

Data Driven Segmentation

Jarlath Quinn – Analytics Consultant

Rachel Clinton – Business Development

www.sv-europe.com

A SELECT INTERNATIONAL COMPANY

FAQ's

- Is this session being recorded? Yes
- Can I get a copy of the slides? Yes, we'll email a PDF copy to you after the session has ended.
- Can we arrange a re-run for colleagues? Yes, just ask us.
- How can I ask questions? All lines are muted so please use the chat facility – if we run out of time we will follow up with you.



Predictive Analytics for Smarter Business



- Premium, accredited partner to IBM specialising in the SPSS Advanced Analytics suite.
- Team each has 15 to 20 years of experience working in the predictive analytic space - specifically as senior members of the heritage SPSS team



Shoot the Hippo - Data is King!

41 Shades of Blue

Google

Goodbye, Google

20 March 2009 design · google

Part 1 of 2 (here's [Part 2](#))

Today is my last day at Google.

I started working in-house at Google **almost three years ago**. I built a team from scratch. I was fortunate to hire a team of a very talented designers. We introduced Visual Design as a discipline to Google. And we produced amazing work together. I'm very proud of my team, and I wish them well. They have a lot of challenging work ahead. But for me, it's time to move on.



Shoot the Hippo - Data is King!

41 Shades of Blue

"In the world of the hippo, you ask the chief designer or the marketing director to pick a blue and that's the solution. In the world of data you can run experiments to find the right answer.

"We ran '1%' experiments, showing 1% of users one blue, and another experiment showing 1% another blue. And actually, to make sure we covered all our bases, we ran forty other experiments showing all the shades of blue you could possibly imagine.

"And we saw which shades of blue people liked the most, demonstrated by how much they clicked on them. As a result we learned that a slightly purpler shade of blue was more conducive to clicking than a slightly greener shade of blue, and gee whizz, we made a decision.

"But the implications of that for us, given the scale of our business, was that we made an extra \$200m a year in ad revenue."



News Technology Google

Why Google has 200m reasons to put engineers over designers

Google's engineer-led approach has sparked criticism of the company from designers, but it appears to be paying off

Alex Hern
[Follow @alexhern](#) [Follow @guardiantech](#)
theguardian.com, Wednesday 5 February 2014 10.22 GMT



Google's HQ in California. Photograph: Paul Sakuma/AP

Switching the shade of blue used on advertising links in Gmail and Google search earned the company an extra \$200m a year in revenue, a

What do we mean by 'Predictive Analytics'?



Predictive analytics encompasses a variety of techniques from **statistics** and **data mining** that analyze current and historical data to make predictions about future events



Analysis of structured and unstructured information with mining, predictive modeling, and 'what-if' scenario analysis.



Predictive Analytics in Commerce



attract

Acquire customers:

- Understand who your best customers are
- Connect with them in the right ways
- Take the best action maximize what you sell to them



grow

Grow customers:

- Understand the best mix of things needed by your customers and channels
- Maximize the revenue received from your customers and channels
- Take the best action every time to interact



retain

Retain customers:

- Understand what makes your customers leave and what makes them stay
- Keep your best customers happy
- Take action to prevent them from leaving

Predictive
Customer Analytics

Acquire
Grow
Retain



Why is this important to organizations?

- **Acquiring customers is expensive**
 - Not unusual to cost **6 times** as much as retaining them
 - Understanding who is *most likely* to convert is very cost effective
- **80% of a company's profits come from 20% of its customers**
 - Need to understand these customers requirements
 - How they behave and what keeps them happy
- **Increasing customer retention rates by 5% increases profits by 25% to 95%.**
 - Study by Bain & Company, working with Earl Sasser of Harvard Business School

Incremental gains in one business area can lead to *extremely* compelling ROI

- An analytical approach comprised of a family of techniques that group similar things together (usually customers) in order to make more informed business decisions.

