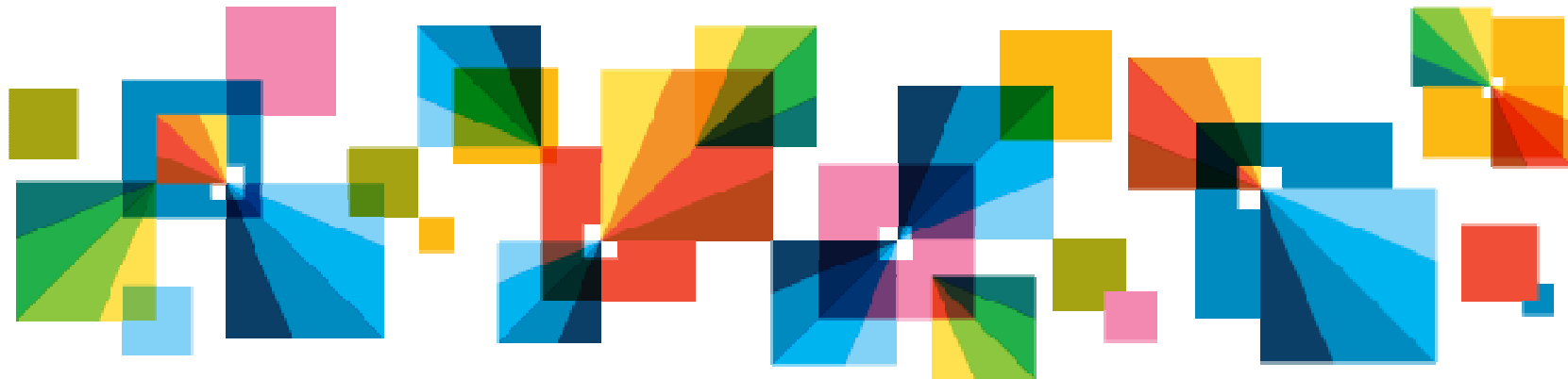


# Keeping your loyal customers satisfied and your satisfied customers loyal



London Marriot April 23<sup>rd</sup> 2013

## Agenda

**09:00 Welcome**

Tony Boobier, Insurance Executive EMEA, IBM Business Analytics

**09:15 CMO Point of View**

Caroline Taylor, VP Marketing, Communication & Citizenship IBM UK & Ireland

**10:00 Break**

**10:15 Customer Analytics to win customers and grow your Business**

Rachel Pillsbury, CRM Manager - Data Mining, Boots

**11:05 Big Data and why it is critical to successful growth**

Noel Garry, Big Data Analytics Insurance Leadership, IBM

**11:50 Wrap up and Close**

**12:00 Lunch**

- ‘You can't just ask customers what they want and then try to give that to them. By the time you get it built, they'll want something new.’
- ‘In addition to building better products, a more open world will also encourage businesses to engage with their customers directly and authentically.’
- ‘We don't want to push our ideas on to customers, we simply want to make what they want.’
- ‘Our purpose is to deliver products and services that help people look and feel their best.’



# Analytics Provides Insight

## All information

- All information
- Transaction data
- Application data
- Machine data
- Social data
- Enterprise content

## All perspectives

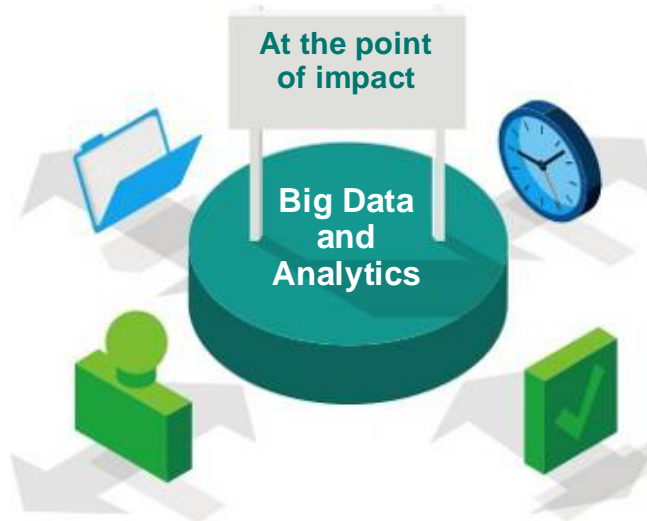
- Past (historical, aggregated)
- Present (real-time)
- Future (predictive)

## All people

- All departments
- Experts and non-experts
- Executives and employees
- Partners and customers

## All decisions

- Major and minor
- Strategic and tactical
- Routine and exceptions
- Manual and automated



# How organisations are evolving their Analytics journey



STRATEGY & VALUE

• *What are the key business issues or opportunities that Analytics and Big Data can help me to address?*



