





Share our perspective on personalization ambition

Discuss identified tech, data and analytics status

Align on priority use cases for pilots

Align on next steps

#### IS2 & go/no-go decision



#### External and internal assessment

Long term personalization vision

- Assessment of customer journey, pain points, and need states
- List of personalization use cases to improve the customer experience, leveraging personalization trends and industry exemplars

#### Tech, data & analytics

Strategic

design

- Robust mapping of data flows and technology stack as it relates to marketing and analytics
- Assessment of analytical sophistication as it relates to personalization
- Highlighted gaps between existing capabilities & use case requirements
- High-level roadmap of capabilities required to enable personalization

#### **Execution roadmap**

- Pilot execution experiment design and measurement framework
- Roadmap for enablement: including required tech stack, data structure, and analytical capabilities
- Business case to self-fund the journey

#### Ways of working

Map of existing campaign execution process and high priority pain points

- Required changes to org. processes
- Personalization org. design; including resourcing, RDs, and governance
- Principles of agile marketing as a personalization enabler

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





- 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)





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





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- Pablo Esquivel
- Ángel Villanueva
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- Joakim Kalvenes
- James Jasper



Jacob Varghese

### Recap: What is personalization?

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

Product or Service Offering





Price, Promo & Rewards



Content & Curation



**RIGHT EXPERIENCE** 

Channel







Postal

letter



center





media









Push notification





Theatre

**CHANNEL** 

**RIGHT** 

Context



















Sequence



RIGHT TIME



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### Cinépolis' personalization vision...



#### **FROM**

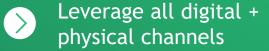
TO

Segmented promos





E-mail only channel





Focus on Club Cinépolis





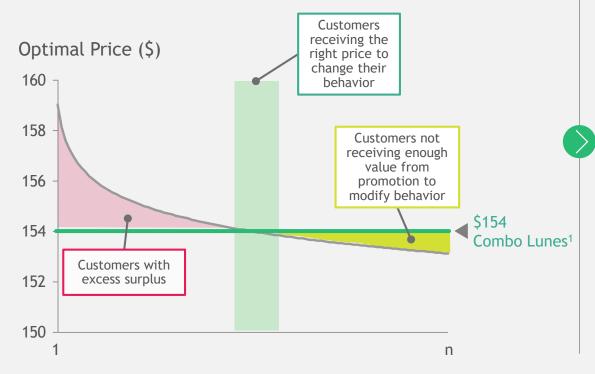
Aggregated campaign results

Machine learning feedback for each customer response



# 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



Individual promotions with differentiated incentives based on each customers needs



Club Cinépolis Members



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### External assessment approached from two lenses



#### **BCG Global Personalization Index**

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

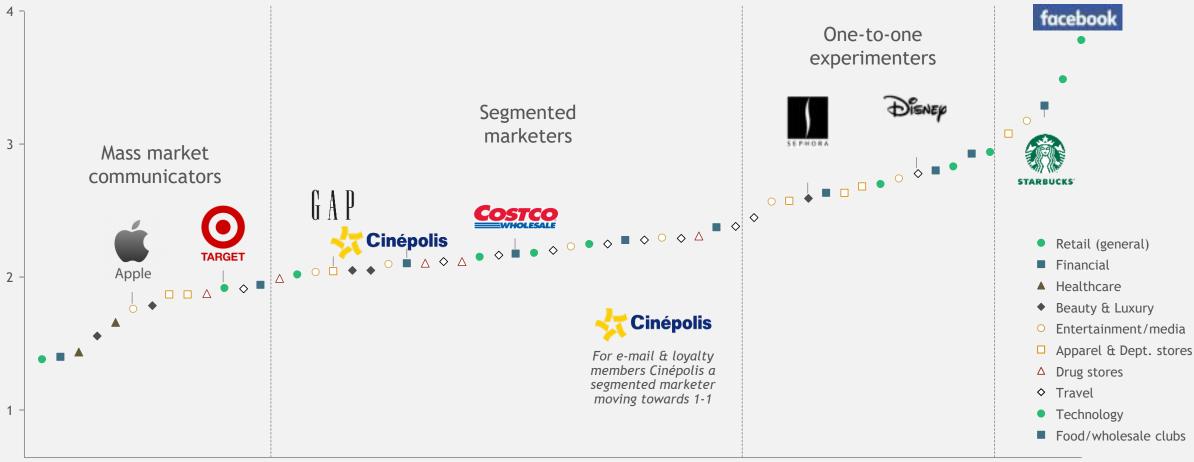


#### Peer benchmarking

- 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 Leaders with 1:1 as competitive advantage



