider outside Vista for pilots given more flexible automation capabilities

	Movio	Other platforms	
Built-in integration with Vista POS	✓	✓ Can match promotions and POS data in analytics engine	
Dynamic e-mail content	✓	✓	
Integrate with analytics engine	✓ Can import analytics data manually	✓	
Individual-level metrics	✗	✓	Can use another platform for initial use cases and continue using Movio for current activities
Automatic triggers based on web/app activity	✗	✓	
Content storage	✗	✓	

Using Movio for pilots could limit execution agility and ability for models to learn from individual behavior



Potentially lower cost:
~US\$0.4 per 1k e-mails vs.
~US\$2 per 1k e-mails for Movio¹

1. Comparing against Mailchimp prices. Movio cost per e-mail estimated assuming annual cost of US\$300k to send 150M e-mails, based on interviews with Marketing team

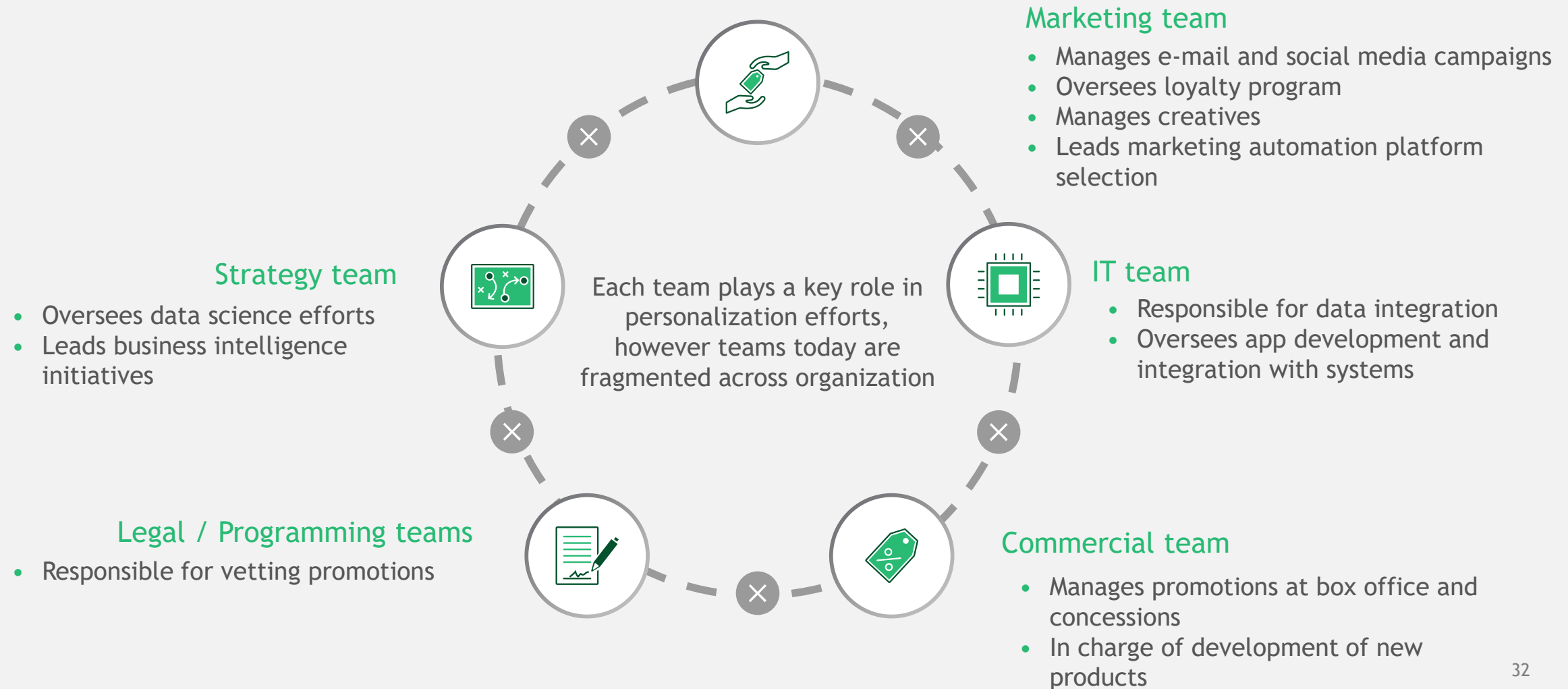


In long-term, e-mail automation choice depends on desired flexibility and willingness to invest