TECHNOLOGY

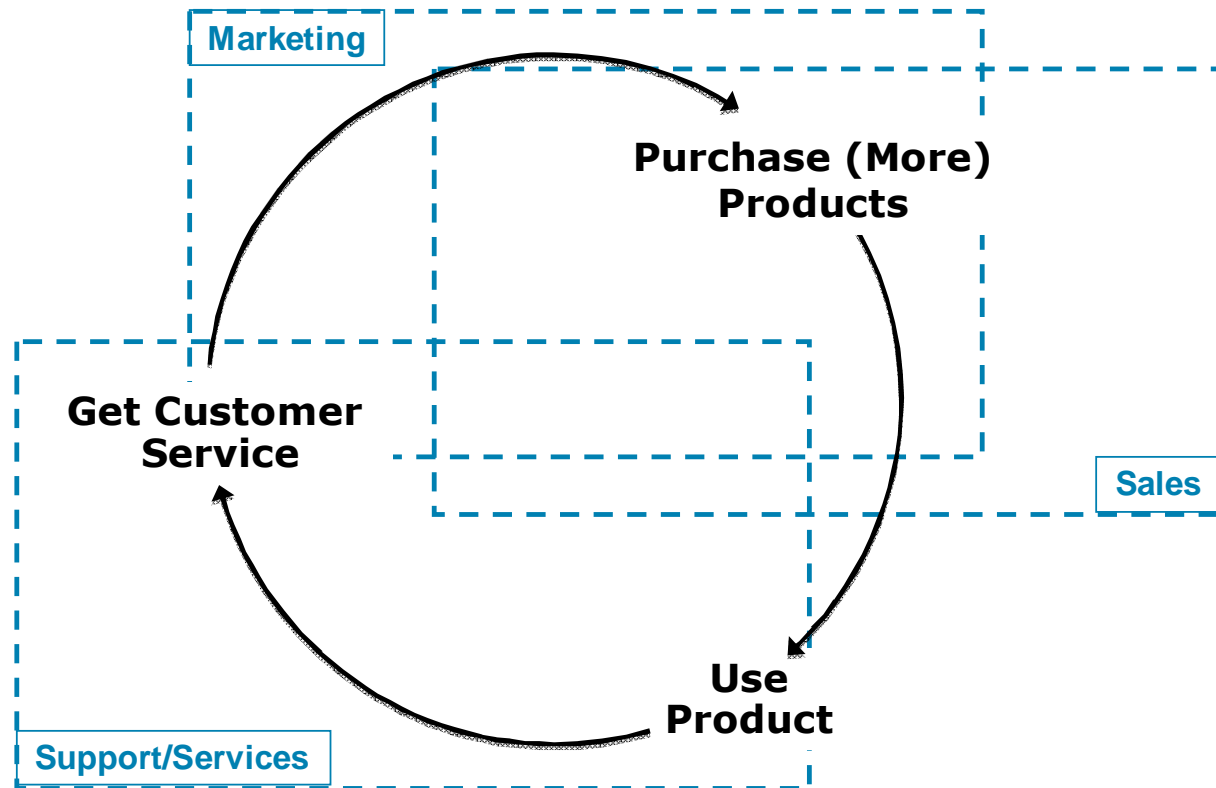
• *What are the essential analytics capabilities we need to ensure we have in place?*



