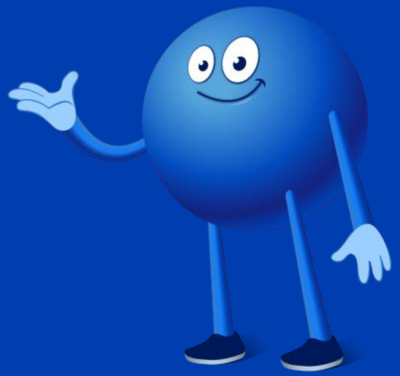
PAYBACK

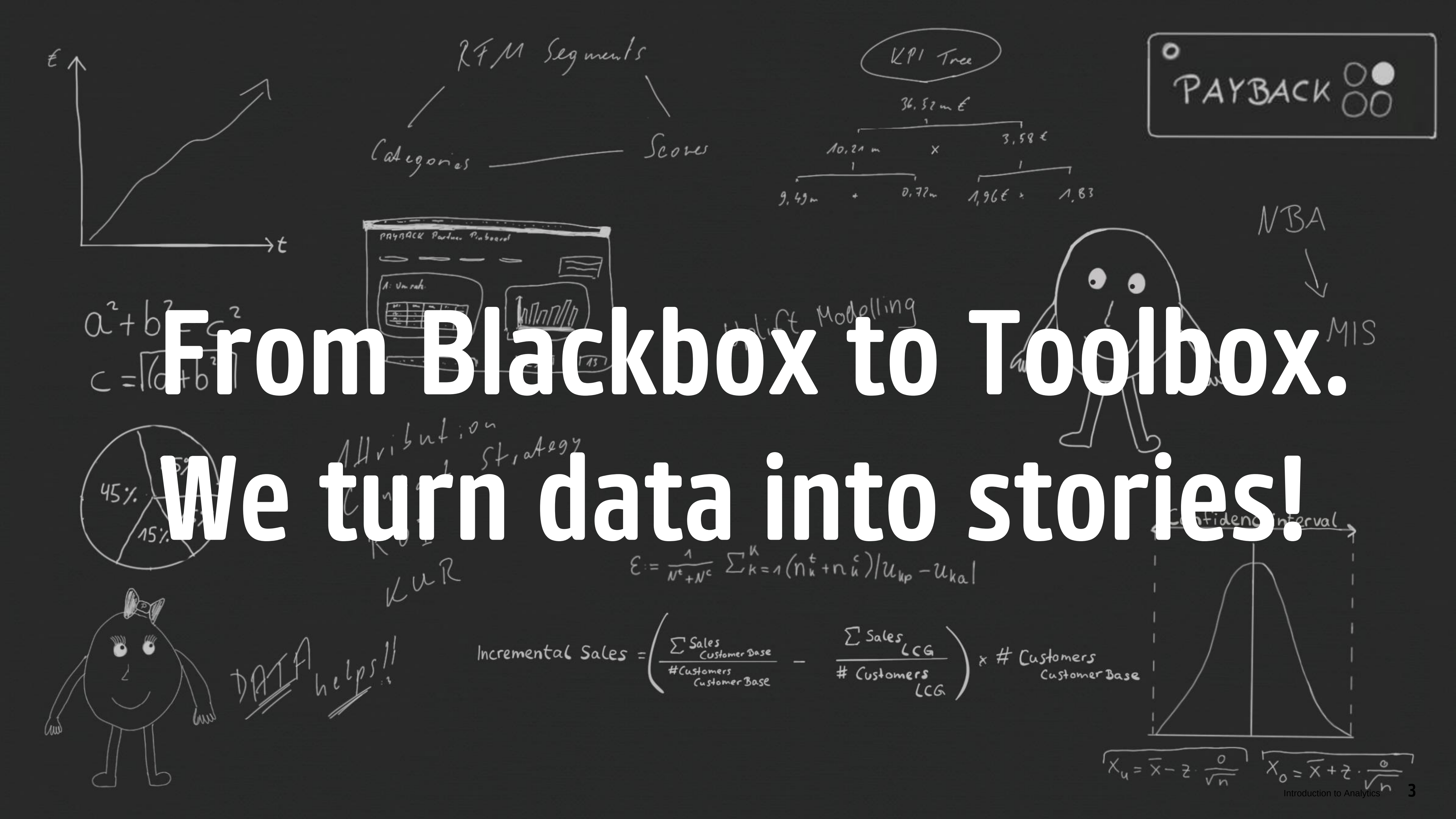
Welcome to PAYBACK

Induction to Analytics

Agenda

1. Analytics at PAYBACK in Poland (but not only)
2. What do we do? (Data, Scorecards, Segmentations)
3. ThoughtSpot
4. JIRA





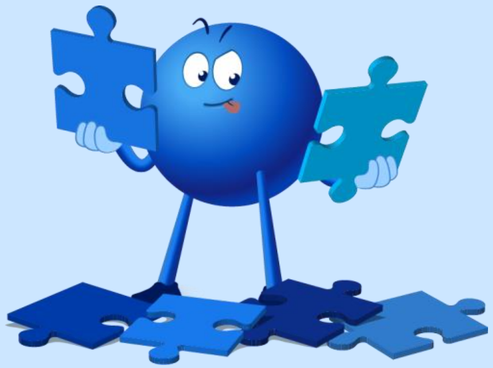
From Blackbox to Toolbox.
We turn data into stories!

1 Analytics at PAYBACK in Poland (but not only)

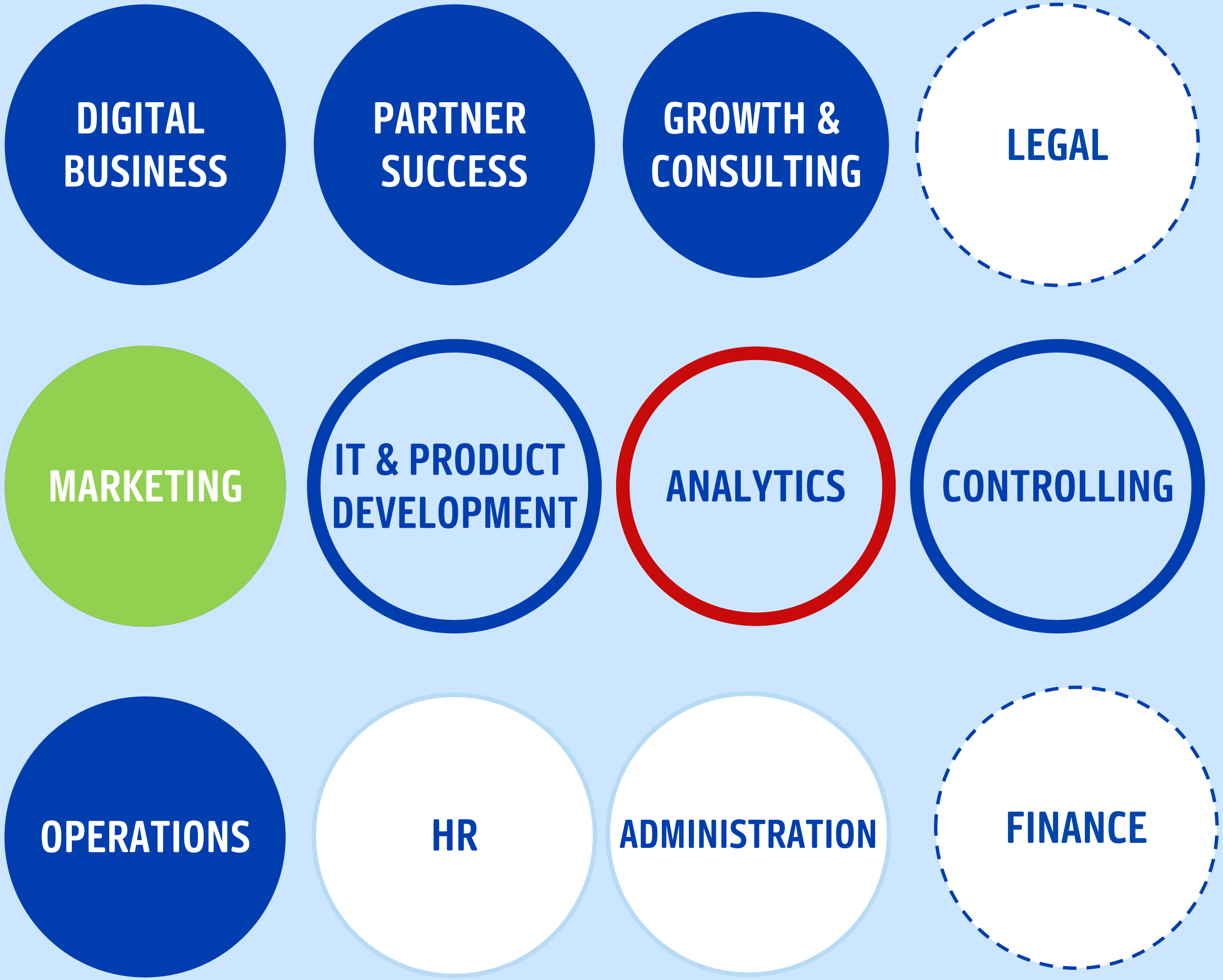
What are we responsible for?