	Movio ESP currently being used; focus on e-mail automation	Other ESPs Other e-mail-focused marketing automation platforms	Marketing Automation Full marketing automation for e-mail and other channels
Multi-channel interaction planning and execution	E-mail; other channels available but never tested	E-mail only; some vendors may provide additional channels	Multi-channel capabilities available (e-mail, SMS, app...)
Real-time cross-channel execution	Batch only execution available; supports some response tracking	Batch only execution available; supports some response tracking	Real-time cross-channel execution (e-mail, web, app...)
Degree of automation	Process is fairly manual with limited options for triggers	Ability to set up some level of automation	Highly configurable level of automation
APIs / ability to import and extract data	Integrated with Vista; limited ability to extract data	Generally full set of API to import and export user level data	Generally full set of API to import and exp. user level data
Personalization capabilities and features	Dynamic e-mails can be generated; labor intensive	Dynamic personalization available with some limitations	Fully-fledged dynamic personalization
Cost (subscription model)	Medium-high (~\$2 x 1K e-mails)	Low (US\$0.5 x 1K e-mails; adding specific features will add cost)	Medium (based on negotiation; premium for additional features)
Vendor examples			



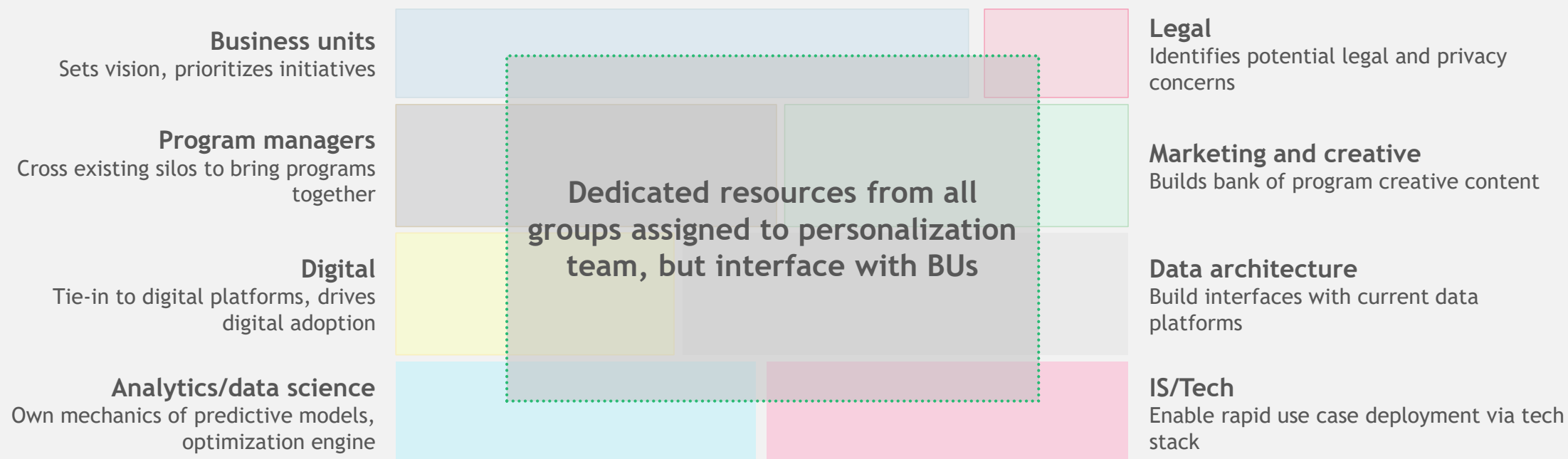
Capabilities required for personalization currently siloed across different departments in Cinépolis





Along with tech/data capabilities, will need to set up a cross function team to run pilots