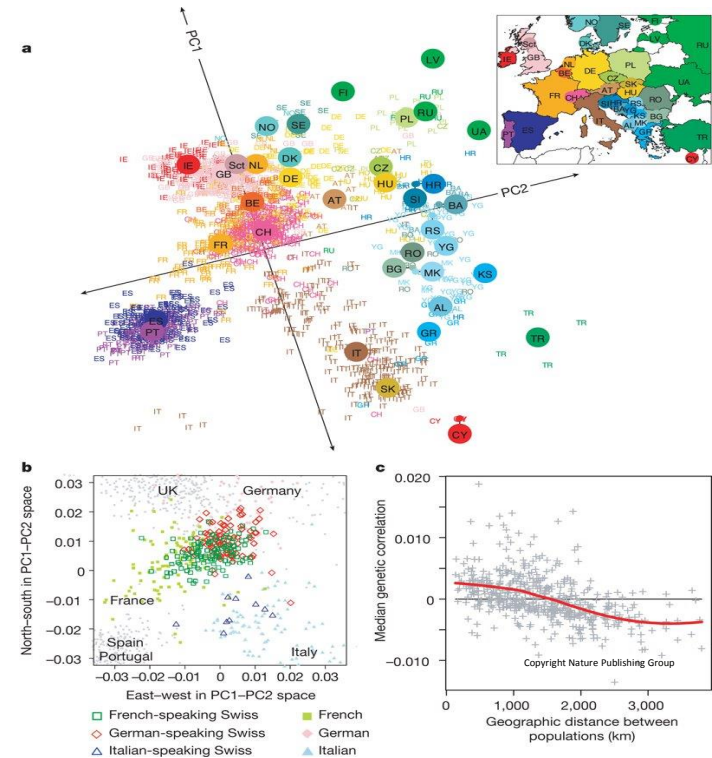
Using data to uncover previously hidden but useful patterns

- ***Finding useful groups in data : in order to understand...***
 - What are the characteristics of our *most loyal* customers?
 - Who should we offer this new product to?
 - How has our customer profile changed *over time*?
 - Where should we open our next branch?
 - What products *should* we be developing?
 - What are our customers' aspirations?

- *How do we find them?*
- *What do we mean by ‘useful’?*
- *What constitutes a group?*
- *What data should be used?*

'Off-the-shelf' Segments: Geodemographics

- Mosaic (Experian)
- Acorn (CACI)
- PRIZM – (Nielsen)
- Platinum Blue (Music Xray)
- FRuitS (Berry Consulting)
- geoSmart (RDA Research)
- CAMEO –(CallCredit Marketing Solutions)



Mosaic Segments by Experian



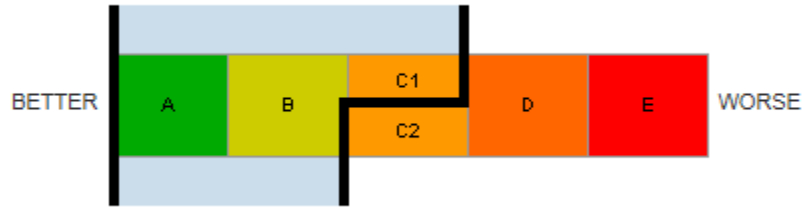
Clever Capitalists



Peripheral Poverty

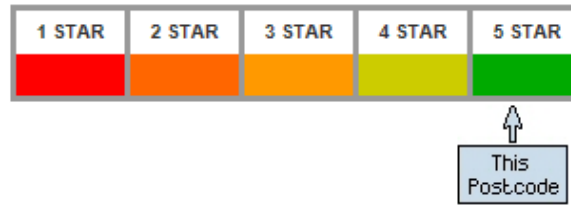
Postcode – GU7 1NY

- **Wealthy older families in spacious suburban and rural detached and semi-detached houses**



Credit Score

In **GU7 1NY** the average Credit Score for all households as calculated by checkmyfile.com and based on the Cameo financial risk is **939**



Families in GU7 1NY

Compare information held about GU7 1NY, sourced from two **geodemographic** database providers, **Cameo** and **Censation**.

	CAMEO	CENSATION
Family Composition	Couples and families	Families with children in secondary and higher education
Social Grade	ABC1	Higher than average levels of social classification AB
Religion	Not provided	Higher than average levels of christians
Average Age	Between 30 and 74	30 to 44
Qualifications	A high number of graduates and many with professional qualifications	Slightly higher proportion of people with 5 or more GCSEs than average
Affluence	Not provided	Wealthy
Marital Status	Not provided	Higher than average levels of married or re-married couples
Ethnic Origin	Predominantly white	Not provided

Is Segmentation the new 'Class System'?

