



CONNECTIONS:

INTELLIGENT > EVOLVING > REAL

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It's Not Analytics

It's Insights into Action

(driving personalization and decision intelligence)

APRIL 18, 2023

For Starters....

We believe
the better
you know
people and
their
behaviors...

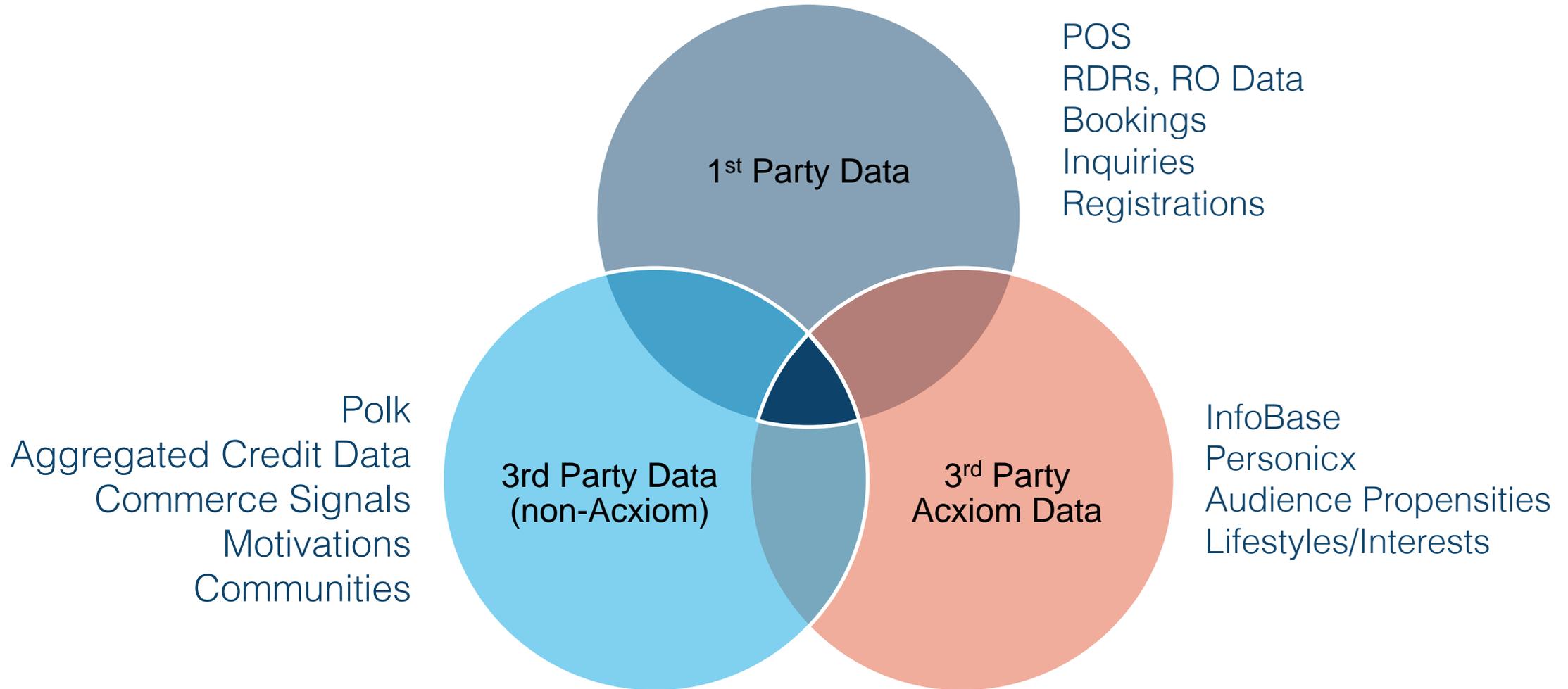
The better
you can serve
experiences
they desire...

The better you
can delight
them...

The better you can
influence them
when they are ready

Leveraging the Power of Data

To Drive Personalized Experiences



Does any of this *really* matter?



PEOPLE WANT IT

71%

People expect personalized interactions.

76%

People get frustrated when that does not happen.



SHAREHOLDERS VALUE IT

40%

More growth brands delivering personalized experiences vs. their competition.