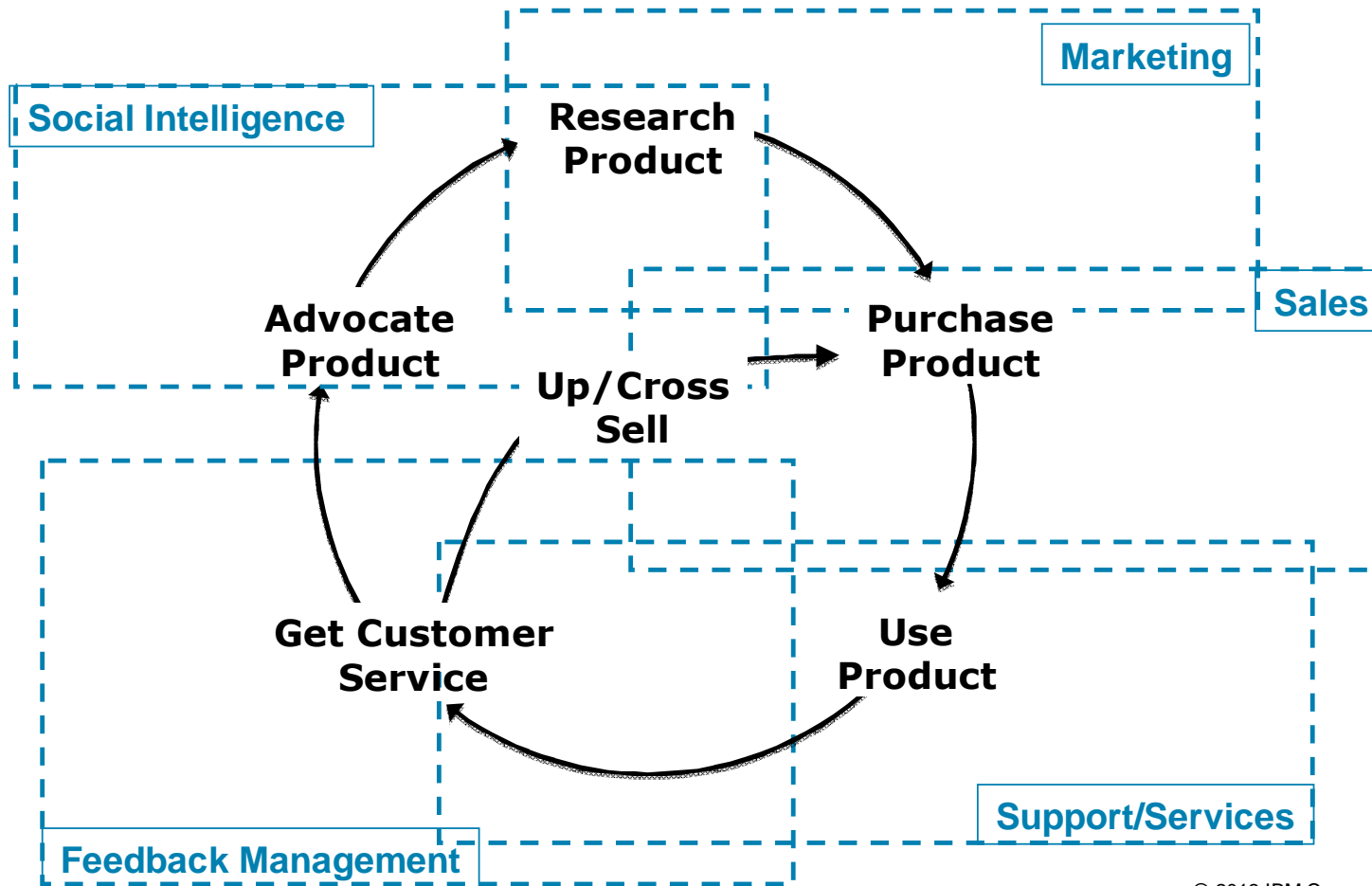
PEOPLE & PROCESS

• *What analytics skills and processes do I need to add or modify to be successful?*

## Consumer Experience Framework – 10 years ago



## Customer Experience Framework today



# The CMO - an IBM Point of View

Caroline Taylor  
VP Marketing, Communications & Citizenship  
IBM UK & Ireland



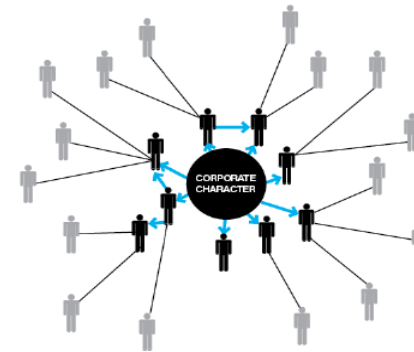
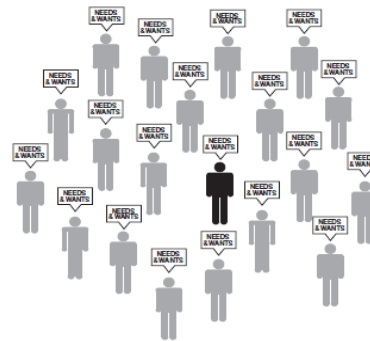
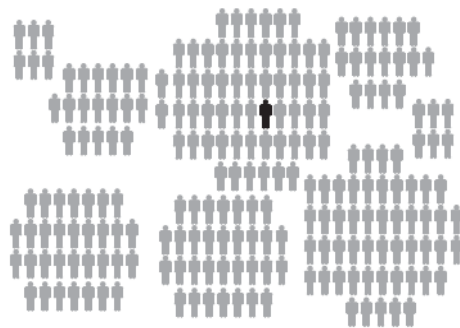


## Chief Marketing Officers – radically remaking our profession

Marketers have always been responsible for *knowing* the customer

Marketers have always been responsible for defining *what* to market, and *how* to market it

Marketers have always protected the *brand promise*



Understanding each customer as an *individual*

Creating a *system of engagement* that maximises value creation at every touch

Designing your culture and brand so they are *authentically* one



# How to Win Customers and Grow Your Business

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**Customer & Marketing Insights – Loyalty**

**Team**

April 2013

*Rachel Pillsbury*

*CRM Manager – Data Mining*



# What is Our Role?

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To Deliver Outstanding Insight Driven Direct Communications:



# Today's Presentation

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## The Journey Towards Delivering Feel Good

### Our Motivations: The Boots Brand Mission

Knowing Your  
Customers

Targeting to  
Deliver Feel  
Good

Bringing it All  
Together



# The Boots Brand Mission

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## Why Have We Transformed Our CRM Capability?

- The Changing Role Of Boots in Customers' Lives
- Dynamic Relationships with Customers
- Building a Great Customer Relationship

# The Role Of Boots In Customers' Lives

1870



Champion  
Everyone's  
Right to Survival

1950



Champion  
Everyone's  
Right to a Basic  
Standard  
of Health &  
Beauty

2012



Champion  
Everyone's  
Right to FEEL  
GOOD

Motivation is Consistent, Expression Changes

# Changing Relationships With Our Customers



**Pre-2012**

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**Personal Relationships**

**High Street but Local Use**

**Understanding Your Customer**

**2012**

---

**Continue Previous Relationship**

**Relationships Develop in Many Different Ways**

**Stores: 2,600+**

**People: 71,000+**



**The Objective Is To Be Customer Led**



# Building A Great Customer Relationship

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To Deliver 'Feel Good' We Must...





