

Segmentation for reward-tier promotion achieves success in all categories

Overview

A retail company approached Opti-Num Solutions to analyse their customer data and assist with the design and assessment of an upcoming promotion. The promotion used a tiered reward system where customers were encouraged to spend more to reach a greater reward tier.

Opti-Num client KPIs:

- Increase value of customer spend
- Increase frequency of customer spend

Customers on the promotion all formed part of an existing product category offered by the client. Segmenting the customer data correctly would form an essential part of ensuring that the client would achieve their KPIs across all segments.

Opti-Num Solutions' philosophy of "walking the journey" with our clients enabled us to propose reward tiers that made business sense and to accurately analyse the resulting performance.

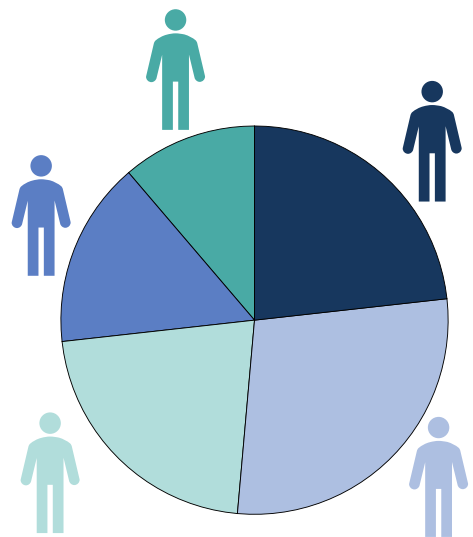
Analysis

The project required:

- Connection to various data sources
- Aggregation of data from different sources
- Clustering of customers to determine each reward tier boundary.

Opti-Num consultants identified 5 unique personas based on the value they spent over an appropriate historical time period.

A rewards-based system built on these 5 unique personas was proposed in which each persona would receive rewards based on their current spending pattern.



Percentage increase in spending by persona

Average
28%
increase in
spending
across all tiers

Results

Opti-Num Solutions clustered the personas such that all consumers saw value on their current tier. An average of **28% increase in spending** across all tiers was recorded for month-on-month data.

Opti-Num Solutions has many years of experience in extracting actionable insights from data and combining this with Business Intelligence to aid our clients in their business decisions. Contact us to see how we can help your business.

