



CLTV PREDICTOR

VALUE VS POTENTIAL



▷ DREAM ▷ DO ▷ DELIVER

INTRODUCTION TO MERKLE ANALYTICS

We are a dedicated, performance unit of BI analysts, data scientists, data engineers, platform specialists and CXO consultants. We deliver results for our clients in marketing, business and customer analytics.

We have a growth mindset for our people and our clients.

We believe the future of business is customer experience. In crafting experiences so personal and valuable that you never have to shout to make customers listen. That data, technology and creativity hold the power to create experiences that make our lives better, easier, more meaningful, the power to make winners out of smart companies, and losers out of others.

We believe the future belongs to those who care, with fervent empathy, about the human truths in the smallest specks of data and who build experiences from that. But that's not what makes us Merkle. We do more than just 'believe'.

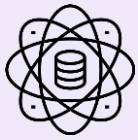
We drive progress.

And that's what makes us Merkle.



Our approach

We understand that every business is unique, with its own objectives, challenges and customers. That's why, for every client, we provide a bespoke solution, drawing on our specialist expertise across the following core disciplines:



Harness your data

Capturing, storing and accessing your data in the right way

- Optimise technology setup
- Cloud service engineering
- ML Ops and IoT



Learn from the past

Driving actionable insights from yesterday for a better tomorrow

- BI and visual Analytics
- Investigative Analytics



Predict the future

Go beyond that has happened in the past, predict what will happen next and take informed actions for the best outcomes

- Data Science and AI



Prescribe better outcomes

Understanding the best source of action to optimize all areas of your business

- Marketing Optimisation
- Experience Optimisation
- Business Optimisation



Embed the practice

Build, nurture and grow best in class teams

- Build your analytics team
- training



Drive the direction

Navigate the right path on your analytics journey

- Analytics Maturity and Roadmaps

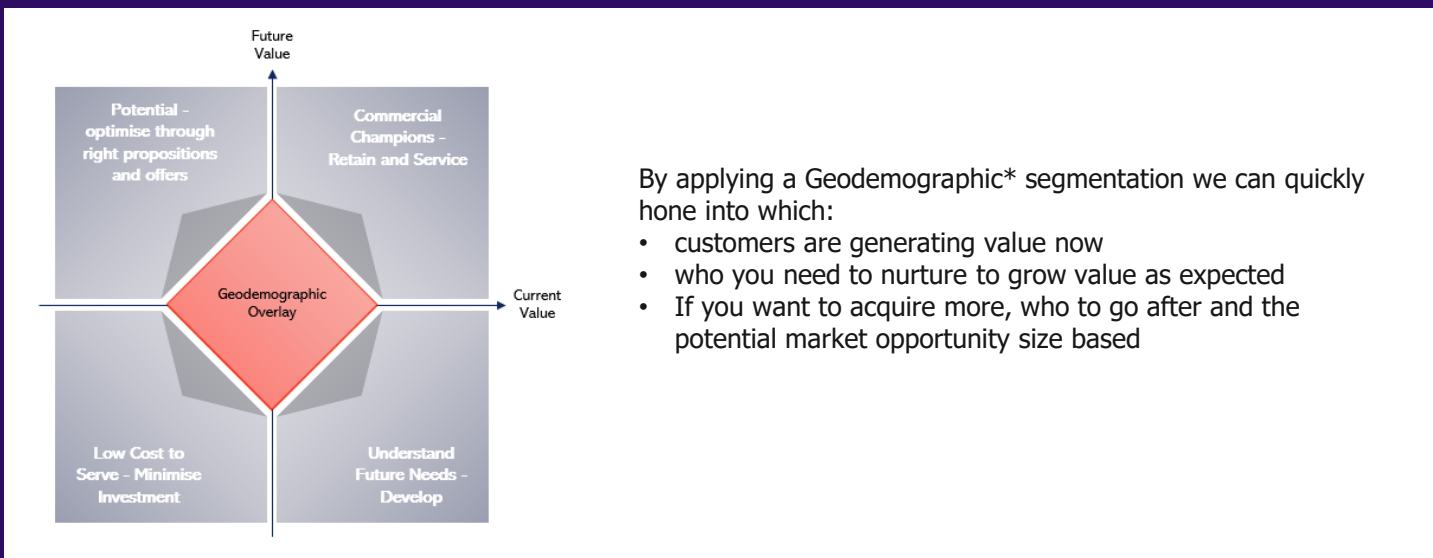
Product overview

- Get.** It is increasingly important to not only look at how cost effectively you acquire customers but whether you are acquiring the right customers and have the right propositions in place for them. Customer Lifetime Value Lite helps you identify who the most valuable customers are now and, the potential future stars, then combines it with one of the best-in-class Geodemographic segmentations so you can find more of these customers in your market to optimise your media spend for long term value.
- Grow.**
- Keep.**

What is it?

Using sales data and marketing and acquisition costs we calculate the value of each customer for the last 3 years to give a historic view of value. If you want to include operational costs and costs to serve, we can build this in as an enhanced option.

We then provide a 3-year forecast for each customer of their potential future value based on how customers typically behave within your base.



* Geodemographic segmentations link addresses to market standard definitions across demographic, lifestyle and socioeconomic information to create grouped profiles of particular customers or localities. This enables you to match segmentation information to your own customers and understand who they are, the areas in which they live and how they behave.

Who is it for?

B2C businesses whose customers typically make multiple purchases within an annual period. The best results will come from retailers where consumers buy multiple products annually and have 1st party engagement tracking available i.e. fashion retailers, hospitality, travel and grocery. We can help you understand who your valuable customers are, who the stars of the future are likely to be, and where you find more in the market.