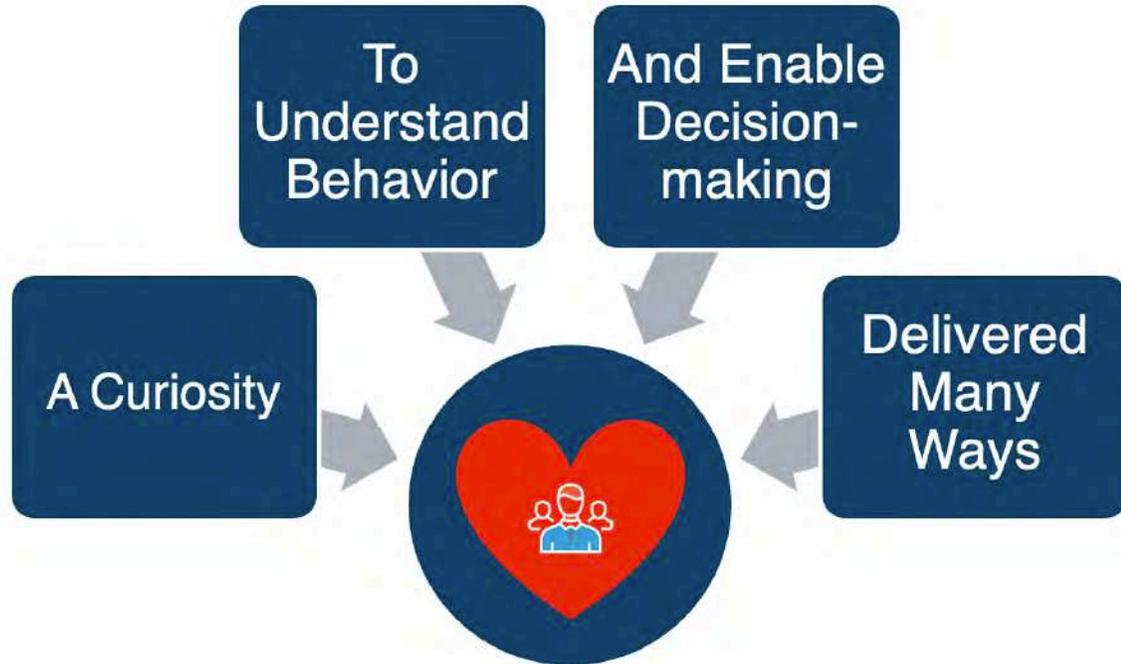
15%

Revenue lift that comes from personalization.

Source: McKinsey

What is Analytics?

It's more than a campaign response report or acquisition model



All designed to improve the customer experience

- Engage customers in a more relevant and personal way
- Drive lifetime value and customer retention
- Increase revenue and ROI

6

Supports
All...

- Areas of Business
- Marketing Channels
- Customer Segments and Touchpoints

Provided in
various forms...

- Simple reporting / dashboards
- Predictive models
- Embedding rules-based triggers to drive next best action (ML)

Begins with Thinking Big, but Starting Small

The basics first... leads to decision intelligence

Consumer Landscape

- What do my customers look like?
- What drives shopping behaviors?

RFM Segmentation

- Segment development, personas & profile
- How to market to segments

Best Customers

- Who are my best customers?
- What are they worth?

New Customers

- How do new customers become loyal customers?
- How do we market to them?

Loyalty Members

- What do they look like?
- How can we find more like our most loyal customers?

Retention

- How long do active customers stay engaged?
- How do we keep customers coming back?

Product Offering

- What do my customers want & need?
- What products appeal to them?

Customer Behavior

- How do my customers behave?
- What are similarities/ differences between customers?

Customer Landscape KPI's Illustrative - Vitamins

KPI	Active	Best	Rest	New	Inactive
Net Sales	\$186.4M	\$58.3M	\$92.3M	\$35.8M	\$44.1M
Customers	1,566,082	123,938	875,992	566,152	713,080
Spend per Customer	\$119.04	\$470.54	\$105.35	\$63.28	\$61.86
Transactions per Customer	2.27	6.72	2.07	1.59	1.47
Average Order Value	\$52.54	\$70.06	\$50.81	\$39.83	\$41.97
Average Unit Retail	\$20.78	\$22.28	\$20.14	\$20.22	\$20.85
Items per Transaction	2.53	3.14	2.52	1.97	2.01
Margin	56.6%	56.9%	57.5%	53.7%	52.6%
Repeat Rate	49.8%	100.0%	56.0%	29.3%	27.3%
%Contacted	73%	97%	93%	36%	56%
#Contacts	9	11	10	4	7

% contacted and # contacts are based on catalog and postcard mailings done in FY16