- Generation of relevant information and values from available data.
- Support of strategic decisions through insights from the data.
- Provision of insight into self-service tools.
- Accompaniment of campaign process from consultation to evaluation.
- Development of innovative data products and topics.

Thanks to our analytical insights, Partners are able to get to know their customers at every stage better and thus prepare tailored marketing activities for them.



Which departments do we work with at PAYBACK in Poland?



In Poland Analytics works directly also with Marketing.

Where do you find us in the DATA Organization?

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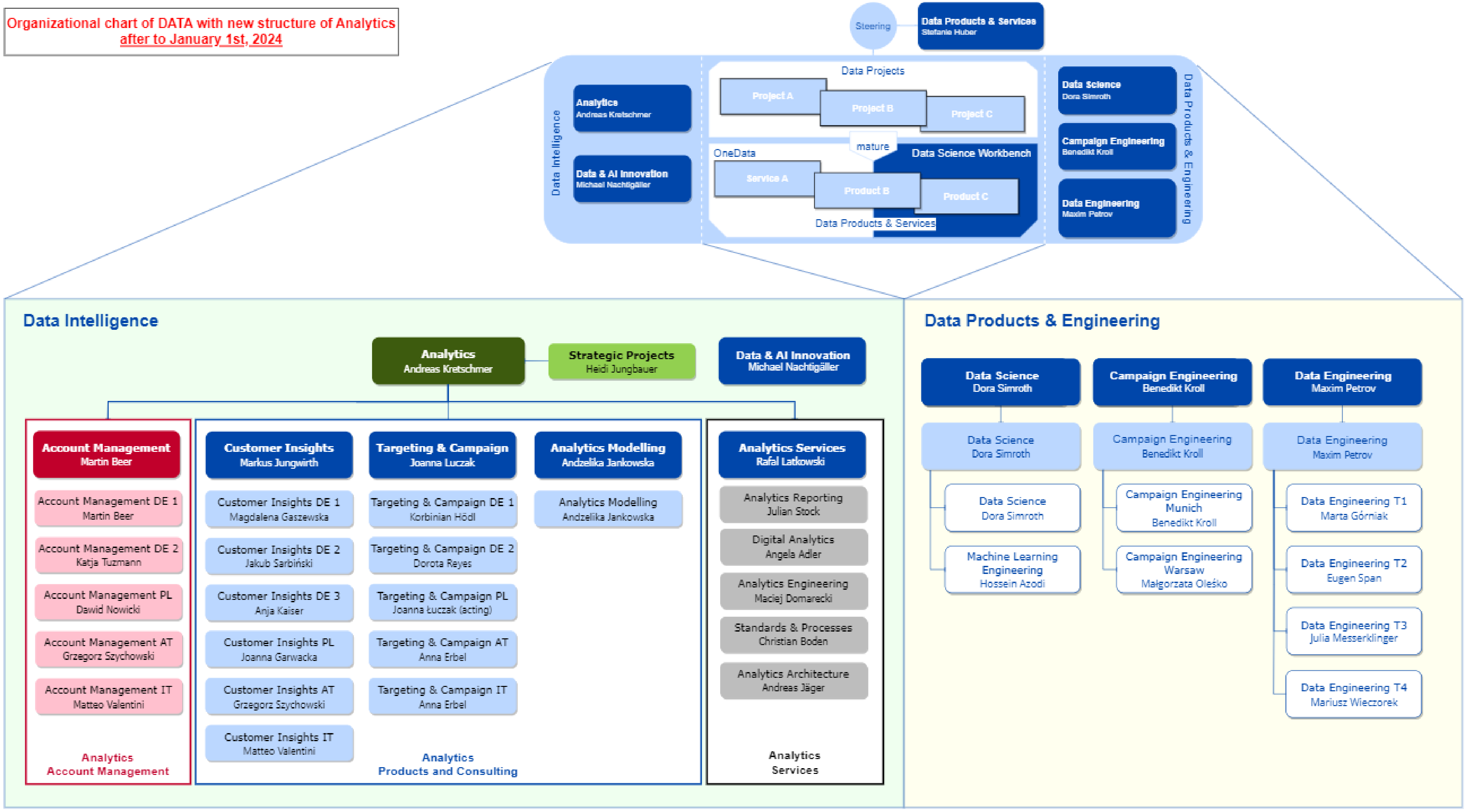
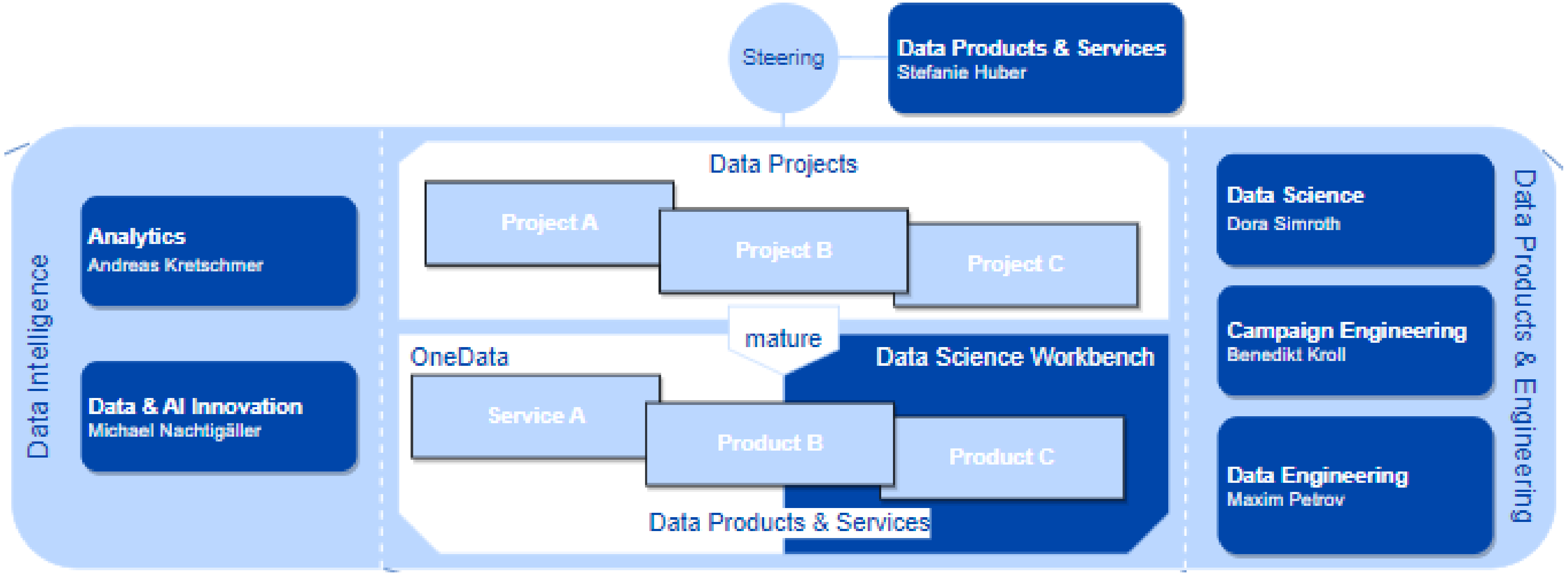
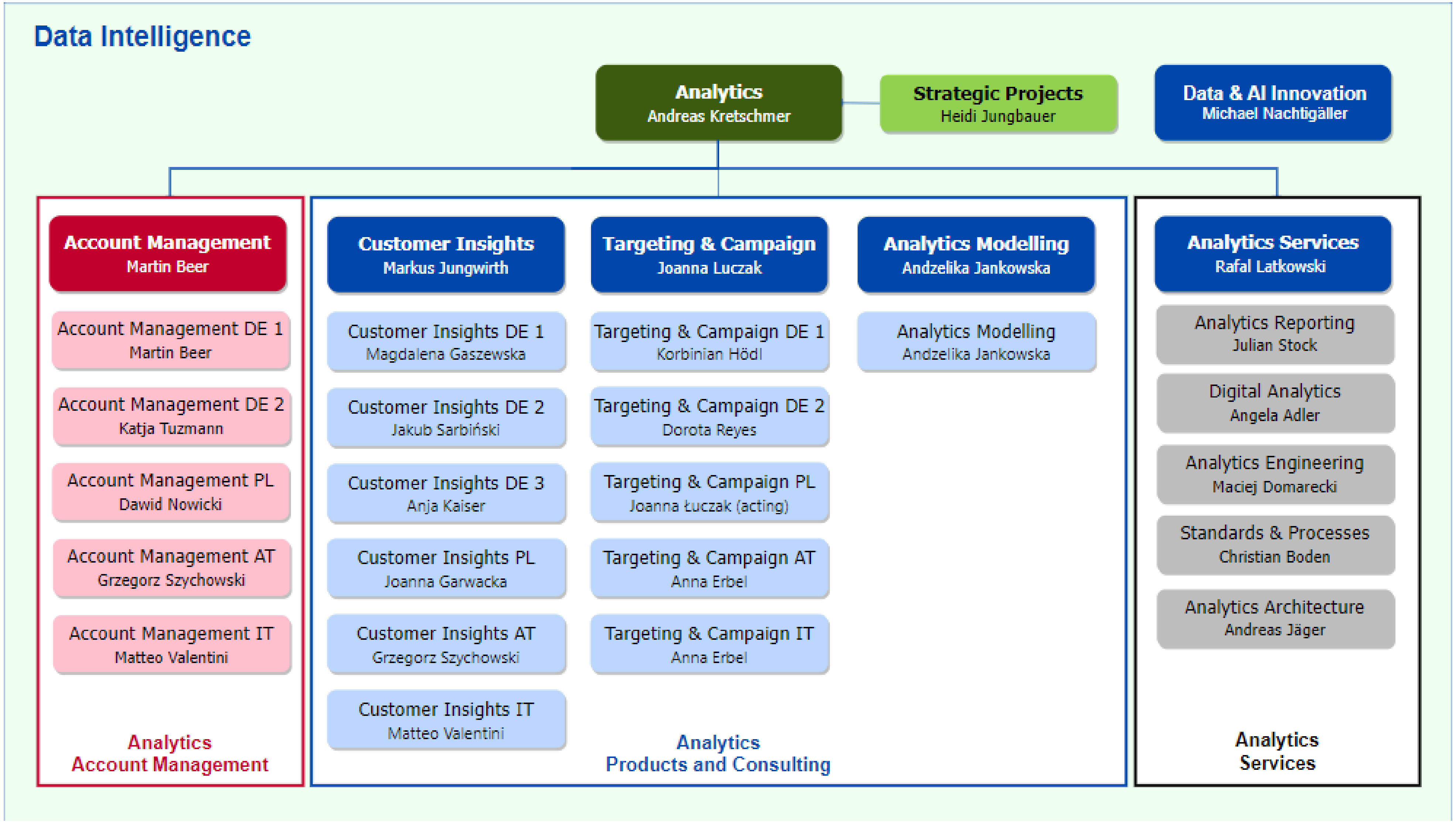