Illustrative



Keys to success

- Co-location
- Dedicated resources
- Agile work - rapid sprints
- Test and learn approach
- Independent P&L
- Guided by roadmap milestones, reviewed often

Next steps to define

- Structure, leadership, and governance
- Define resources between lab/BUs
- Depth and breadth of technical skills needed
- Resource level timing based on milestones

Example pilot phase pod organization - Lab began with 25 FTEs, expanded to nearly 70 FTEs over time

Illustrative

Delivery Office

Delivery office leads (x2)

- Personalization lead (BCG)
- PMO (x3)
- Change manager

Use case #1

- Tech lead
- Marketing manager
- Designer
- Adobe EM content author
- Adobe EM developer
- Test analyst
- Front end developer
- Fulfillment analyst
- Content DB developer
- Dev ops

Use case #2

Rules and engine development

- Rules/engine development leads
- Tech lead
- Data scientists (10x)
- Data engineer
- Rule/event developers (3x)
- Integration developer
- Dev ops
- Sr. manager MarTech
- AdTech SME

Content creation/delivery

- Content creation/delivery lead
- Sr. Strategy Manager
- AEM content authors (x3)
- Marketing manager (x2)
- Designer
- Copywriter
- Tech lead
- AEM developer (x2)
- Content DB developer
- Test analyst
- Front end developer (x3)
- Fulfillment analyst

Data and Measurement

Data and measurement leads (x2)

- Insights analyst
- Data platform dev (x4)
- Customer profile devs (x3)

- Platform devs (x2)
- Integration dev
- Dev ops

Shared Resources

Resources from: IT, QA, Architecture, Scrum Masters, other BUs, BU-specific strategy teams, Legal, HR, Finance, & others



Use Cases & Prioritization

Followed a cross-functional process to identify pain points, ideate use cases and size the potential value



Three cross-functional brainstorming sessions

Three brainstorming session with a total of 26 participants from multiple areas

- Marketing (7)
- IT (6)
- Strategic Planning (5)
- Cinepolitos (8)



Pain points identification

Clear set of pain points collectively identified along our customer's storyline

- Discover
- Buy tickets
- Prepare
- Movie watching
- Post Movie



Personalization use cases ideation

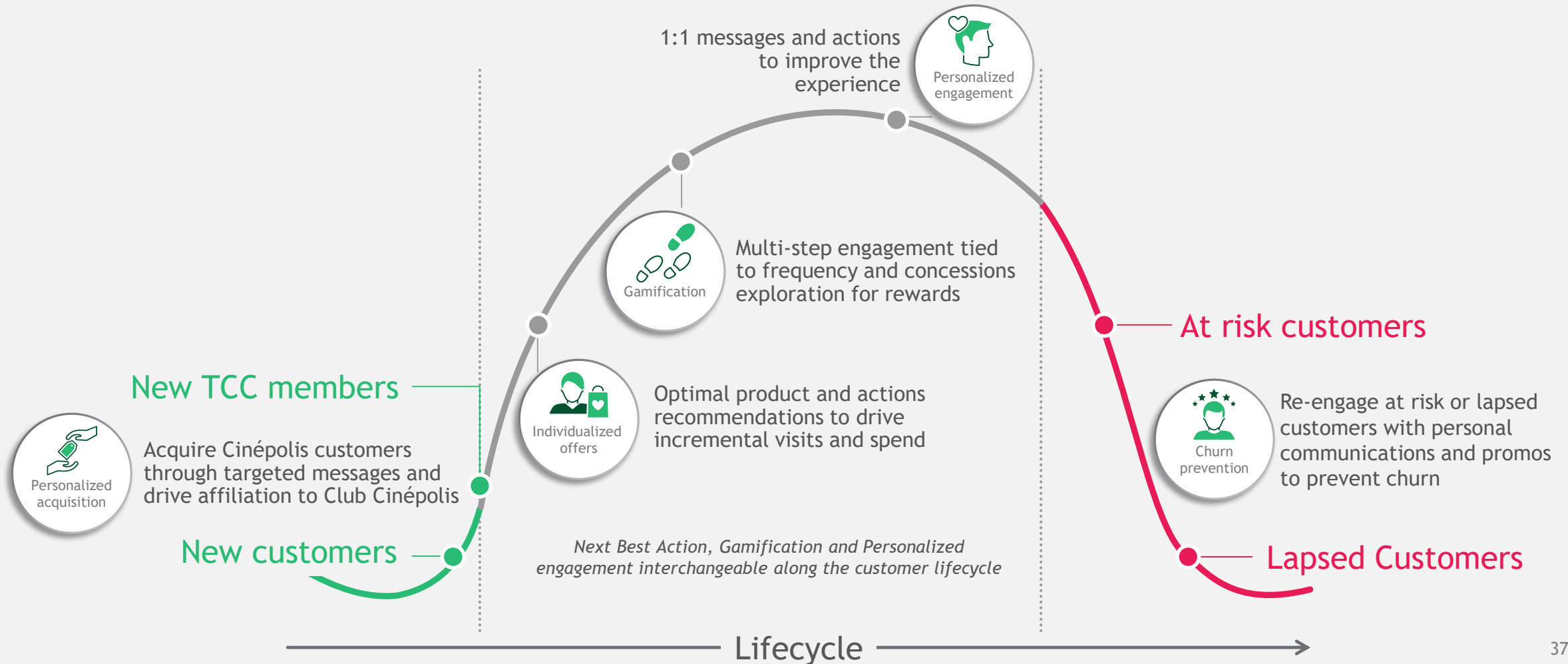
Developed a list of ~100 potential use cases addressing multiple pain points along the customer storyline