## To Deliver 'Feel Good' We Must Understand Women

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- Women Account for the Majority of Sales in All Major Categories
- 95% of Our Card Holders are Women
- 80% of Our Colleagues are Women



**Boots Understands Women Through Great Insight**

# Advantage Card is at the Core

Shops on weekdays at  
lunchtime in a local  
store



Buys vitamins –  
health conscious



Buys into meal  
deal offer



Boots UK Limited	
YATE - 255 (01454) 312589	
13/10/2008	12:25
Served by: LISA	
*** 3 FOR 2 ***	
<del>Vega</del> silhouette	13.08
<del>Milk</del> Thistle	8.99
<del>Kita</del> Bk Cobosh	2.41
SAVING	£2.41 NOW .00
<del>SANTO</del> Act Maxi+48	8.00
<del>Act</del> B/Soft Wipes7	1.05
*** LUNCH ***	
Diet Coke 500ml	.85
<del>Son</del> Blueberry Bar	.45
<del>Del</del> Bk Wk Wrap	2.03
SAVING	34p NOW 2.99
No7 <del>Vitamin</del> Earn	.00
<b>TOTAL TO PAY</b>	<b>32.11</b>
<b>CARD SALES</b>	<b>£32.11</b>
Total Saving Today £2.75 Including 30.34 Deals And £2.41 Discount	
Points Received	45
Points to Spend in Store	889
220 1632 0499 134	*487752057

3 for 2 offers

**3 for 2**  
Mix & Match

Is a parent with a  
young baby



Advantage Card  
number

# Understanding Laura every time she shops

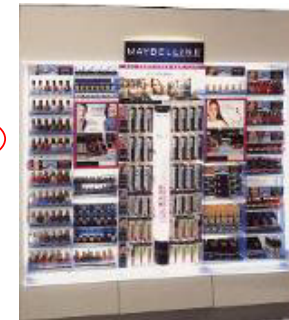


Shops in large store Saturday mornings



Redeems coupons

Boots UK Limited PLYMOUTH - 399 (01752) 663627			
18/10/2008			10:16
Served by: NATIE D			
£			
Evian Water750ml			.99
No7 A/Eye Pencil			
<del>No7 Voucher Redem</del>	SAVING	£5.00 NOW	0.49
<del>LP Ext Voa1 Mascara</del>	SAVING	£2.00 NOW	7.99
<del>Dior A/FLSH Lgt/Bge700</del>			29.50
<del>NARWAK Taisite</del>			2.00
<del>Heat Mag</del>			1.65
<del>Aussie 3rin250ml</del>			4.17
<del>Saxx 300ml SHN001</del>			.79
<del>Lynx Click Apd150ml</del>	SAVING	07p NOW	1.00
<b>TOTAL TO PAY</b>			<b>48.58</b>
CASH			50.00
CHANGE			1.42
Total Saving Today £7.87			
ADVANTAGE CARD STATEMENT			
Points Received			194
Points to Spend In Store			1003
211 8192 8499 131			*487752057



Purchases self-selection cosmetics, but also premium cosmetics  
Could have a partner?



Advantage Card number – same as previous receipt!

A Fantastic Database of Facts

# Bringing it All Together: Insight Driven Communication

## Market Analysis

We are losing market share in Baby.

Q. What has changed?

Analyse Campaign



Baby Team

Q: Why are we losing share



Build Campaign

Identify Targeting Opportunities



Analysis and identification of lost mums from Ad Card data

Research: Why mums stop shopping baby at Boots (via surveys, group discussions)