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

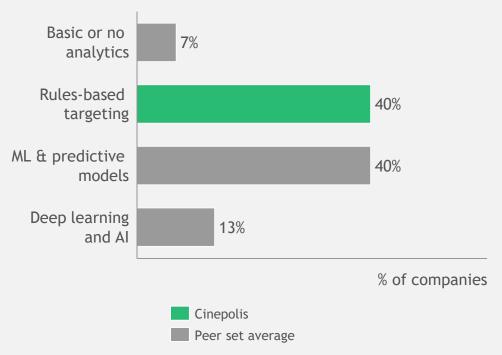
Leaders > 2.99

Source: BCG Global Survey on Personalization, N=58

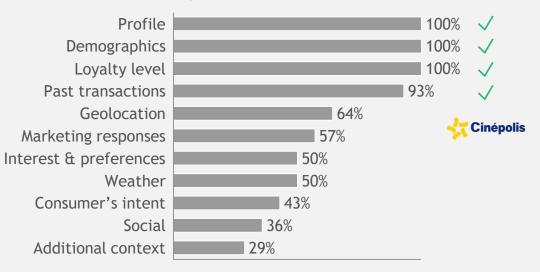
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## Opportunity to move towards predictive modeling segmentation enriched with more robust data sets

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

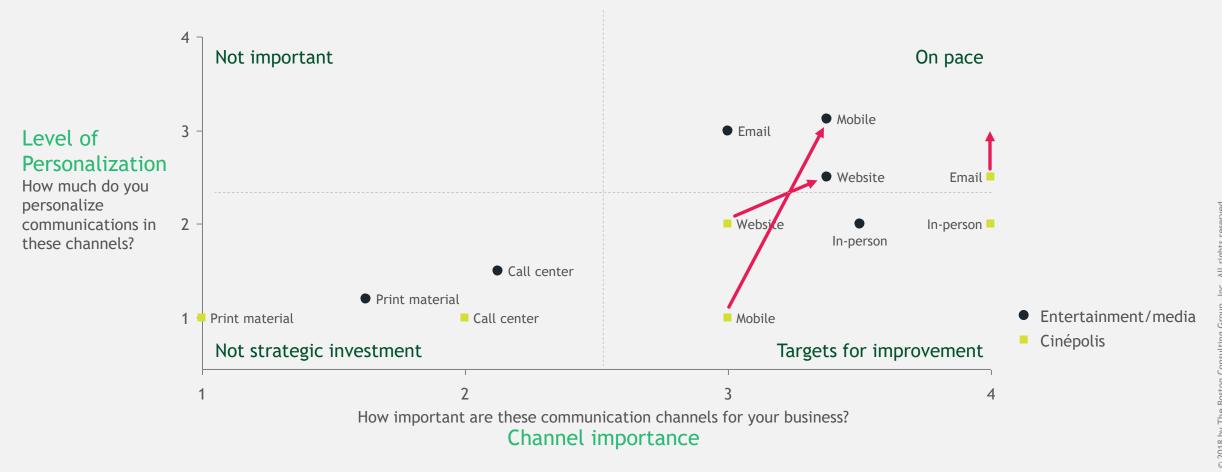


## What data types do you have readily available in your data warehouse?



% of companies reporting they have this data

# 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, 4. Critically important. Source: BCG Global Survey on Personalization, N=9

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# Performed external assessment to identify relevant personalization strategies and trends

## Analyzed leading players from across the globe



## Identified innovations to serve as inspiration:



Immersive, seamless user experience

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

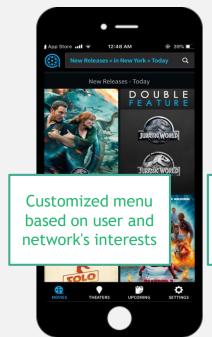


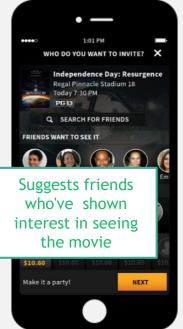
Customized messages / content based on

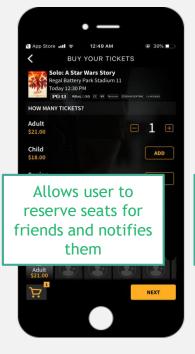
- Transaction history
- Correlated purchases
- User's behavior