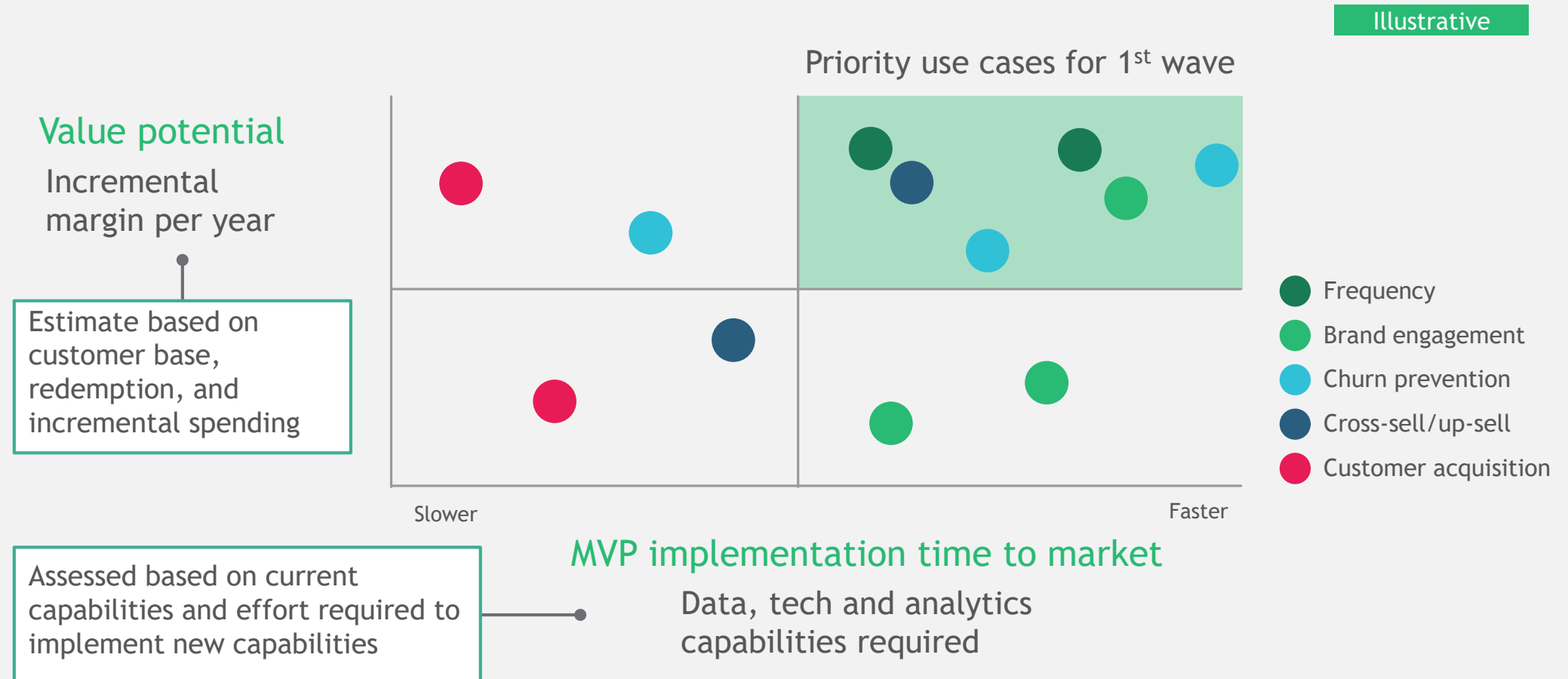
Use case consolidation and prioritization