source: https://pb-wiki.intra.loyaltypartner.com/display/PD/Our+Organization+-+DATA+Teams+and+Goals

Where do you find us in the DATA Organization?



Let's take a closer look at it



The Analytics Portfolio is divided into three areas

1 Account Management

- Partner Support
- Business Unit Support
- Self-Service Support
- Analytics Portfolio
- Best Practices

2 Analytics Products and Consulting

Targeting & Campaign

- Campaign Types
- Campaign Consulting
- Potential Estimates
- Targeting tools
- Attributes
  - Program Attributes
  - Partner Attributes
  - Channel Attributes
- Campaign QA
- Campaign Evaluation
- FMCG

Customer Insights

- Customer Lifecycle
  - Non-Customer
  - New Customer
  - Existing Customer
  - Customer at Risk
  - Inactive
- Partner Analysis
- Customer Collection
- Customer Touchpoint
- Location Based Analysis

Analytics Modelling

- Location Based Insights
- Customer Modelling
- Touchpoint Insights
- Modelling for Operations

3 Analytics Services

- Analytics Processes
- Analytics Datamarts
- Analytics Self-Service
- Analytics Tools
- Analytics Workbench

Analytics Topics

COMMENT

- Analytics Account Management is first point of contact for all Analytics requests of Business Units and PAYBACK Partners
- Analytics Products & Consulting is responsible to deliver the requested Analysis
- Analytics Services is responsible to maintain the Self Service platforms as well as provide Analytics Automation
- Each area owns certain Analytics Topics which they
  - Deliver & maintain
  - Standardize & automate
  - Further develop & innovate

2 Analytics – What do we do?

What do we do on a daily basis?

- Partner support
- Reports
- Management of self-service tools
- Consulting
- Data collection
- Customer profiling
- Segmentations
- Participation in marketing processes [PL]
- Scorings
- Personalization
- Ad hoc analyses

We extract information from our database and help you use it in the best possible way.

Classification of the Analytics Portfolio

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- Standardized, but does not have to be fully automated
- Usable for more than one Partner and/or Business Unit

Automation

Agility

- **Not standardized analysis** of a Business question
- Focus is on standardization and **transfer** into Products

Analytics Products

Standardization

Ad Hoc Analysis

- Experienced guidance for Partners and Business Units
- Pro-active and fitting to the Business question
- Provided by **Account Managers** or Experts from the Cluster teams (e.g. **Topic Owners**)

Analytics Consulting

Analytics Services

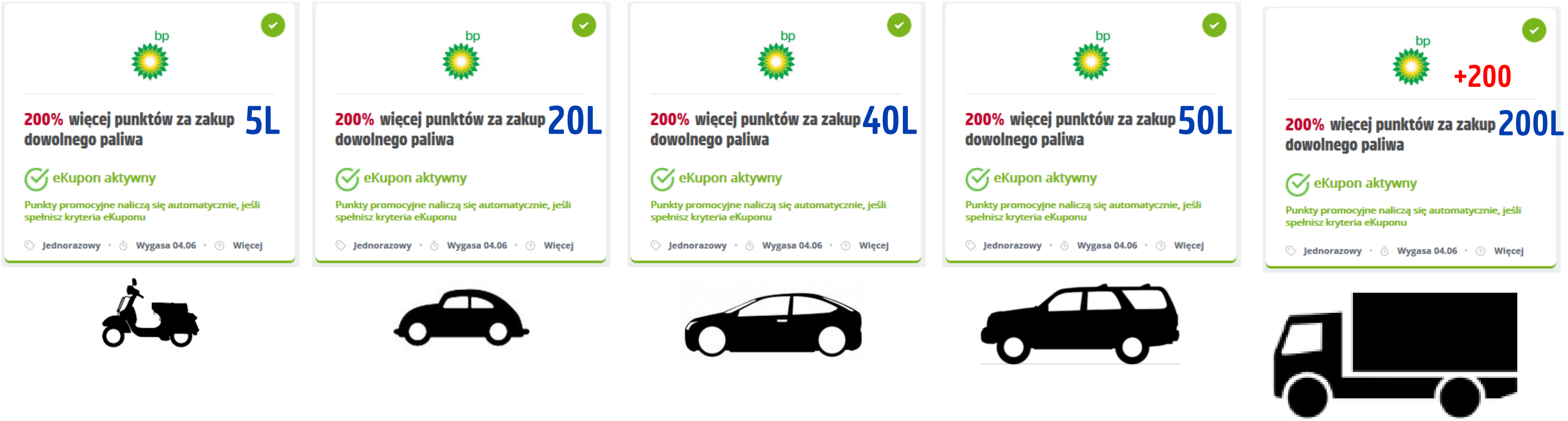
- Standardized and **fully automated**
- Operated by the **Analytics Services** teams

Expertise

Enablement

2.1 Data

Why does PAYBACK collect data?