- Asda Mums
- Middletons
- Portland Privateers
- Sun Skittlers
- Old-fashioned Aristocrats
- Portland Privateers
- Hyphen-Leighs
- Rockabillies
- Wood-burning Stovers



Segmentation as Messaging

animal plans [change your plan](#)

Panther [»](#)

get it all

with minutes, email, internet, unlimited
and up to two free Swapables for great
entertainment

[find out more](#)

Dolphin [»](#)

stay social

with unlimited texts, email and
internet

[find out more](#)

view [Dolphin SIM-only plans](#)

Canary [»](#)

love to talk and text?

with unlimited texts and more minutes

[find out more](#)

view [Canary SIM-only plans](#)



the Orange shop

shop
which animal is
right for you?



explained how their fundamental
segmentation-segmentation.

We recently met with **Xavier Perret**,
VP of Advertising Solutions at
Orange, who talked about Orange's
mobile advertising strategy and
mobile advertising approach is based on segmentation-

**Consumer Segmentation Drives
Orange's Mobile Advertising Strategy**
**Interview with Xavier Perret
VP Advertising Solutions, Orange**

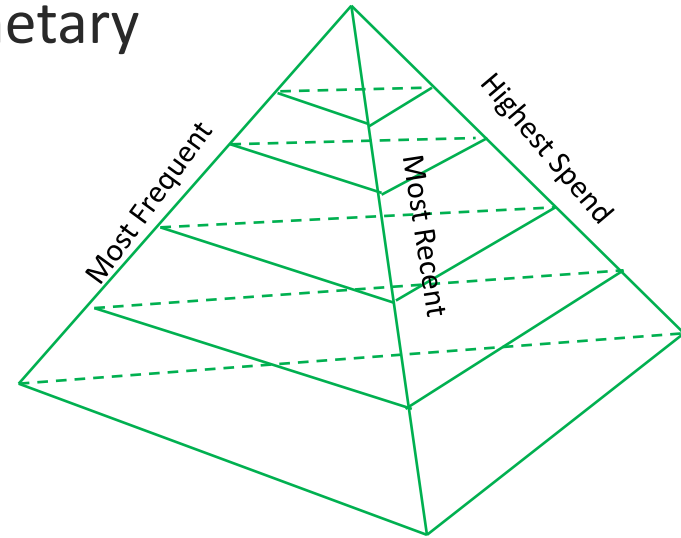


view [Canary SIM-only plans](#)