Consolidated use cases into ~50 unique categories and grouped into 16 themes and prioritized based on feasibility and impact

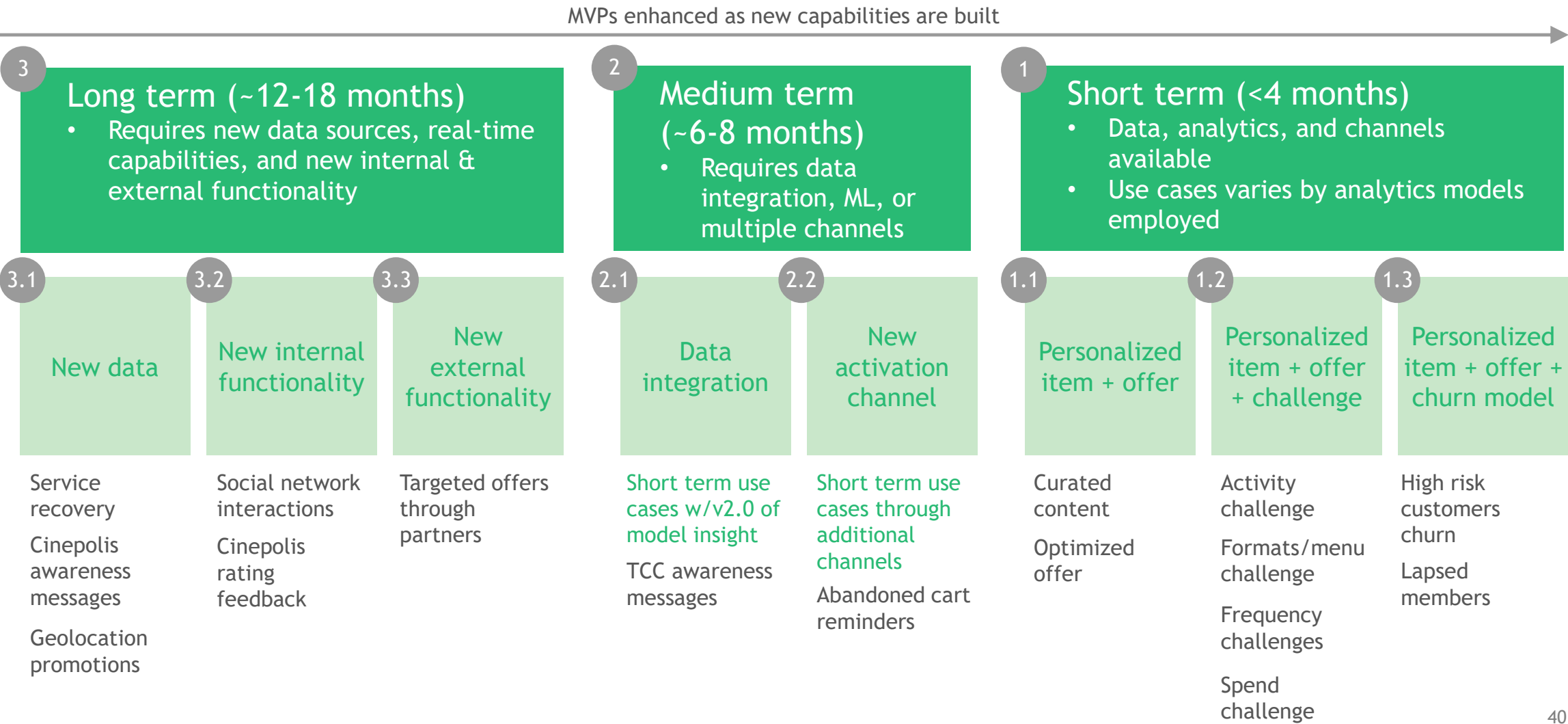
Inspired from these pain points we identified ~50 use cases targeting different value levers