Q. What action could we take?

Direct Marketing Activity

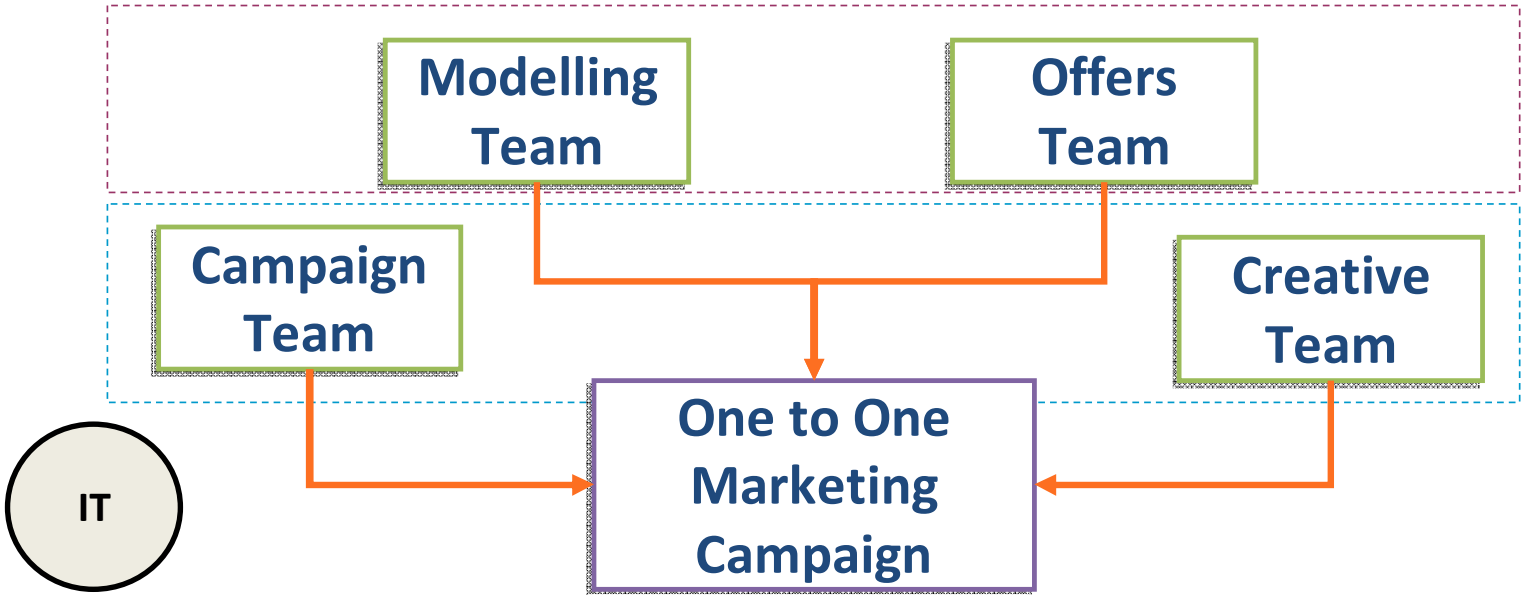
Do nothing and monitor

CRP/ Pricing/ Space & Layout/ Trials

**Building on Insights to Deliver Results**

# Empowering People

## Structuring to Maximise Potential



Allowing Marketers to do What they do Best

# Understanding the Boots Customer: Data Mining

## Demographic Data:

We know who the customer is



## Transactional Data:

We know what they bought



## Contact Data:

We know who Received Comms and Offers



## Response Data:

We know who responds to offers



Who to Speak to? About What?

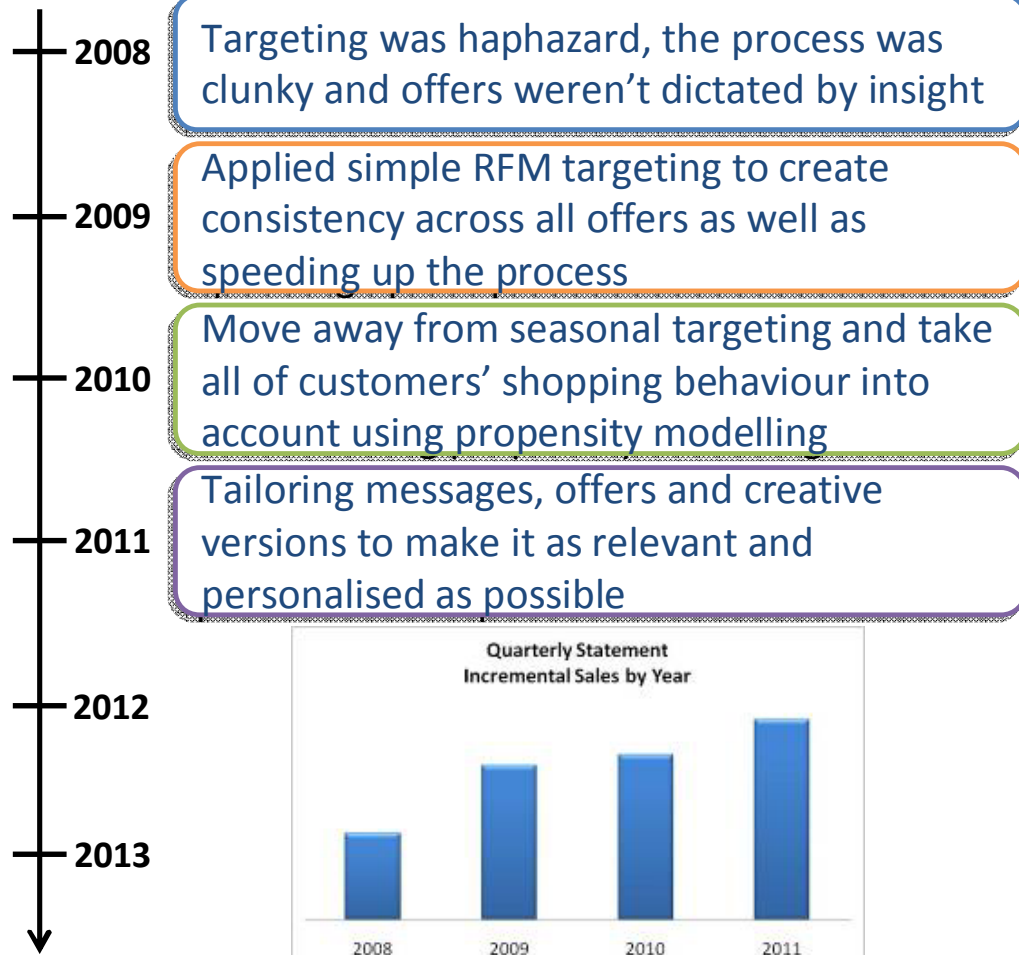
# Targeting to Deliver Feel Good

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## The Role of the Data Mining Team

- **Case Study 1: Quarterly Statement**
- **Case Study 2: No7 CRM Programme**
- **Case Study 3: Targeting at the Till**
- **Case Study 4: Customer Evenings**

# Case Study 1: Quarterly Statement





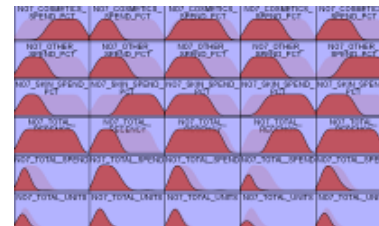
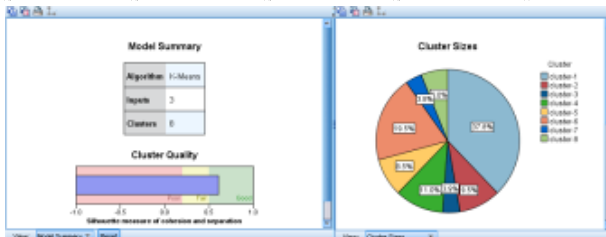
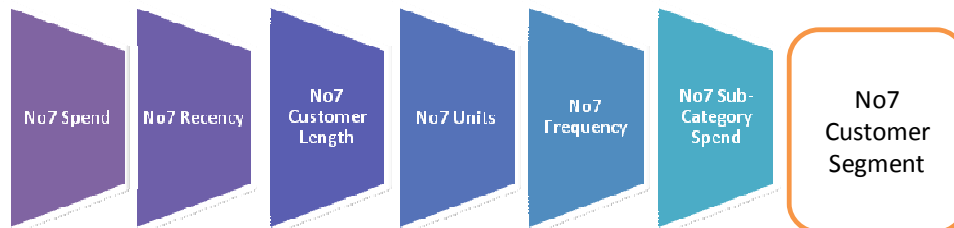
# Case Study 2: No7 CRM Programme