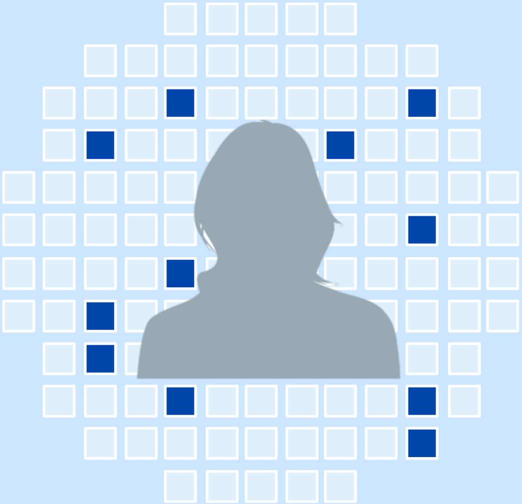


Numerous valuable contact points with all PAYBACK members

Shopping behaviour
shopping history, returns, purchase volume

Preferences
interests, needs, affinities

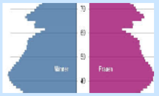
Online activity
search history, views, clicks, customer journey, session length

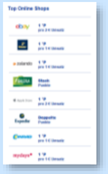


Geographical data
purchasing power, population structure

Mobile activity
device, usage

Demography
age, gender, place of residence, income





E-mail activity
open-rate, click-rate, bounce

Location-based data
geo-location data

PAYBACK offers a 360° view of a customer and thus draw conclusions for targeted direct marketing measures

PAYBACK

drives a diesel car

spends every Christmas in Berlin

has a little child

buys at online fashion shops

has an iPhone

has read all Harry Potter books

PAYBACK Customer A

Place of residence:	Berlin
Gender:	female
Age:	35

has booked holidays in Andalusia

has a garden

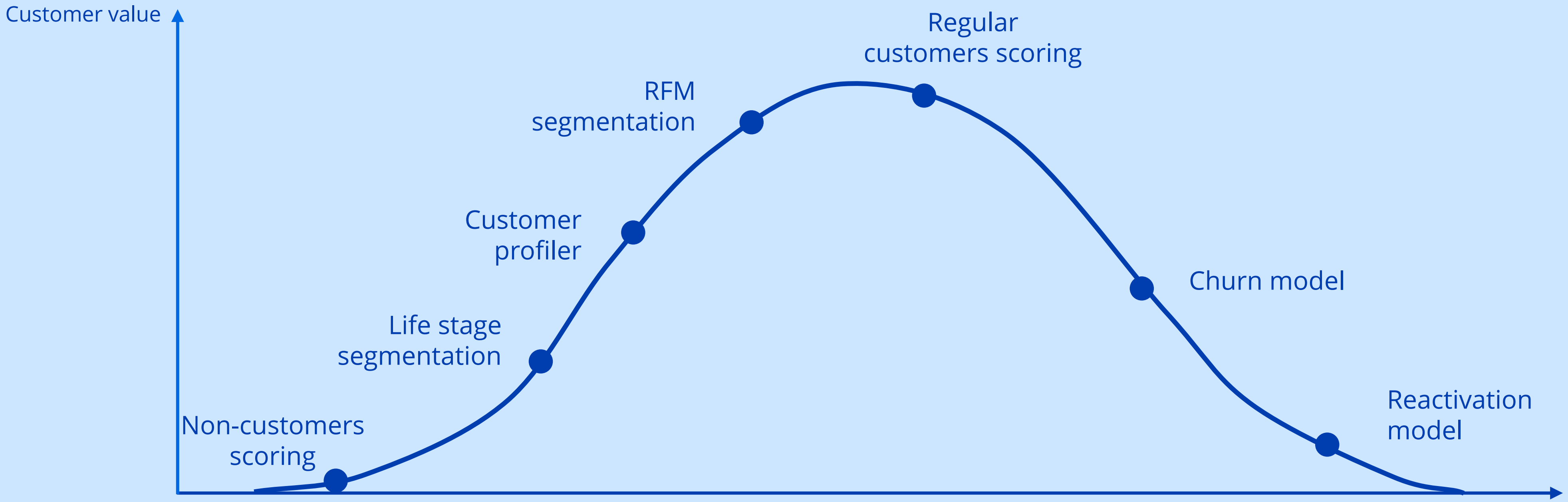
has a cat which likes Whiskas

pays with an Amex card

is regularly in the city center

orders Cola Zero with fries

The underlying analytical methods are chosen depending on the current stage of the customer lifecycle



Stage	non-customers	new customers	regular customers	endangered customers	inactive customers
Goal	Acquisition	Developing the relationship		Reactivation	Winback

2.2 Scorecards

The optimized customer selection for partner campaigns

- Scorecards are **statistical models which forecast customer behaviour**.
- Based on a weighted combination of various characteristics a customer-specific **probability of a certain behaviour** is determined.
- Scoredards enable **targeted customer communication** and **marketing costs reduction**.

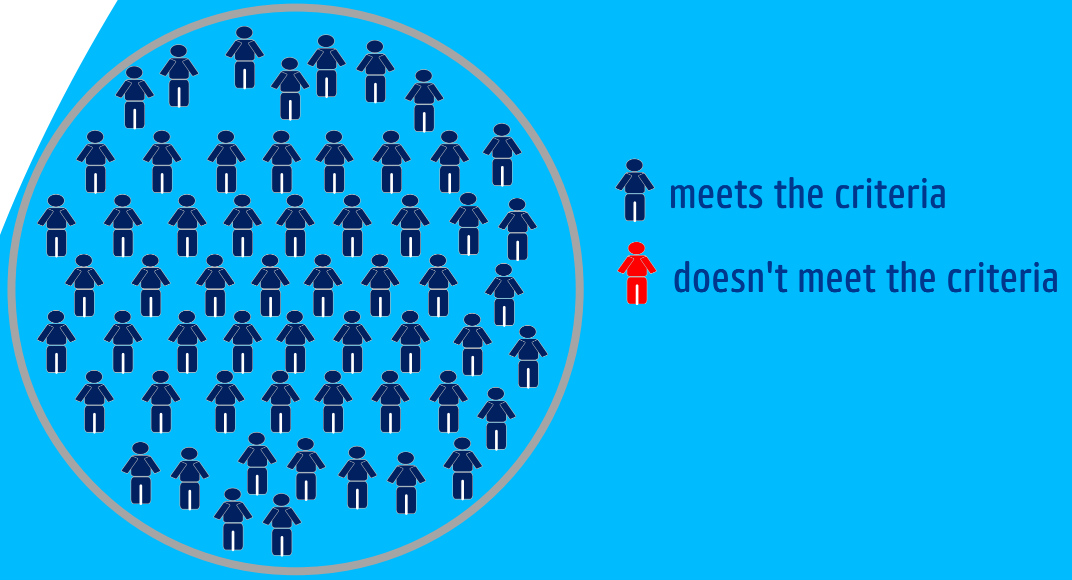
Non-scorecard approach to targeting

A target group can be optimized by combining different characteristics together.

Drawback: it makes the target group smaller and smaller

Stepwise target group approach:

✓ age between 26 and 45



Non-scorecard approach to targeting

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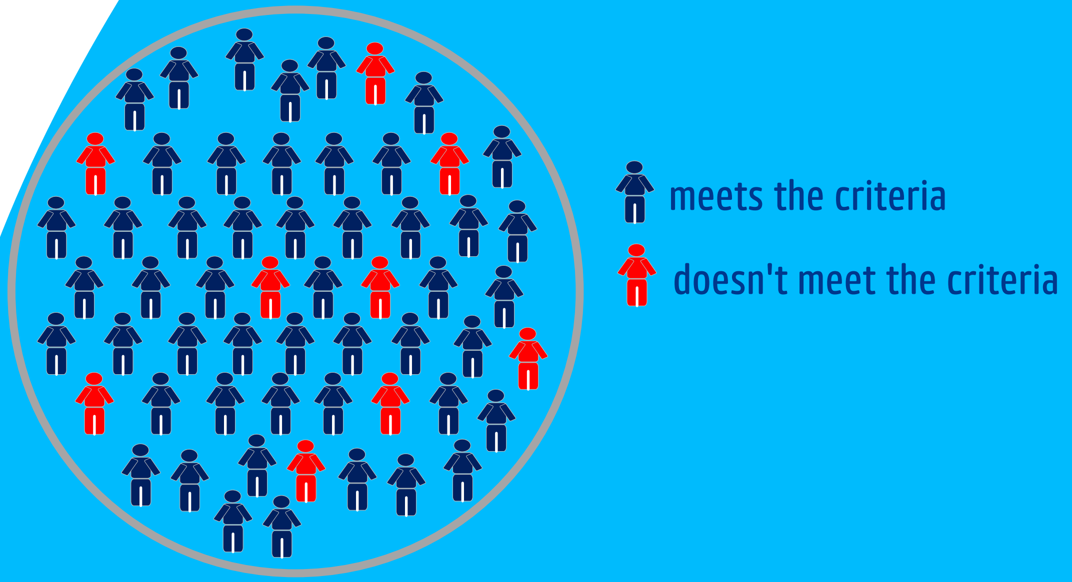
Stepwise target group approach:

- ✓ age between 26 and 45
- ✓ AND within a POS catchment area of 25 km



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- ✓ age between 26 and 45
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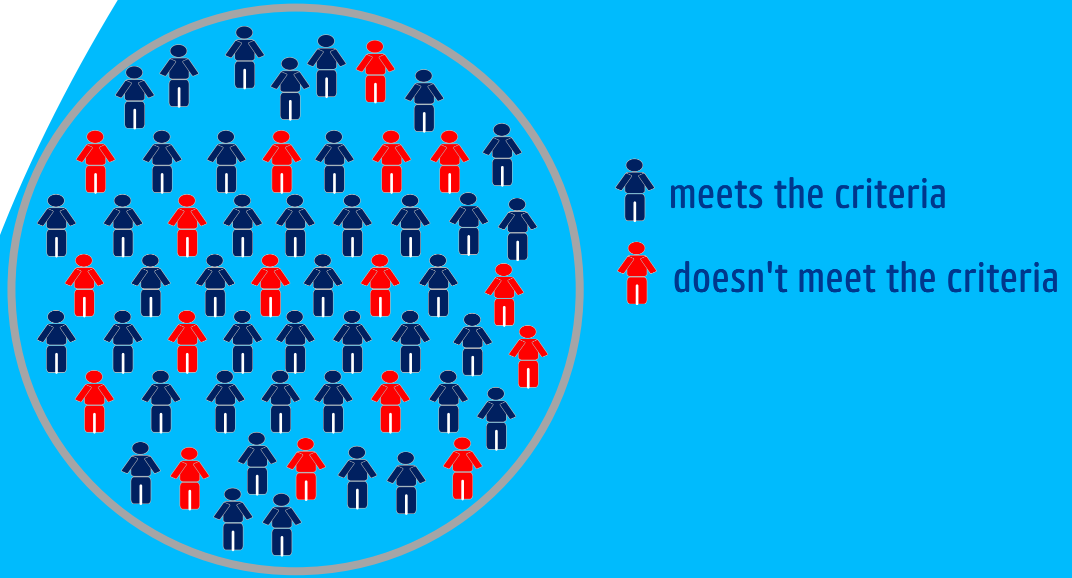
- ✓ AND active at partner X



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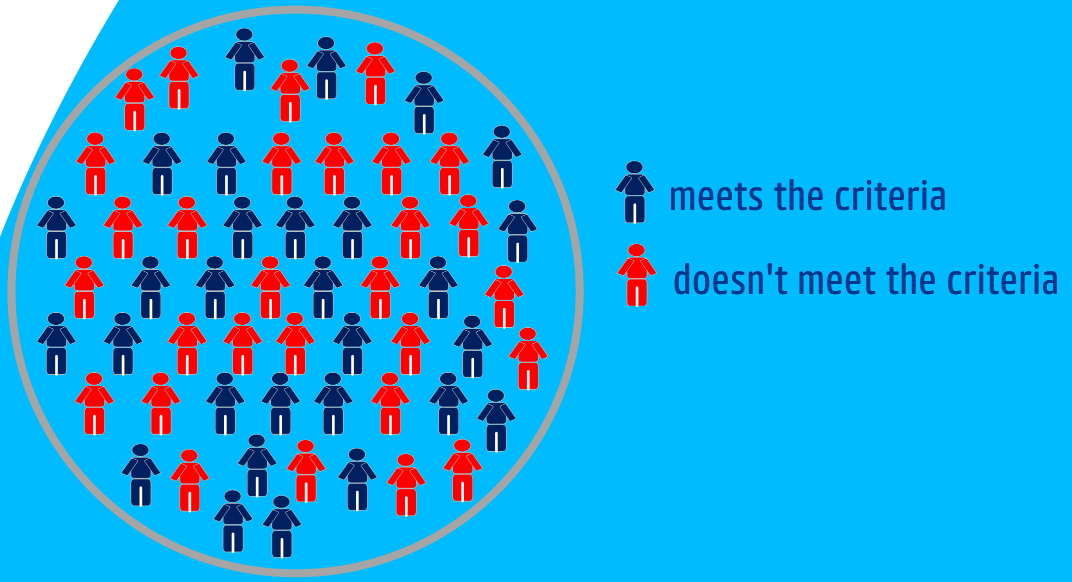
Stepwise target group approach:

- ✓ age between 26 and 45
- ✓ AND within a POS catchment area of 25 km
- ✓ AND active at partner X
- ✓ AND multi-partner user



The scoring procedure is used to incorporate the various criteria with appropiate weights into the evaluation

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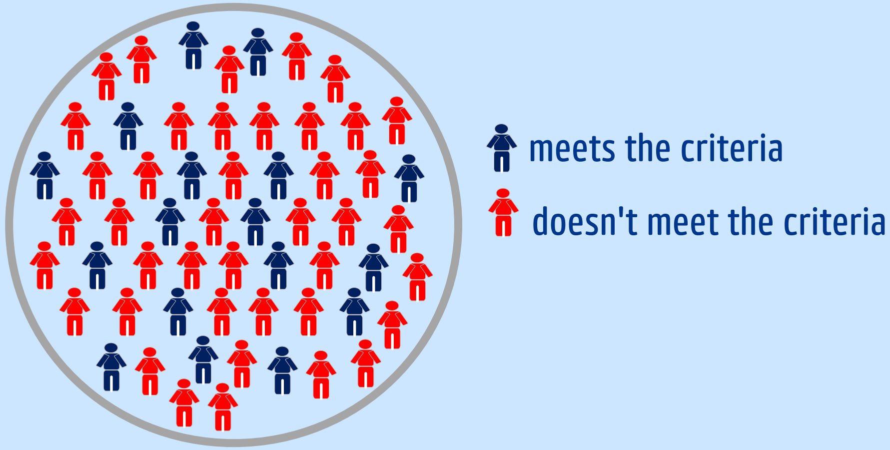
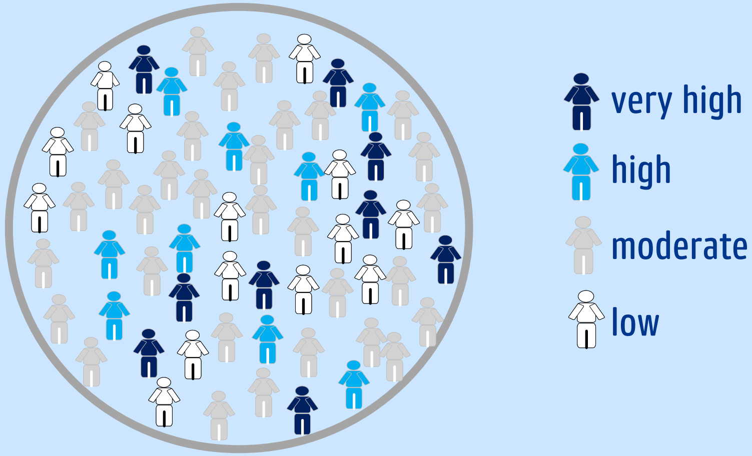
Result of target group formation: YES or NO



Result of scoring: detailed gradation/ranking



Advantages of scoring:

- taking into account a variety of characteristics with optimal weighting
- identifying and avoiding redundant features
- measuring the significance of individual characteristics

2.3 Segmentations

Customer-centered attitude: putting customers and their needs at the center of all actions and decisions