Use cases prioritized based on effort/timing required to implement capabilities and potential value creation



Use cases were ranked according to the data, analytics, and technology efforts required to implement an MVP



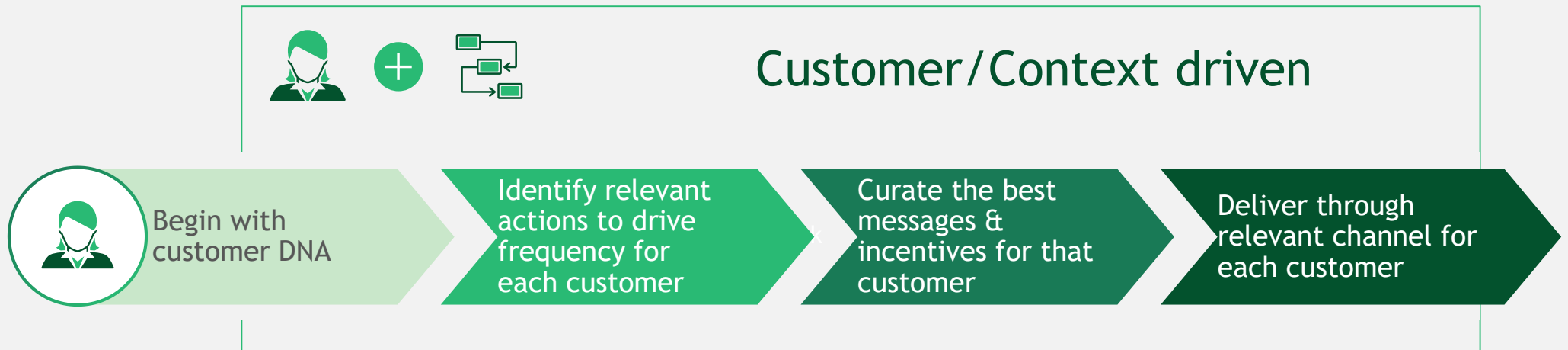
Promotion design approach will be driven by customer needs and DNA