## OBJECTIVES:

- Drive No7 engagement, breadth and incremental spend through regular targeted direct communications
- Understand customer behaviour during the programme and how it changes
- Test and learn

Broad targeting with detailed segmentation and strict control groups to understand what works and what doesn't

K-means Clustering used to identify important variables for defining segments



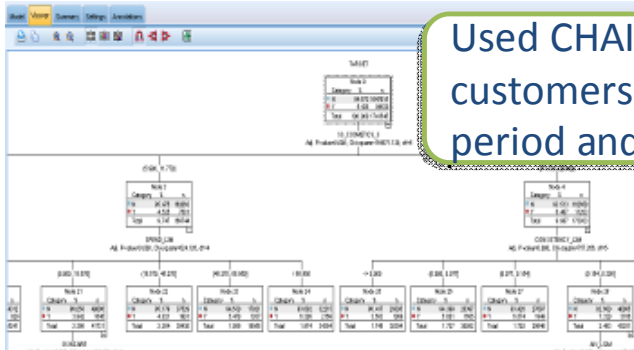
Segmentation refreshed monthly to track changes in behaviour



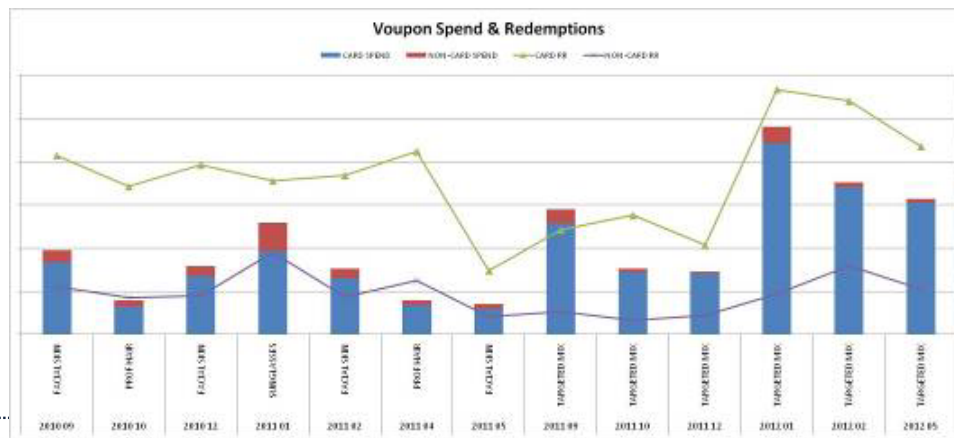
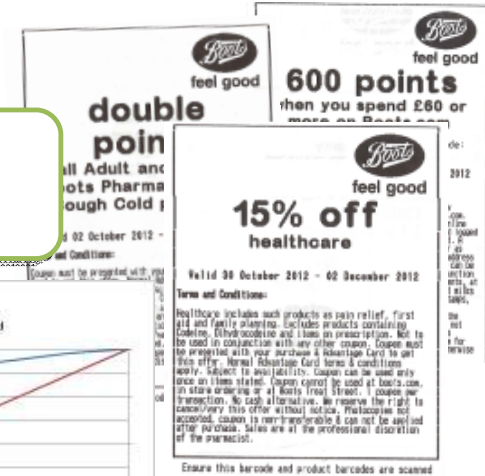
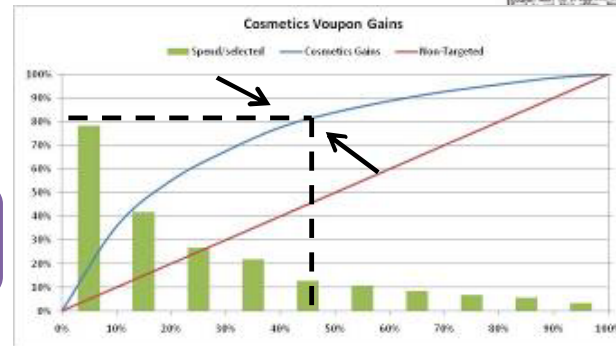
# Case Study 3: Targeting at the Till

Move from one offer per period that was untargeted

Used CHAID models to identify which customers were the most likely to visit in a period and use a till-generated offer