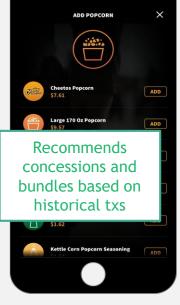
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## Atom Tickets offers a simple, intuitive, social app to drive ticket sales and monetize user's data









Pre-purchase concessions



Book seats in advance

"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







A review aggregation website for film and television



Largest collection of licensed movie clips on the web

Discover

#### Transaction data



Social movie app that allows the purchase of tickets



Online movie ticketing website

Buy tickets

#### Consumption behavior













Watch movie

#### Reviews





Streaming movie and TV service

Post movie

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



INOX sends users weekly schedules and promotions via WhatsApp

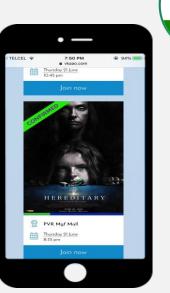






CGV allows users to personalize their tickets with their pictures (members only)





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

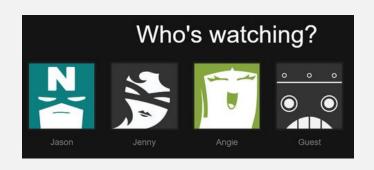
Source: Press Search, Expert Interview

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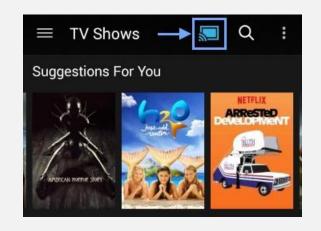


#### **NETFLIX**

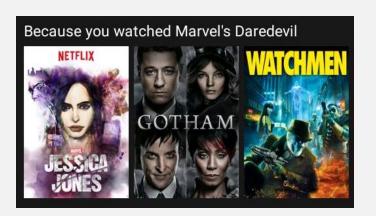
# Netflix at leading edge of personalization leverages a strong recommendation engine...



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



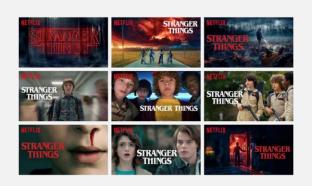
Improves algorithm based on viewing history to show further recommendations



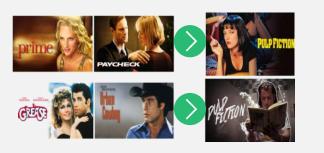
### ... and even tailors artwork to individual users to display images with highest propensity to make them watch











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



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

Data Insight Action Design **Analytics Engine Activation** Channels & Media

**Data Management** 

Collects data from internal and external data sources. transforms data to generate customer and marketing data that feeds into other platforms like analytical, reporting, and marketing engines

Gathers data from data platform to do feature engineering and build models using machinelearning algorithms to predict customer behavior, outcomes, and enable personalization

#### **Loyalty Management**

Ability to create customized experiences for high-value members through differentiated services, earn and burn programs, bank/partner management, and reward fulfillment

#### **Marketing Automation**

Automated execution of marketing tactics and management of sequential marketing messages to enable multi-touch customer journeys

#### **Digital Asset Management**

Mgmt. of digital assets in a central repository authoring, editing, publishing, tagging and managing content

Enables real-time interaction between analytics engine, marketing automation and data assets to coordinate and orchestrate the execution across media and channels

Digital, traditional and media channels to interact with customers

#### **Metrics, Reporting & Operations**

Real-time monitoring of marketing KPIs & standardized reporting through dashboards to track campaign progress, user engagement & channel engagement

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# 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 workarounds for pilots