Illustrative

Sample campaign today
Starts with the business

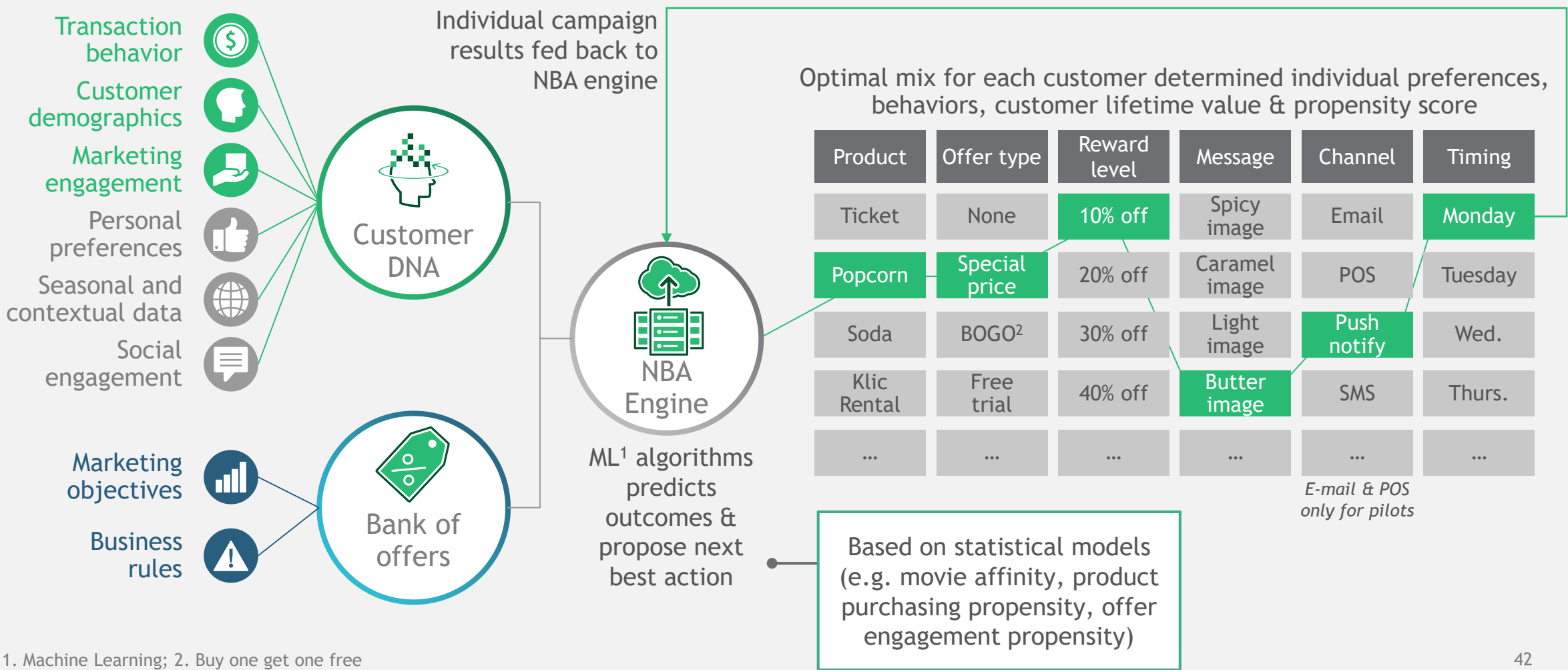


Aspiration
Starts with the customer



How next best action will work: delivering a step change improvement at each point in prioritization

Illustrative



How personalized offers will work: Evolving from a broad segmentation design to customer DNA needs

Illustrative

Today: Mass Promotions

Promo segment eligibility based on business rules

- E.g. Cities with low attendance rate or all Club Cinépolis members

Standard promotion defined based on business objectives

- E.g. tickets at a special price for certain theatres, 2x1 in hot dogs for all members

Different content based on movie or concessions preference rules

- E.g. Comedy movie artwork for customers who watched "x" and "y" similar comedy movies

Promotion delivered only through email and at the same date and time for all segment members

Segment

Promo & Reward

Message relevance

Reach

Pilot Vision: Cinépolis Personalized Offers

1:1 segments based on propensity models

- Based on transaction history, contextual (e.g. day of the week, geolocation), behavior, preferences and external data (e.g. weather, competitors promo)

Next best action based on each customer DNA and context

- Type: Special price since Manuel is more responsive to those promotions
- Item: Popcorn because Manuel never buys it but has high propensity to try it
- Depth: Large size popcorn because he regularly buys large products

Message based on favorite flavor propensity model

- E.g. Include a banner of "Spicy Popcorn" since Manuel usually buys spicy candies at the Dulcería

Optimized channel and timing based on responsiveness

- E.g. Promo sent through email on Tuesday afternoon since Manuel always buys tickets on Tuesdays