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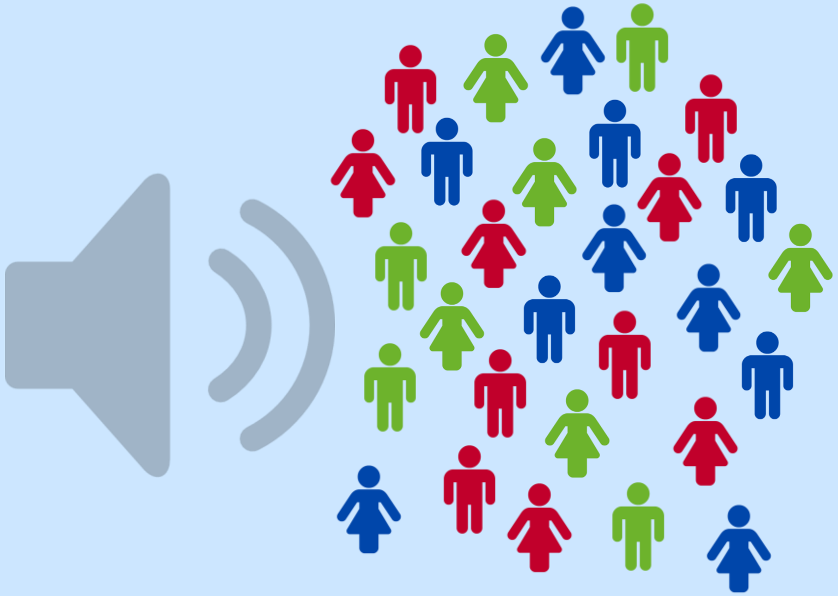
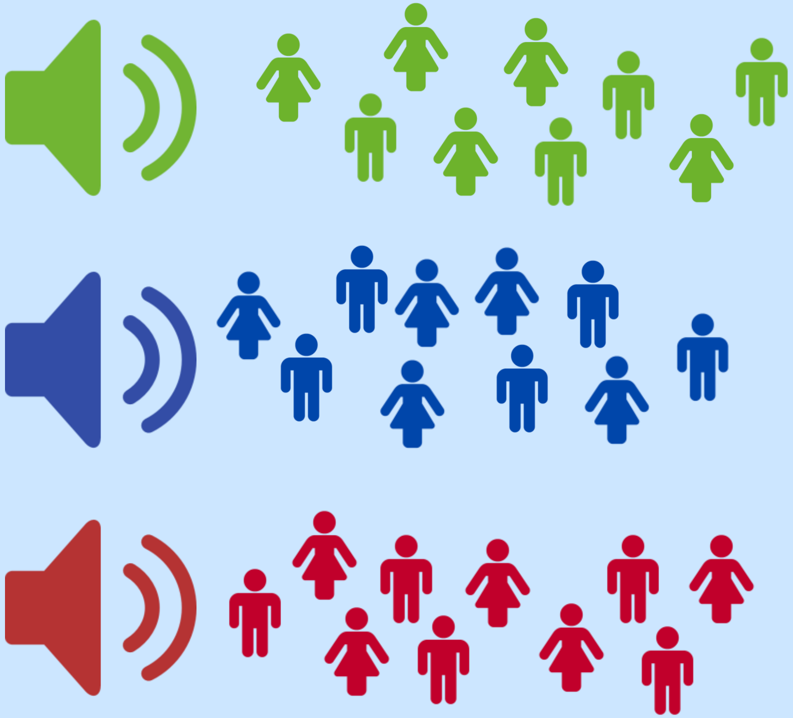
Customers are different …



… and therefore they want to be treated differently



Available customer data allows to draw only vague conclusions about their actual shopping behaviour

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Sociodemographic characteristics	Customer	Shopping behaviour

- male, in his 70s
- fixed relationship, children
- public figure
- earns good money
- successful professional career

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Segmentation – a way to make communication engaging

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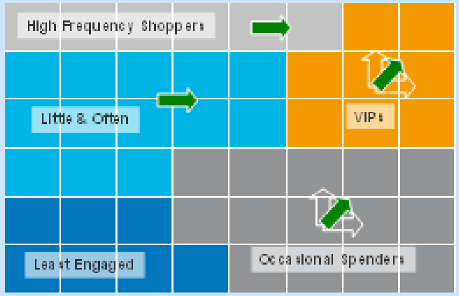
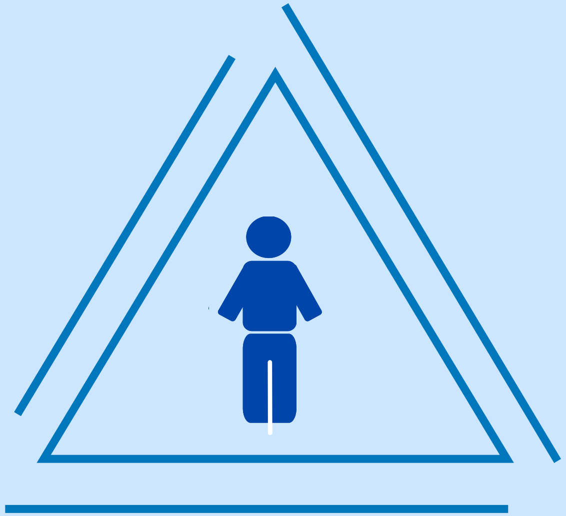


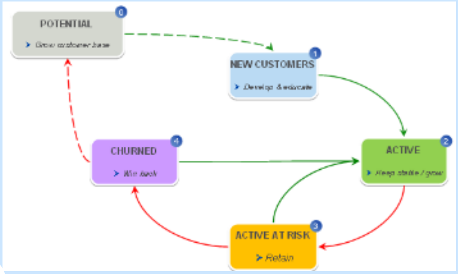
2 RFV/RFM Segmentation

- How much customer is worth?
- And how frequently does he buy?

3 Needs/Lifestyle/Other

- What are my customer needs?
- What is relevant to him?





1 Customer Lifecycle

- What is the stage of relation with customer?

Customer Lifecycle

Relation with customer is like any other relations…

Each stage of relations requires different communication methods

Customer Lifestage Segmentation

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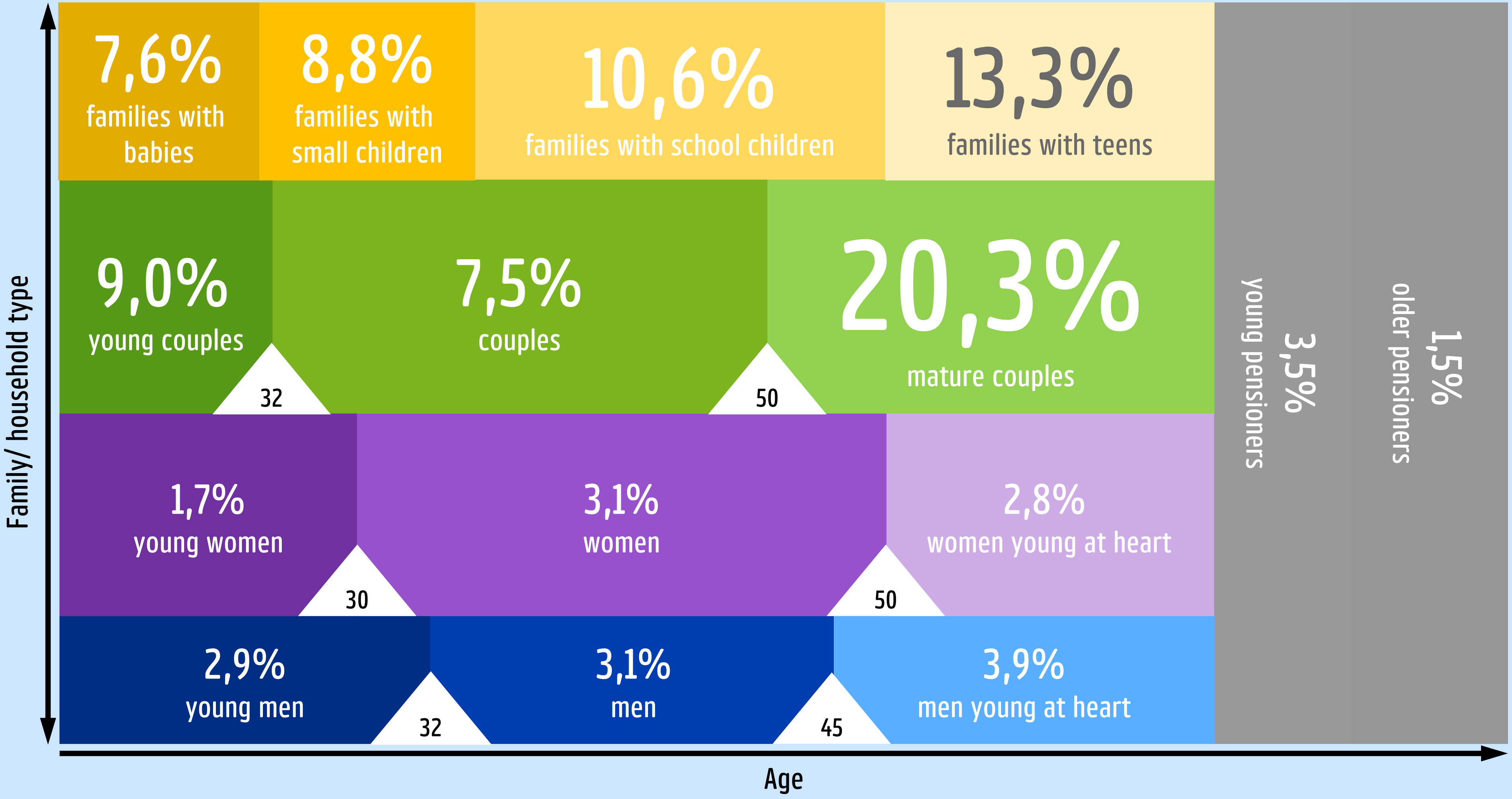
Example: PAYBACK total split by customer lifestage segments