Long-term, full potential solution

# Solutions can be implemented in piloting phase to work around limitations





## 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





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





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

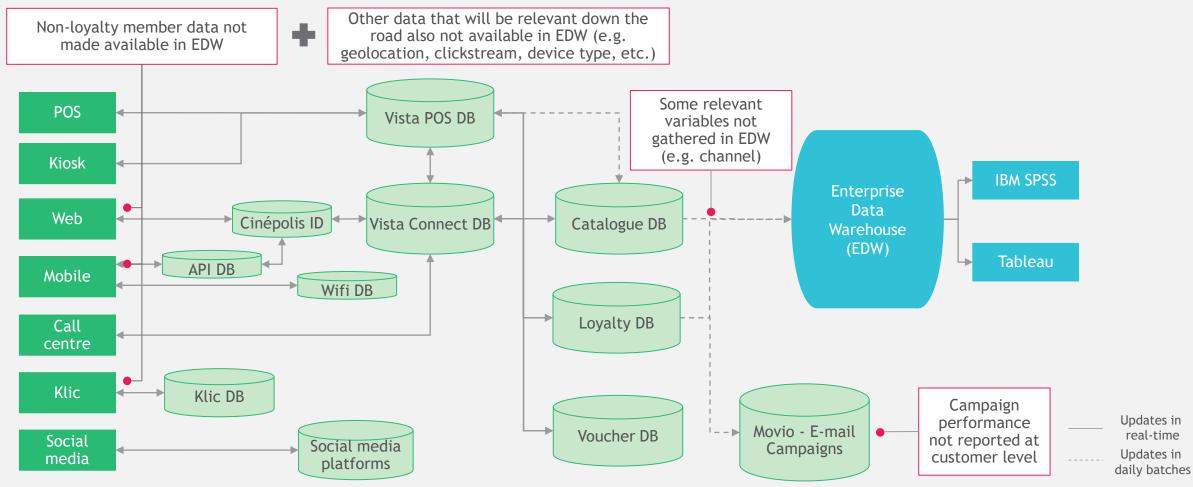




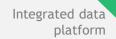
Multi-functional personalization team

- 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)



#### Suggested solution

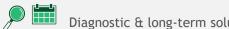
#### Data Lake

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

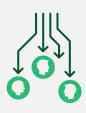
- Data availability only at aggregated campaign level metrics
- Ad-hoc reporting and data extracts done by business intelligence team



#### 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 <sup>rd</sup> 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** Can match promotions and POS data in with Vista POS analytics engine Dynamic e-mail content Can import Integrate with analytics data analytics engine manually Individual-level metrics Using Movio for pilots could limit execution agility and ability for Automatic triggers based models to learn from on web/app activity individual behavior Content storage

Can use another platform for initial use cases and continue using Movio for current activities

Potentially lower cost:
~US\$0.4 per 1k e-mails vs.
~US\$2 per 1k e-mails for
Movio<sup>1</sup>





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

Multi-channel interaction planning and execution

Real-time cross-channel execution

Degree of automation

APIs / ability to import and extract data

Personalization capabilities and features

Cost (subscription model)

Vendor examples

#### Movio

ESP currently being used; focus on e-mail automation

- E-mail; other channels available but never tested
- Batch only execution available; supports some response tracking
- Process is fairly manual with limited options for triggers
- Integrated with Vista; limited ability to extract data
- Dynamic e-mails can be generated; labor intensive

Medium-high (~\$2 x 1K e-mails)



#### Other ESPs

Other e-mail-focused marketing automation platforms

- E-mail only; some vendors may provide additional channels
- Batch only execution available; supports some response tracking
- Ability to set up some level of automation
- Generally full set of API to import and export user level data
- Dynamic personalization available with some limitations

Low (US\$0.5 x 1K e-mails; adding specific features will add cost)







#### Marketing Automation

Full marketing automation for e-mail and other channels

- Multi-channel capabilities available (e-mail, SMS, app...)
- Real-time cross-channel execution (e-mail, web, app...)
- Highly configurable level of automation
- Generally full set of API to import and exp. user level data
- Fully-fledged dynamic personalization

Medium (based on negotiation; premium for additional features)











# Capabilities required for personalization currently siloed across different departments in Cinépolis

#### Marketing team Manages e-mail and social media campaigns Oversees loyalty program Manages creatives Leads marketing automation platform selection IT team Strategy team Each team plays a key role in Responsible for data integration Oversees data science efforts personalization efforts, Oversees app development and Leads business intelligence however teams today are integration with systems initiatives fragmented across organization Legal / Programming teams Commercial team • Responsible for vetting promotions Manages promotions at box office and

concessions

products

In charge of development of new

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

Illustrative

#### **Business units**

Sets vision, prioritizes initiatives

#### **Program managers**

Cross existing silos to bring programs together

#### **Digital**

Tie-in to digital platforms, drives digital adoption

#### Analytics/data science

Own mechanics of predictive models, optimization engine

Dedicated resources from all groups assigned to personalization team, but interface with BUs

#### Legal

Identifies potential legal and privacy concerns

#### Marketing and creative

Builds bank of program creative content

#### Data architecture

Build interfaces with current data platforms

#### IS/Tech

Enable rapid use case deployment via tech stack

#### 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**

Use case

Delivery office leads (x2)

