MARKETING ANALYTICS II

Segmentation, Targeting and Optimization Strategies

Business analysis to identify opportunities
Business goal
Identify key market/customers
Customer Insights
Product design
Communication plan (long/short term campaigns)
Who to reach: Targeting
Where to reach: Channels
How to reach: Contents
Measurement & Optimization

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Contents

- **Customer Segmentation**
  - Clustering methods
  - Profiling
  - Lifetime value calculation and corresponding strategies

- **Targeting: how to reach specific customers**
  - Methods: demo, syndicated audiences, supervised learning, etc.
  - How digital ecosystem works

- **Measurement: digital analytics**
  - Optimizing customer decision journey

Part 1

CUSTOMER SEGMENTATION

Customer Segmentation

- Why do we need segmentation?
  - Understand consumers more
  - Identify opportunities
  - Calculate LTV to allocate budget

- Types of segmentation
  - Variable (RFM, demo, execution perspective, etc.)
  - Method: level of human touch

RFM

https://clevertap.com/blog/rfm-analysis/

Identify problems/find opportunities

- **Champions** are your best customers, who bought most recently, most often, and are heavy spenders. Reward these customers. They can become early adopters for new products and will help promote your brand.
- **Potential Loyalists** are your recent customers with average frequency and who spent a good amount. Offer membership or loyalty programs or recommend related products to upsell them and help them become your Loyalists or Champions.
- **New Customers** are your customers who have a high overall RFM score but are not frequent shoppers. Start building relationships with these customers by providing onboarding support and special offers to increase their visits.
- **At Risk Customers** are your customers who purchased often and spent big amounts, but haven't purchased recently. Send them personalized reactivation campaigns to reconnect, and offer renewals and helpful products to encourage another purchase.
- **Can't Lose Them** are customers who used to visit and purchase quite often, but haven't been visiting recently. Bring them back with relevant promotions, and run surveys to find out what went wrong and avoid losing them to a competitor.

Lifetime Value Calculation /Prediction

- From customer segment summary stats
- From prediction by segment
- Informs decision making

- Customer Lifetime Value Contributing Factors
  - Churn rate
    - Subtracting customers at the end of the period from customers at the beginning of the period.
    - Dividing the difference by the number of customers at the beginning of the period.
  - Cost
    - CAC (customer acquisition cost)
    - Retention cost

Other Business Variables

- Demo (life stage, income, w/wo kids)
- Variables that are critical for the industry
- Actionable

Segment (%)	HH Income	Percentage Having Dental Insurance	Times been to dentists in past 3 years	Future 6 month spending expectation
Hygiene Hogs (%)	Low	High	Very High	Medium
Supernova (%)	Low	Medium	Medium	Very High
Uninterested (%)	Very Low	Low	Low	Low
Insurance Wasters (%)	Medium	Very High	Low	Low
Best Patients (%)	High	High	High	High

Approaches

	Spend <$500	Spend >$500
<40 yr old	Low spend, younger N=14k $0.5mm	High spend, younger N=3k $0.5mm
>=40 yr old	Low spend, older N=150k $5mm	High spend, older N=50k $8mm

- Fixed bins
  - Quick & easy
  - Need business acumen or more observation from data

- Unsupervised learning
  - Data has its own pattern
- https://www.kaggle.com/kushal1996/customer-segmentation-k-means-analysis
  - Results can get harder to explain

Cluster Analysis

- **K-means**
  - Advantages
    - Easy to implement and understand
    - Fast to iterate
  - Disadvantages
    - Hard assignment
    - Spherical assumption
    - Can get trapped in local optimum

Profiling

- Data analytics
  - Always compare with baseline
- Persona and story-telling

Best Patients

- In average, they have:
  - Been to dentist times in the past 3 years
  - annual "out-of-pocket" spending maximum
  - average spending expectation in the future 6 months
  - th dental insurance
  - living in suburban area
  - **Elder age structure** than other patients

CUSTOMER & BUYER PERSONAS

Enter your subheadline here

OWNER OLLIE
(1-100 EMPLOYEES)

- This is a placeholder
- Placeholder text
- This is a placeholder
- Placeholder text

MARKETING MARY
(100-2.000 EMPLOYEES)

- This is a placeholder
- Placeholder text
- This is a placeholder
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ENTERPRISE ERIN
(2.000+ EMPLOYEES)

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Part 2

TARGETING

Targeting

- Media mix strategy
  - Radio, direct mail, SEO, FB…

- Audience strategy
  - Demo, syndicated, … from DMP
  - Machine learning getting involved

- Modern Media Buy
  - Direct purchase
    - 1M impression on ESPN.com top banner between 5.1-5.7
  - Programmatic purchase
    - Charged based on impression, click or conversion
    - Involves RTB

DMP EXAMPLE: BLUE KAI

DMP, DSP & RTB

CONFIDENTIAL

Key Players

- **Advertiser**
  - Company who pays the money to get his advertisements shown
- **Publisher**
  - Website who gets the money for showing the ads
- **Display Ad Server**
  - Servers display channel impressions to users who visits publisher's website
  - DoubleClick(Google), Atlas(Facebook), Sizmek
- **Web Analytics Platform**
  - Tracks all web visits, clicks (to advertiser's website)
  - Site Catalyst(Adobe), Google Analytics, IBM Coremetrics
- **Data Management Platform**
  - Provides data for each user joined to a single user id
  - http://bluekai.com/registry/index.php

DISPLAY LUMAscape

LUMA partners

Denotes acquired company

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Part 3

DIGITAL ANALYTICS & OPTIMIZATION

Web / APP Analytics

- Google Analytics
- Embed tracking code; track user's behavior before they "convert"
  - Funnel analysis
  - Demographic
  - Geographic
  - Attribution models

Examples

- https://datastudio.google.com/u/0/reporting/0B_U5RNpwhcE6SF85TENURnc4UjA/page/1M/preview?utm_source=marketingplatform.google.com&utm_medium=et&utm_campaign=marketingplatform.google.com%2Fabout%2Fdata-studio%2Fgallery%2F

- https://datastudio.google.com/u/0/reporting/0B_U5RNpwhcE6TmpwV2hBOGdKYWM/page/qlD?utm_source=marketingplatform.google.com&utm_medium=et&utm_campaign=marketingplatform.google.com%2Fabout%2Fdata-studio%2Fgallery%2F