Customer Lifestyle Segmentation

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<u>Example</u>: PAYBACK lifestyle segments show us the current living environment and lifestyle of our customers

Families with babies

- newly minted parents
- brand affinities
- deciding on a car
- distinctive leisure
- printed products (economy & lifestyle)

Couples from the countryside

- traditional, rural lifestyle
- regional leisure activities (associations, hunting, DIY)
- connected to the outside world via Internet, high car density
- attachment to insurance

Golden aged

- active pensioners (feeling young, enjoying life)
- more elaborate (model building..) or nature-related hobbies (garden...)
- "economy" and "lifestyle"

Families with small children

- everyday life dominated by children
- cost-benefit analysis of food retail and children's textiles
- family-friendly vehicles
- lack of time (mail order)

Young happiness

- only partly consumption-oriented
- communicative and active leisure (board game nights, cinema, festivals)
- Internet = daily routine
- frequent car use

Young men

- single, managing their first own budget
- intensive use of Internet
- youthful-sporty (hobbies, car brands, clothes, etc.)
- free time: sport, cinema, OpenAir

Urban climbers

- consumption-oriented lifestyle
- discounts & department stores
- upper class & second car
- sport (golf...), value collecting, (antiques) & extensive leisure activities

Young women

- single, managing their first own budget
- very low affinity with finance, computer, insurance, credit cards
- selective consumption (discounts)

Lone wolves

- single men
- selective consumption
- the best gasoline
- intensive use of Internet
- buying textiles in department stores & online

Urban middle class

- rather traditionally oriented leisure activities à la cocooning (cooking, going out to eat, computer)
- liking football and bowling
- modest consumption

Self-made women

- single women, in the prime of their lives
- low online affinity
- strong attraction towards discount cards
- shopping in department stores or by mail order (Quelle, Tchibo)

Simple pensioners

- down to earth lifestyle
- cost-benefit oriented
- free time: quiet & "at home"
- multiple insurance policies (safety-first), low online activity
- attached to yellow press & TV

RFM/RFV Segmentation

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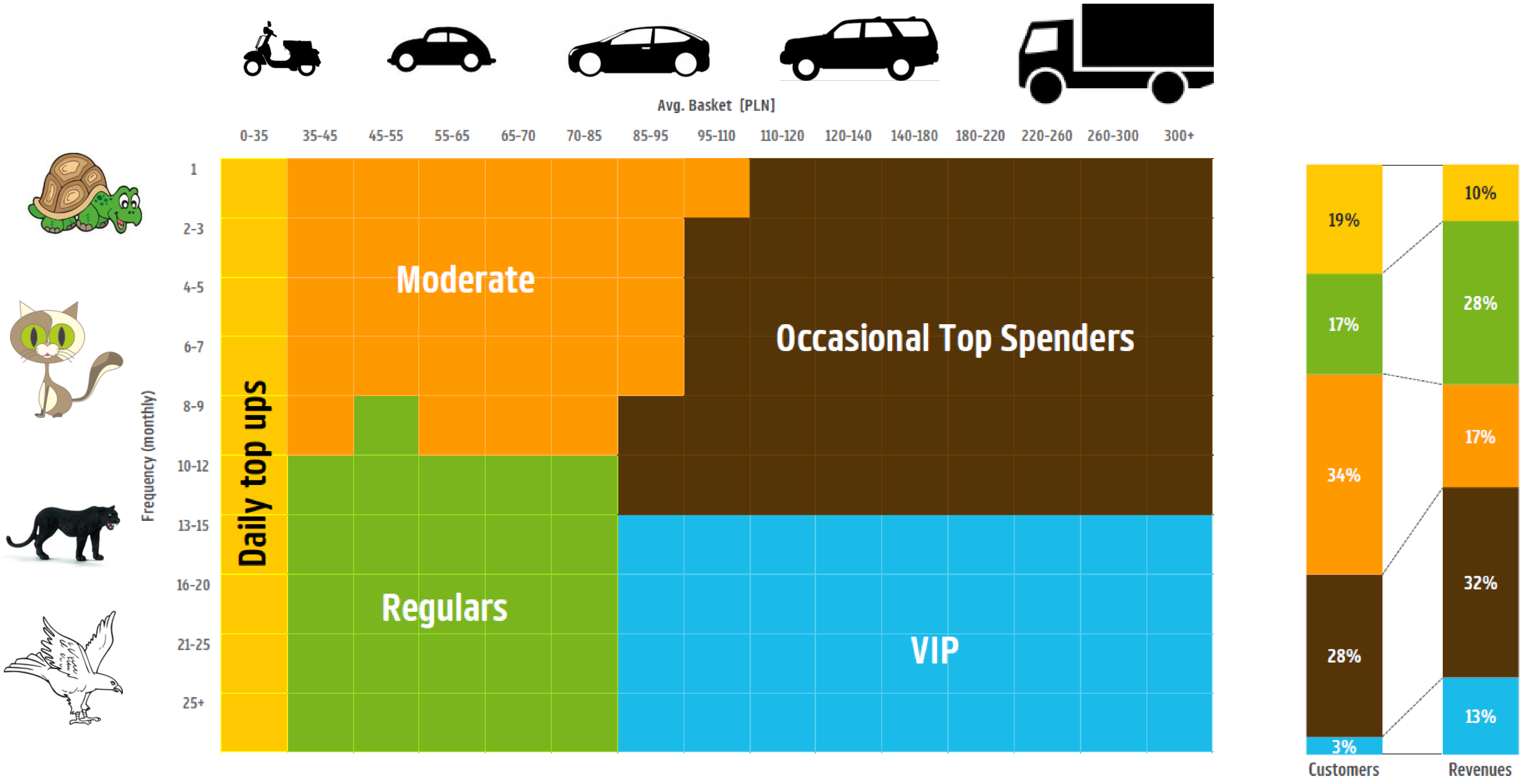

"You are what you buy" - Needs-based Segmentation

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Customer A

- Shopping frequency: 4 purchases per year
- Average basket: 60 €
- Sample basket: cheese sticks, nachos, water 1.5l, sunblock

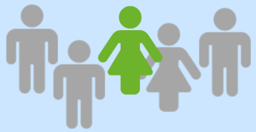
Customer B

- Shopping frequency: 4 purchases per year
- Average basket: 60 €
- Sample basket: oil paint, water 0.5l, tofu, incense sticks

Needs-based segmentation

Segment "Garden friends"

Segment "Creative enthusiasts"



! Because of different product choices customers A and B fall into different needs-based segments

RFM segmentation

Segment "VIPs"

! Customer A and B have the same shopping frequency and equal average basket: they fall into the same RFM segment