minutes

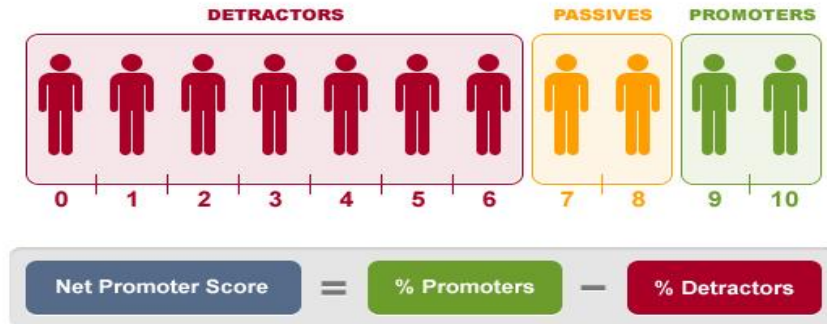
Predetermined Segment Dimensions

- RFI – Recency, Frequency, Monetary

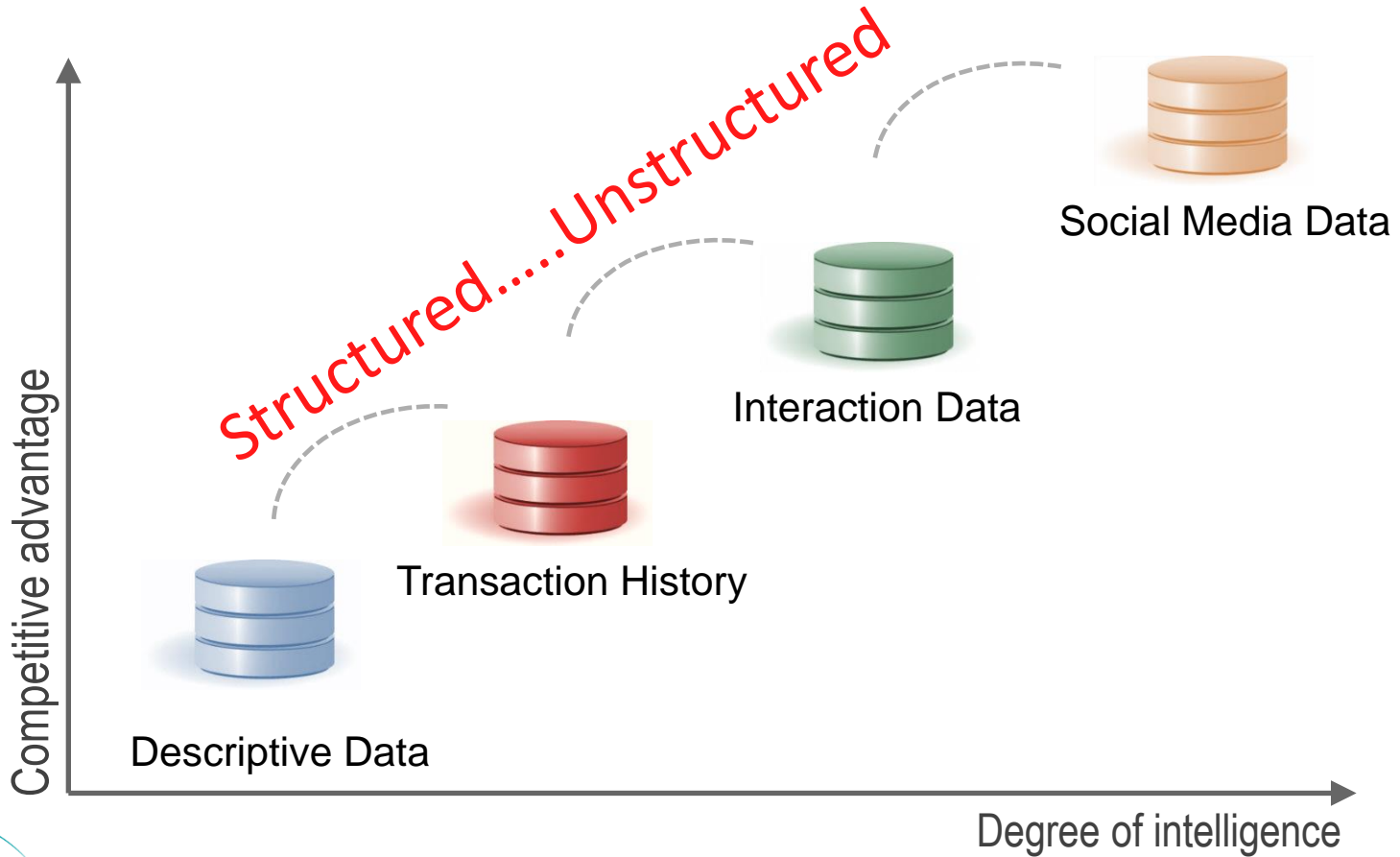


- NPS – Net Promoter Score

- What drives this?



Deep Insight is driven by data



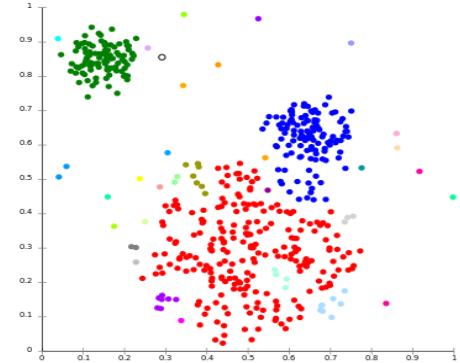
Deeper customer understanding = more appropriate interactions



Techniques like cluster analysis can uncover subtle differences and previously hidden groups