How do you do it?



How will it help me and my business?

CLTV Lite enables you to identify and understand the types of customers within your business who are generating most value, or conversely, costing you more than you should be investing. It will help you to see the groups of customers who are worth investing in for the future value they can bring, focussing your investment opportunities and identifying the right areas for analysis and activation to improve customer experience against an optimal ROI.

By combining this Geodemographic knowledge with your digital media activation, you can find the best market prospects to target for acquisition.

Next steps

What do I need to do?

The client needs access to three years of their data with sales available at individual customer level.

We'll need access to your data, or dependent upon capabilities, can receive data to analyse within our own working environment. We'll need access to the following blocks of customer data: Contact, Sales and Relationship length. We will work with your marketing, analytics and data teams to define and build.

For appending Geodemographics Segments we'll need to merge using contact details, typically only a postcode, this is done separately to the rest of the analysis to minimise access to PII.

What's included and what will I get?

- Stakeholder workshop: we will meet with you to establish use cases, agree key parameters such as scope and definitions and specify our access to your data
- Merge Geodemographic: we'll merge Geodemographic segments to your customer data, cleaning contact data for the best chance of success, and confirm how well it matches
- Analytics data assessment: we will perform data gathering, prep, statistical analysis and transformation of your data into 'features' suitable for customer value and future value
- Customer Value Equation: using our customer value equation we'll create a 3-year historic current value
- Future Value Forecast: we'll then combine the Cameo groups with our advanced forecasting to estimate a 3-year future value for each cameo group and customer
- Geodemographic Segment Report: highlighting under and over performance for current and future value against different standardised population groups
- Recommendations & focus areas: we'll recommend which Geodemographic segments need value protecting, where future value should be grown and the best acquisition opportunities for existing and future value
- Tutorial, documentation, and walkthrough
- CLTV Lite Refreshes: we will periodically rematch your customers using your contact data and rescore the value, to capture the dynamic nature of your business environment and ongoing acquisition

How much does it cost?

£50k, one off configuration fee for customer value + £16k annual UK Geodemographic licence*. £3k per month for maintenance, hygiene checks, value refreshes and annual Geodemographic rematch. Exclusive of VAT.

* For Cameo or Mosaic UK Geodemographic Segmentations. For Acorn Geodemographic or other markets please enquire for costs.

How long will it take?

Typically, a CLTV Lite deployment can be up and live within 6-8 weeks of sign off, subject to a robust analytics configuration and approval from the client. Timings will vary based on where and how the solution is implemented and supply of contact data fit for matching to the geodem data source i.e. timings start from the point at which the data is fit for analysis - the data assessment stage.

What might you consider next?

- Enhanced CLTV
- Customer Health
- Valued based Scenario Planner
- Campaign Analysis

Detailed project overview

#	Task & Description by Week	1	2	3	4	5	6	7	8	Who
1	Data Access and Validation - Set up access for analyst to your data systems, - or arrange secure supply of analysis set	▶								Client, Merkle Analytics
2	Kick off Meeting - Agree variable definitions - Discuss exclusion groups, specific use cases - Analysis dataset metadata	▶								Client, Merkle Analytics
3	Data Validation & Analysis Set - Merge 3rd party data - Clean and prep for analysis	▶								Merkle Analytics
4	Data Playback* - Dataset metadata validation. - Discuss outliers and anomalies	▶								Client, Merkle Analytics
5	Value Analysis - Current customer value - Future customer value (3yr forecast)		▶							Merkle Analytics
6	Market Analysis - Value matrix with geodem overlap - Asses areas of over/under performance			▶						Merkle Analytics
7	Strategy Assessment - Treatment Recommendations - who/where to target for acquisition - focus on unlocking future high value groups				▶					Merkle Analytics, CXM
8	Write Up - Prep for playback					▶				Merkle Analytics, CXM
9	Playback Session							▶		Client, Merkle Analytics, CXM

*Timings start from the point at which data is fit for purpose

Meet the team



Dan Wigley

Analytics Practice Lead UK

Dan is responsible for leading a team of 250+ specialists. He has over 13 years' experience in a wide variety of Data and Technology platforms, with an expertise in analytics and website optimisation. He has a proven track record and experience across a broad range of verticals having worked with over 100 of the UK's biggest brands.



T: +44 (0) 7976 906117

E: dwigley@merkleinc.com



David Spencer

Head of Analytics Sales UK

Strong experience in implementing both business and consumer led solutions, specialising in advanced analytical strategic sales, delivering high return on investment for clients, as well as great relationships.



T: +44 (0) 7929 650815

E: dspencer@merkleinc.com



Alice Hodgson

Head of Analytics Delivery

Expert knowledge in the application of data science techniques such as propensity modelling, segmentations and text analytics in business contexts, with particular specialism in CRM and operational analytics



T: +44 (0) 7739 122298

E: ahodgson@merkleinc.com

Case studies

Finding the Opportunities

Business challenge

The insurance market revolves around the date when insurance policies come up for renewal. In order to retain customers, our client like many insurance brokers, needed to create effective marketing communications. They wanted our help to identify the customers, which if contacted at the right time with the right offer, could be persuaded to stay.

Merkle solution

We built a technical uplift model to predict the incremental impact of a marketing treatment. The complex model was able to refine the contact strategy – focusing resources on ones that could be influenced, and taking care around those who would be more likely to buy if left alone.

Client outcome

Improved marketing effectiveness, as renewals are optimised based on conversion and profit purchase paths. By applying the technique, we identified £20m increased income in a 12-month period with negligible impact on customer attrition.