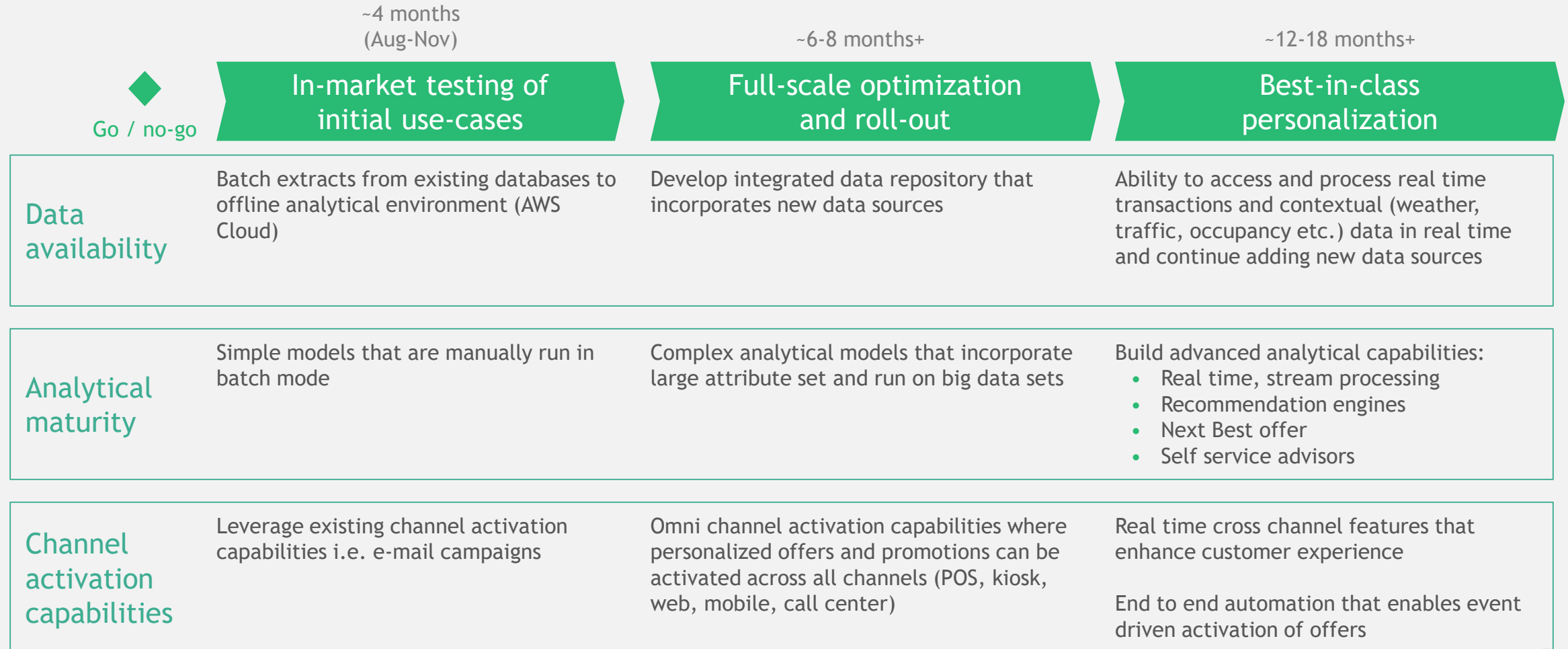
For pilots, channels constrained due to technology capabilities (only email and potentially POS)

Wrap Up & Next Steps



Three phase roadmap for tech, data & analytics; will add timing of specific capabilities required to execute

Preliminary-For discussion



Next four weeks to focus on development of the personalization roadmap and business case

Analytical space development and confirmation of target population

- Set up cloud storage and provide initial batched data dump
- Integrate multiple databases to create customer 360 view
- Begin developing predictive models

Priority use case detailing, experiment design feasibility and measurement framework development

- Clearly define specific use case tactics, goals, requirements, dependencies
- Outline pilot plans for prioritized use cases (data/tech needs, timing)
- Align on experiment success measurement framework

Personalization roadmap, action plan and resource requirements

- Define specific recommendations (phased over time) for systems and process enhancements to unlock use cases
- Design recommended personalization lab, including proposed structure, governance, skillset requirements, etc.

Personalization at  **Cinépolis** will drive: entertainment.

empathy.

joy.

satisfaction.

frequency.

spend.

value.



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