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

#### Personalization lead (BCG)

- PMO (x3)
- Change manager

#### 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 SMF

#### 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 case



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# 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

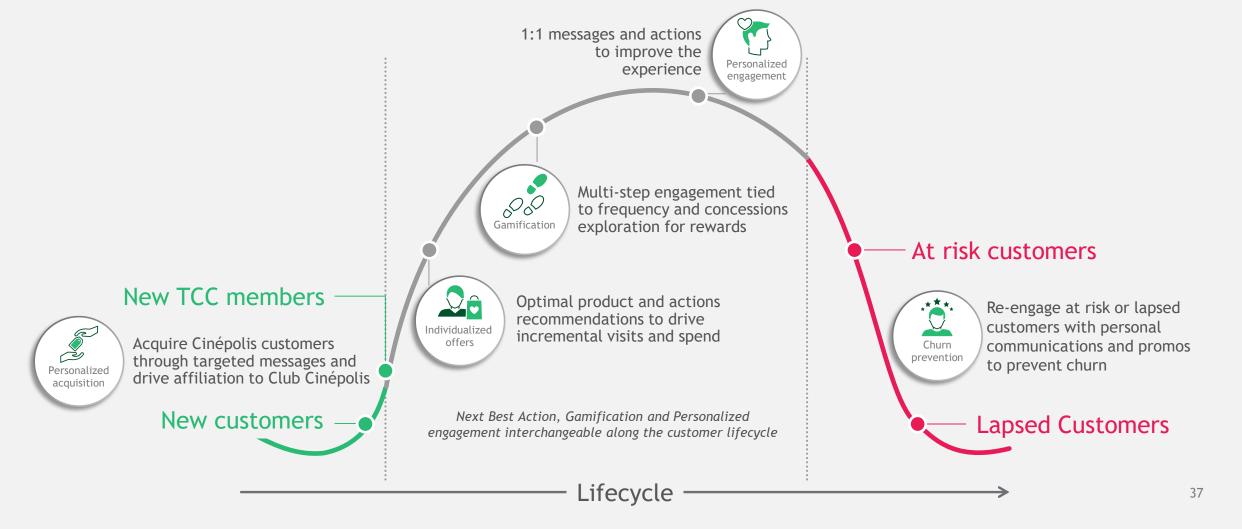


### Use case consolidation and prioritization

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

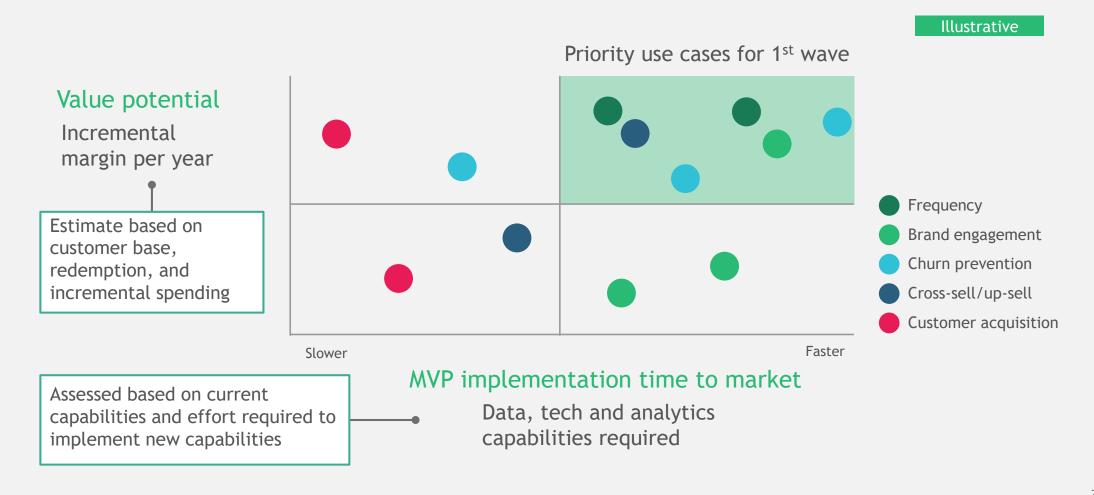


# Inspired from these pain points we identified ~50 use cases targeting different value levers



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# 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

MVPs enhanced as new capabilities are built

Long term (~12-18 months) Requires new data sources, real-time capabilities, and new internal & external functionality New New internal New data external functionality functionality Service Social network Targeted offers interactions through recovery partners Cinepolis Cinepolis awareness rating messages feedback

