



CASE STUDY

RETAIL

CAN STRATEGIC CUSTOMER SEGMENTATION DRIVE PERSONALIZED MARKETING PROMOTIONS?

Companies looking to sustain customer loyalty should drive meaningful engagement through personalized and compelling messages.

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In order to shift from a product-centric marketing strategy to one based on customer preferences, it was essential for a global retail chain to drive hyper-personalized marketing promotions. This could be done only by analyzing customer behavior and purchasing patterns, and strategically segmenting existing customers. The company partnered with WNS to segment customers and lay the foundation for tailored campaigns and loyalty programs.

A Value-based, Hierarchical Customer Segmentation

It was important to have a holistic understanding of the attributes that defined the different customer types within the customer base. WNS focused on the key metric of 'total value delivered per customer' across the entire segmentation exercise. Instead of relying solely on statistical methodologies, we adopted a hierarchical approach to segmentation, and incorporated the client's desired business objectives at every stage of the exercise.

Through a highly iterative process, we strategically segmented the entire loyal customer base on the value they delivered to the client. Short and long-term strategic business goals specific to each segment enabled the client to derive greater value from them over time. Our analytics model also identified additional variables for deeper segmentation.

We created a Playbook of Segments that provided the client:

- 18 strategic and granular customer segment profiles
- Primary and secondary business objectives
- Marketing 'Dos and Don'ts' for each segment

The Outcome: Targeted Loyalty Programs

The retail chain was able to arrive at well-defined, strategic customer segments that continue to serve as the cornerstone of its targeted loyalty marketing programs. The company was able to better understand its customer base, thereby significantly boosting its

business responsiveness to consumer preferences. Using WNS' Playbook of Segments, the company continues to design and implement effective marketing calendars for each customer segment. The client is also able to measure the incremental business revenue from each campaign, and analyze customer migration patterns across various segments.

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