3 ThoughtSpot

ThoughtSpot – Analytics self-service tool

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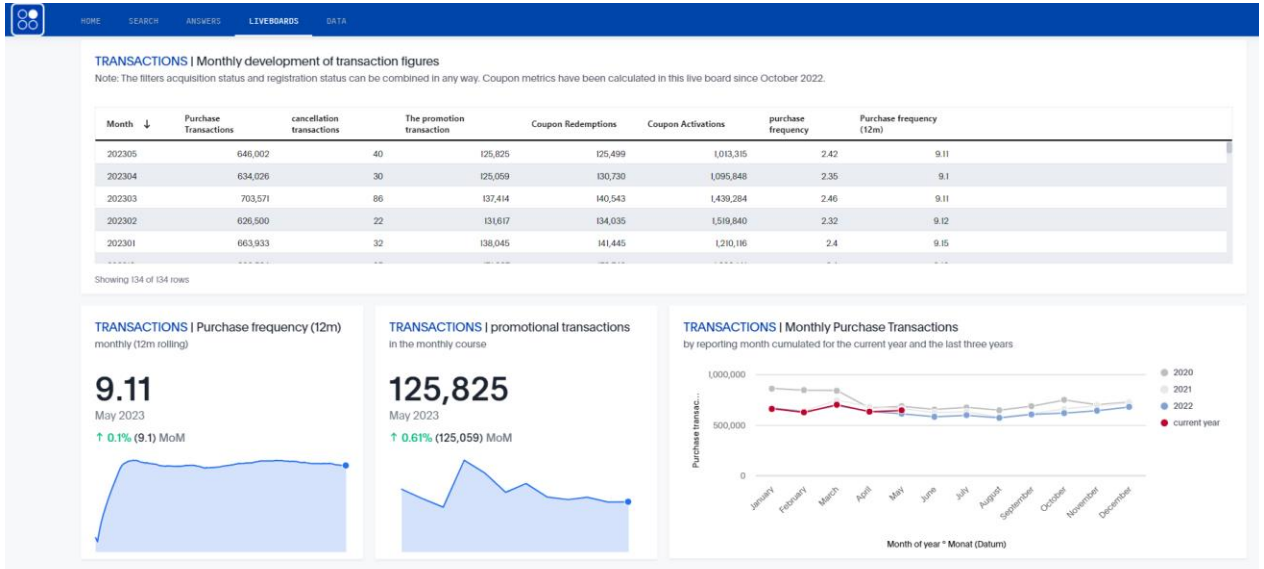
- Standardized key figures and evaluations around Partners, PAYBACK program, campaigns & much more
- KPIs available on a daily base
- **PB Partner Cockpit** - access for Partners to selected reports



ThoughtSpot.

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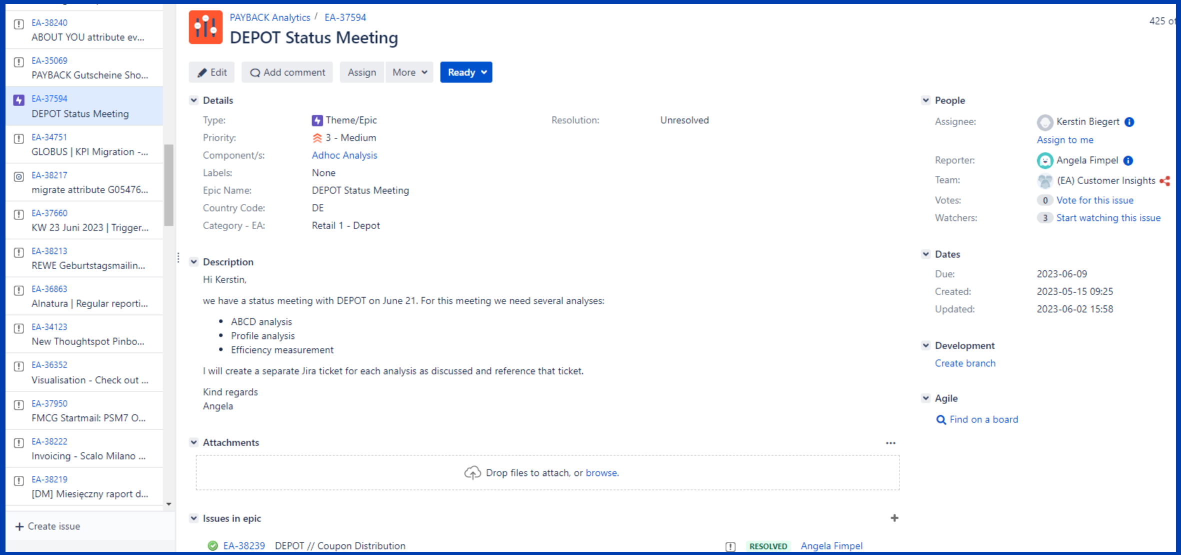
4 JIRA

Need something from Analytics?
Create a JIRA ticket!

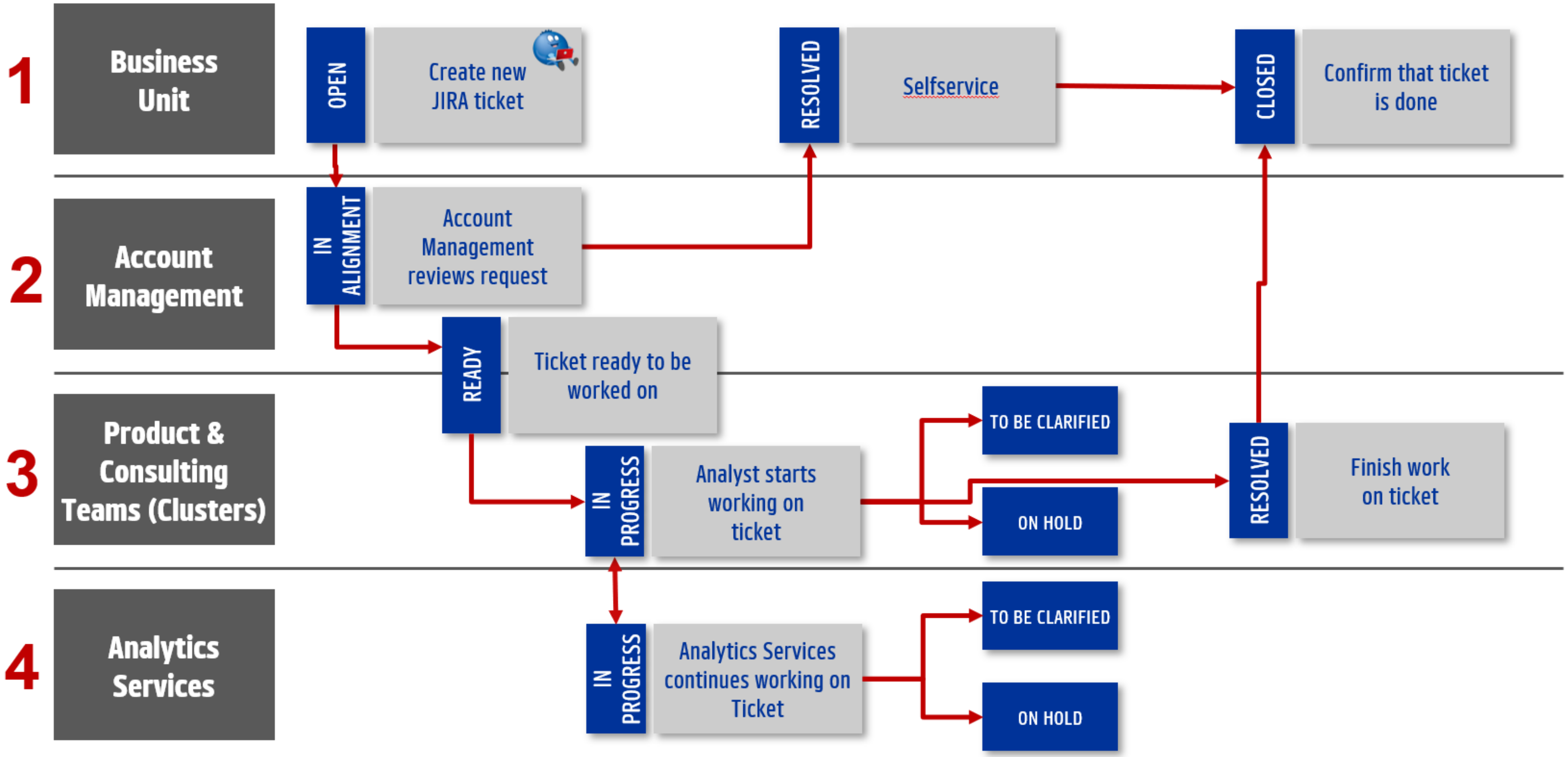
- **Project:**
  - EA PAYBACK Analytics (EA)
  - REP Reporting (REP)
- **Assignee:** Account Manager / TL
- **Team:** relevant Consulting Cluster / Analytics Services Team



JIRA is our task management tool, that allows us to easily prioritise issues and track their progress.

All task in one place!

Ticket Process including all stakeholders



Thank you!