Applied gains chart logic to refine targeting and improve response rates

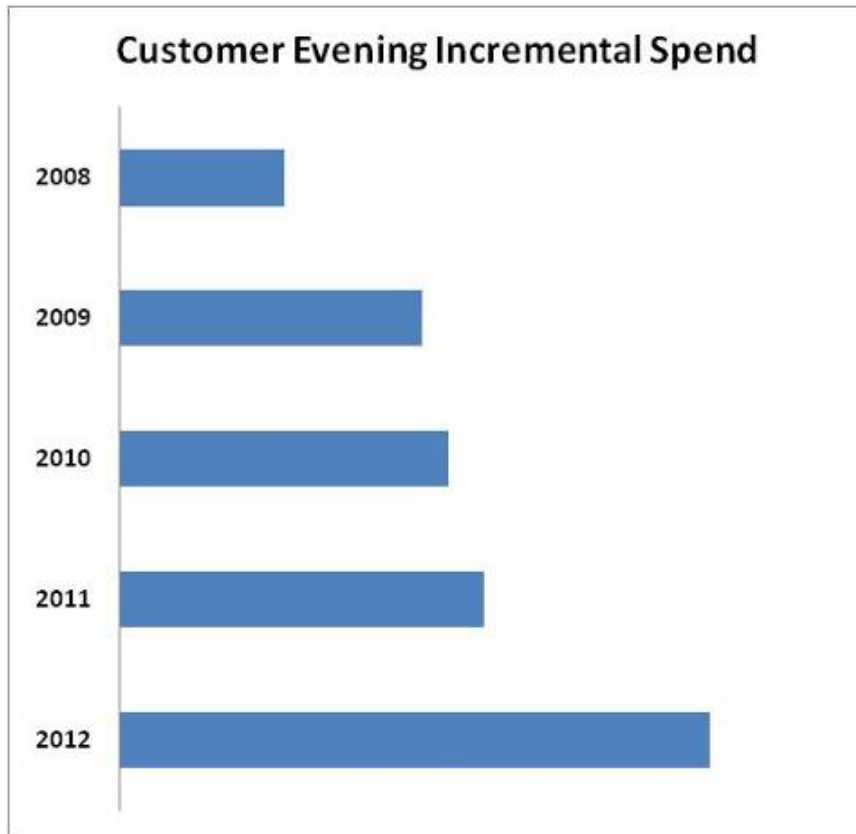


Increase in Customer Engagement  
 Increase in Spend  
 Increase in Redemption Rates  
 Increase in Customer Frequency





## Case Study 4: Customer Evenings



2008: Poor Targeting

2009: Applied RFM targeting to find customers' favourite stores

2010: Applied propensity modelling to achieve maximum responses from minimum mailings