Geolocation

promotions

Medium term (~6-8 months) Requires data integration, ML, or multiple channels New Data activation integration channel Short term use cases w/v2.0 of model insight channels TCC awareness messages

Short term use cases through additional Abandoned cart reminders

Short term (<4 months) Data, analytics, and channels available

- Use cases varies by analytics models employed
- Personalized Personalized item + offer item + offer + challenge

item + offer + churn model

Personalized

Curated content Optimized

Formats/menu offer challenge

> Frequency challenges

Activity

challenge

Spend challenge

High risk customers churn

Lapsed

members

## Promotion design approach will be driven by customer needs and DNA

Illustrative

Sample campaign today Starts with the business







#### Promo/Segmentation driven

New product launch coming up (e.g. Tequesitos Nutella)

Design an intervention to drive trial

Filter members based on previous consumption of related products

Send e-mail with communication about launch











#### Customer/Context driven



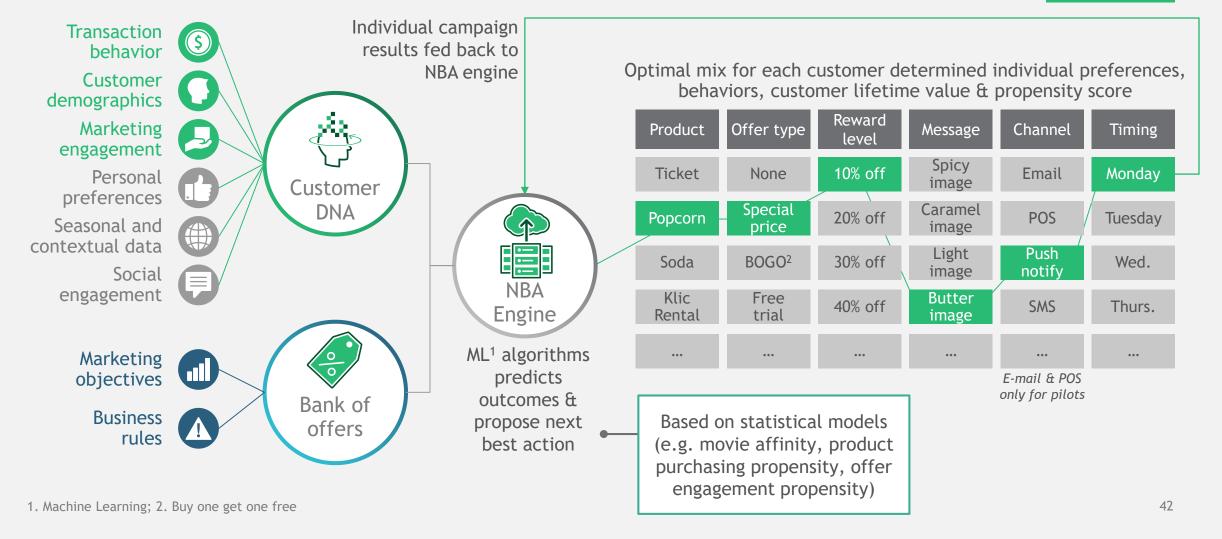
Identify relevant actions to drive frequency for each customer

Curate the best messages & incentives for that customer

Deliver through relevant channel for each customer

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

Illustrative



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## How <u>personalized offers</u> 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

#### 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)

Promo & Reward 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)



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

Preliminary-For discussion

~4 months (Aug-Nov)

~6-8 months+

~12-18 months+



In-market testing of initial use-cases

Full-scale optimization and roll-out

Best-in-class personalization

Data availability

Batch extracts from existing databases to offline analytical environment (AWS Cloud)

Develop integrated data repository that incorporates new data sources

Ability to access and process real time transactions and contextual (weather, traffic, occupancy etc.) data in real time and continue adding new data sources

## Analytical maturity

Simple models that are manually run in batch mode

Complex analytical models that incorporate large attribute set and run on big data sets

Build advanced analytical capabilities:

- Real time, stream processing
- Recommendation engines
- Next Best offer
- Self service advisors

Channel activation capabilities

Leverage existing channel activation capabilities i.e. e-mail campaigns

Omni channel activation capabilities where personalized offers and promotions can be activated across all channels (POS, kiosk, web, mobile, call center) Real time cross channel features that enhance customer experience

End to end automation that enables event driven activation of offers

# 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.