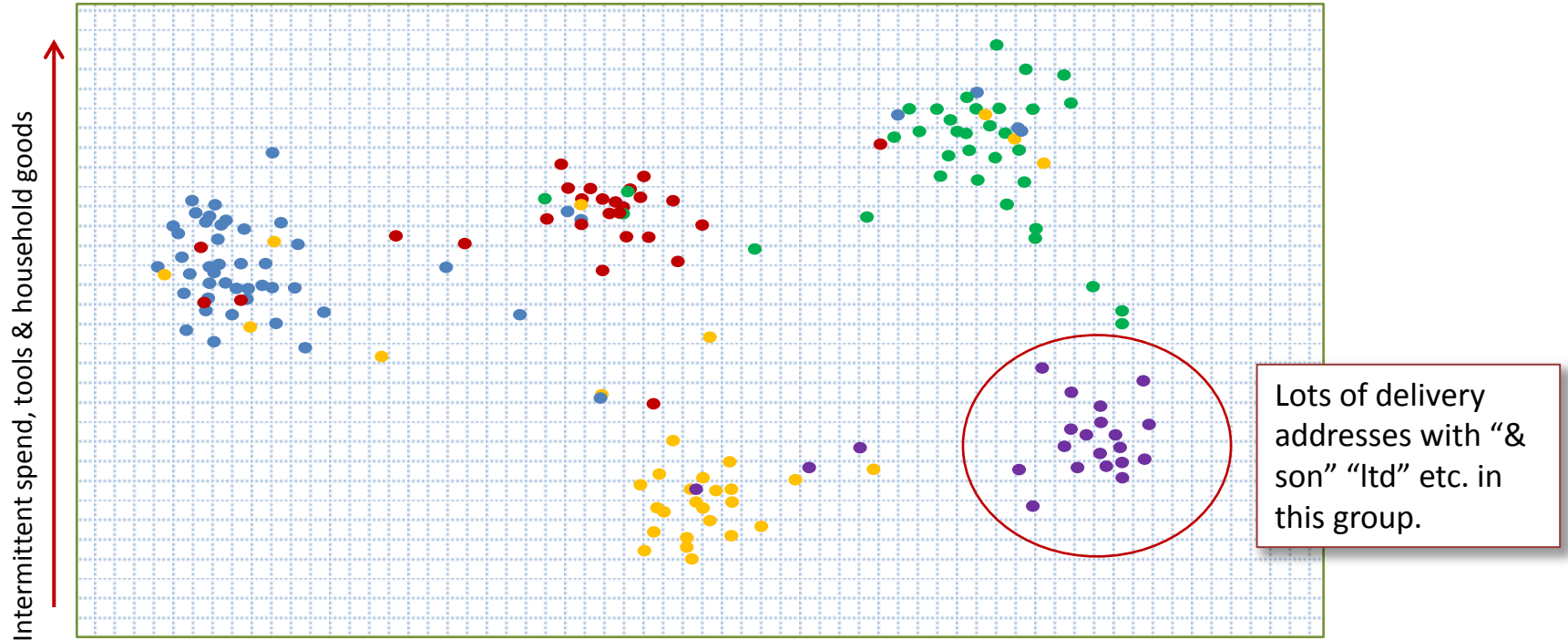
Segmentation Techniques: Clustering

- **Attempt to find the ‘natural groups’ in data**
- **Advantages**
 - Can find very subtly different segments that might otherwise have been missed
 - Lets the data tell its own story
 - Can utilise multiple dimensions
 - Can be very powerful when combined with reporting such as MI/BI
- **Disadvantages**
 - Not always obvious how many segments there should be
 - Needs care when interpreting
 - Can't automatically select the most useful variables
 - Correlated variables may be measuring the same thing
 - Results not always obviously usable



Segmentation for detection

- Find the Traders in EPOS & credit card data
- Private consumers vs. small businesses



Regular, high spend, same materials, different stores



Demonstration

Good advice for segmentation initiatives

- Why segmentation in the first place?
- Reach *further* for the data – not just demographics and transactional
- Only use data that *counts*
- *Think about how many* segments there probably are in terms of:
 - **Your intuition**
 - **Your organisational data**
 - **You can handle**
- Segments should be:
 - **Distinct**
 - **Reachable**
 - **Valuable**
- What will you do with the results?
- How will you know if its worked?
- What will you do next?



Working with Smart Vision Europe Ltd



- As a premier partner we sell the IBM SPSS suite of software to you directly
 - We're agile, responsive and generally easier to deal with
- As experts in SPSS / Analytics / Predictive Analytics we will
 - deliver classroom training courses
 - offer side by side training support
 - offer “skills transfer” consulting
 - run booster and refresher sessions to get more from your SPSS licences
 - Give no strings attached advice
- We are a support providing partner so you can source your technical support directly from us (identical costs to IBM)
 - We offer telephone support with real people as well as web tickets / email queries
 - We offer “how to” support to help you get moving on your project quickly



Exclusive Smart Vision Bundle Offers



Segmentation Starter Pack

- 1 user perpetual licence
Modeler Professional + 1st year
support + 4 days personalised
training
- £18,989(+ VAT)
- Saving £6,000 on IBM list price
- Offer code **SVSEG001**





Contact us:

+44 (0)207 786 3568

info@sv-europe.com

Twitter: @sveurope



[Follow us on Linked In](#)



[Sign up for our Newsletter](#)

Thank you