2011: Introduced multi-channel targeting to increase customer awareness

2012: Refined propensity model and store list to attract the best customers

**Bringing all elements of targeting together to maximise spend and minimise costs.**

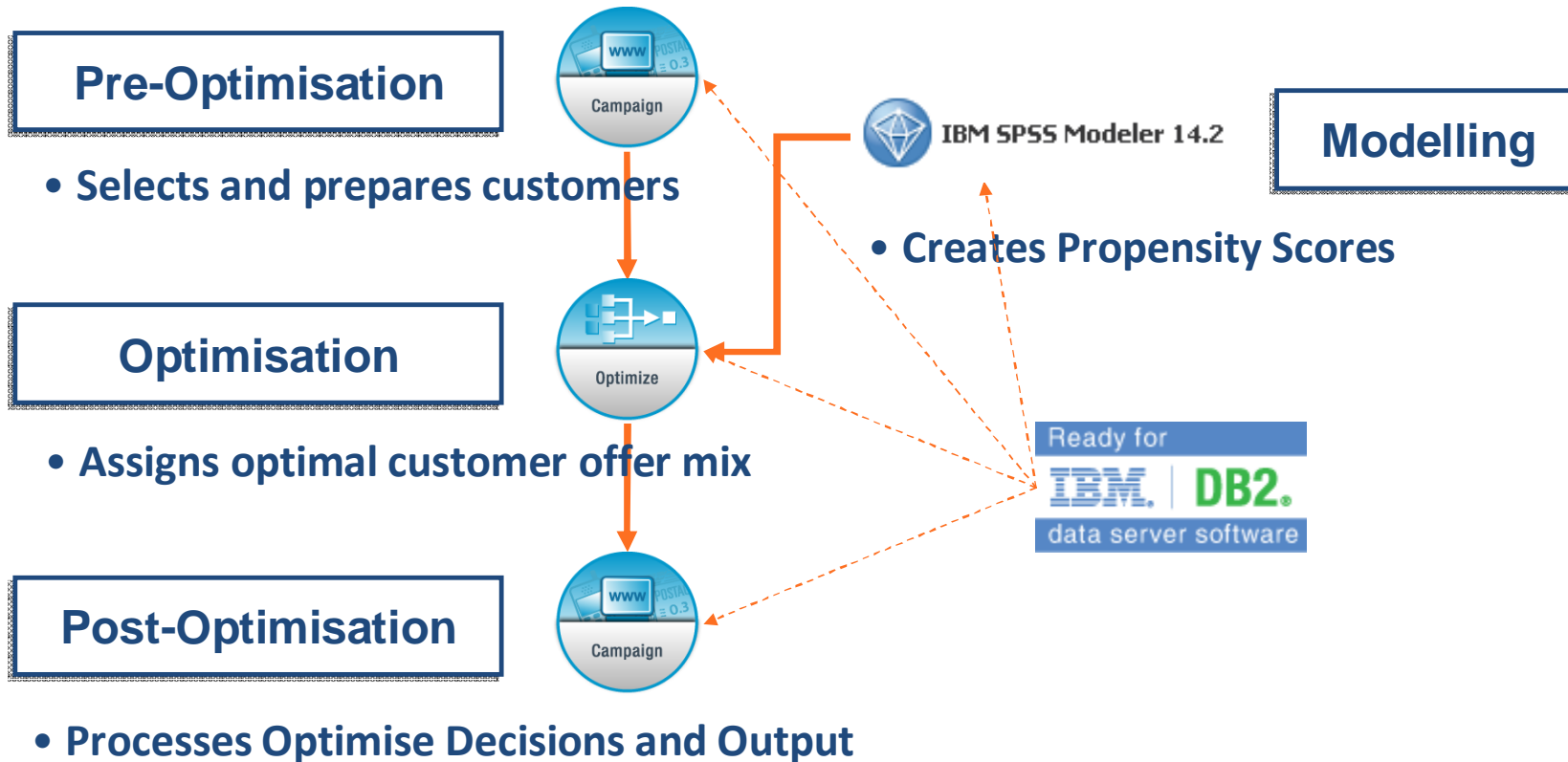
# Joined Up Communications

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## Getting the Message Out to Customers

- The role of Optimisation
- Multi-Channel Optimisation
- Future Challenges

# Delivering a Clear, Manageable Process



**Efficient Process Increases Output Quality**

# Multi-Channel Optimisation

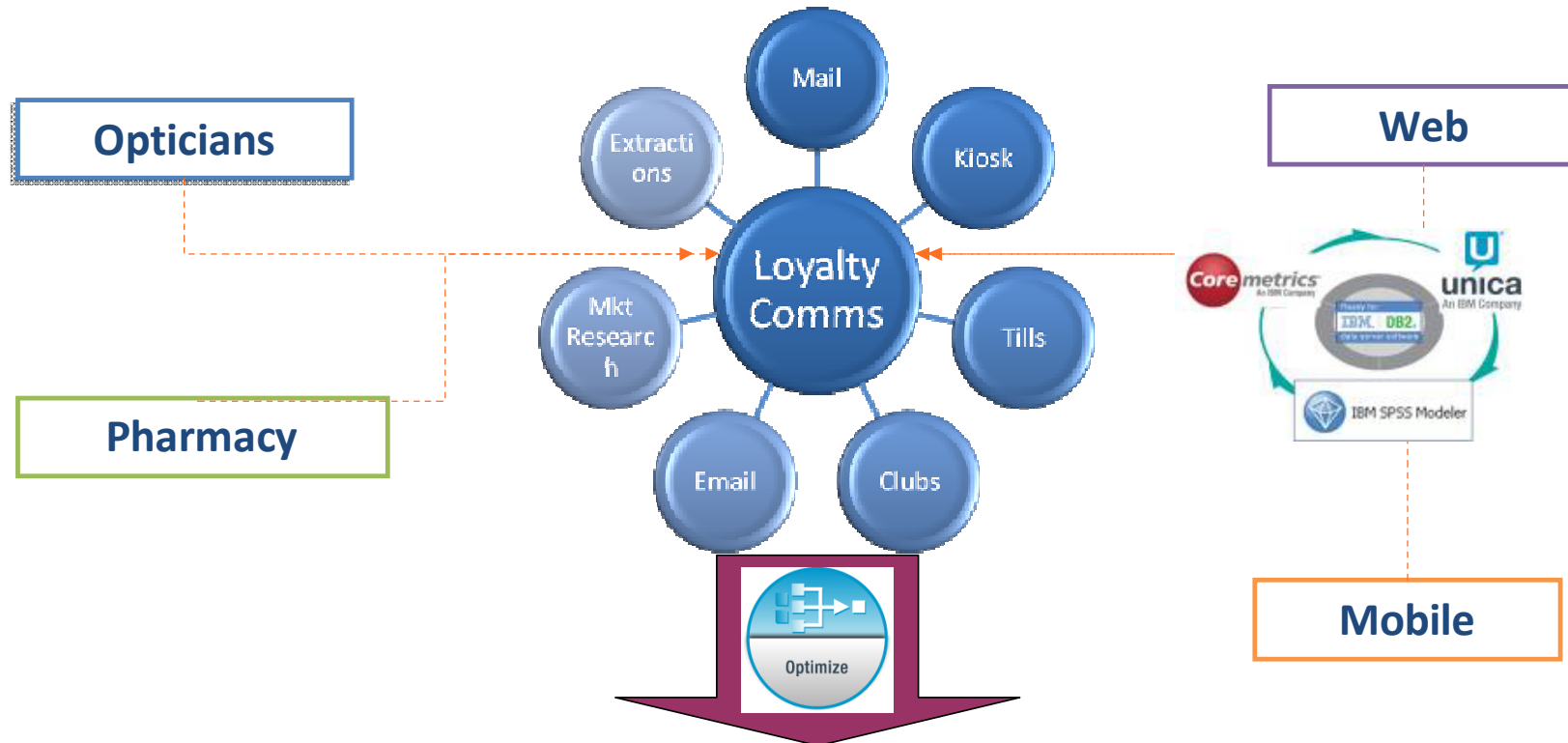


**Traditionally a Direct Mail Focus**

**Now Active via Multiple Channels**

**Delivering Feel Good in All Interactions**

# The Challenge of Growing Complexity



**Coherent, Planned, and Profitable Touch-Points**



# Delivering the Boots Mission and 'Feel Good'

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# Thank You & Questions

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