Best customers spend **4.5x more** than the non-best customers

Best and Rest customers are contacted the same number of times

Only 36% of new customers were contacted with only 4 touches

AUR and Margin are consistent across customer groups

Best customers have **3.2x more visits** in the past year with an AOV that is 1.4x greater than non-best

Starting Small: Most new customers are one and done

“One and done” customers spend an avg \$34

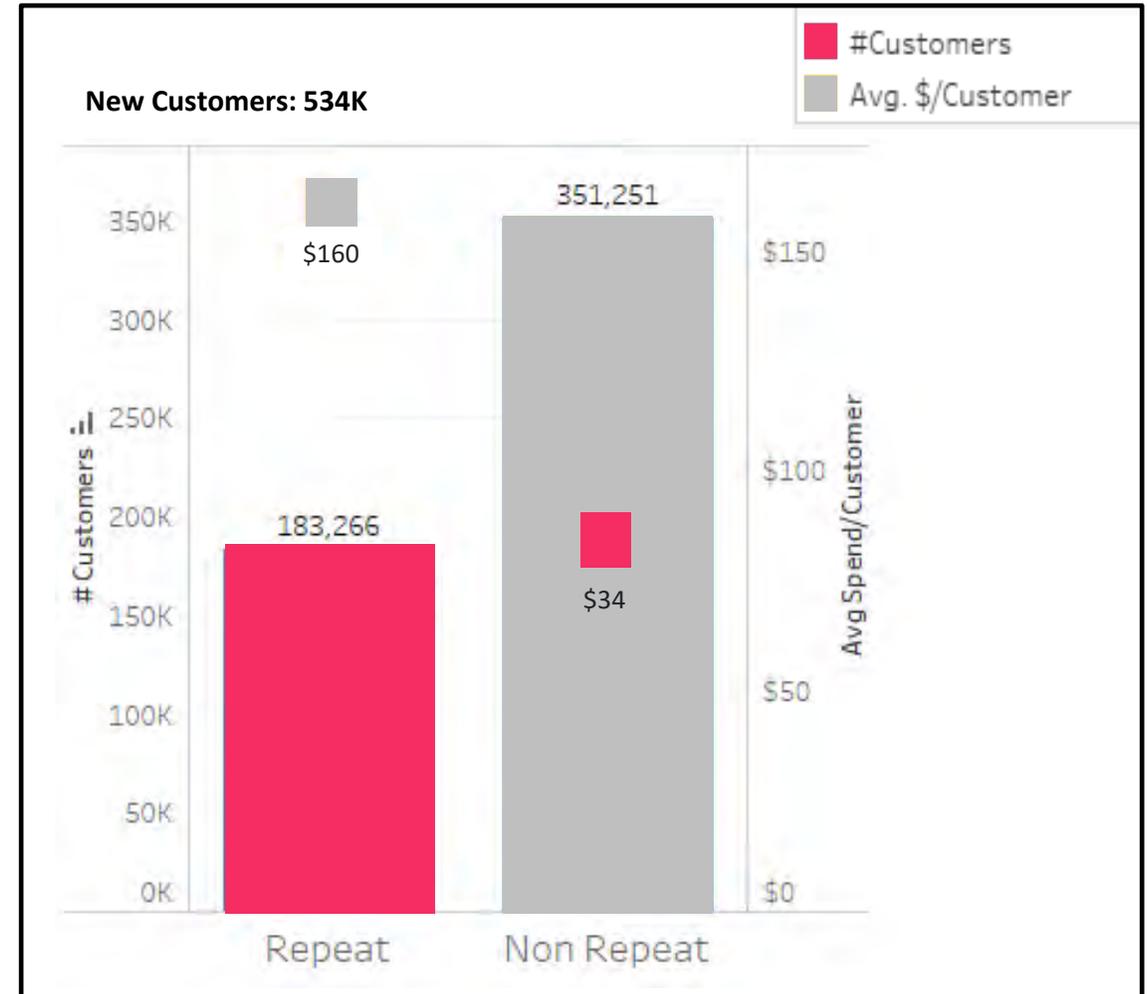
New customer that buy again have an avg spend of \$46, will shop 2.5x more times and ultimately spend \$160 in the next 12 months

Only 1 in 4 new customers will be back next year

Development of an early value prediction that identifies New customers with the greatest likelihood and best path for repeat purchase to better target

Enhance welcome kits and onboarding efforts to quickly reflect customer needs and 2nd purchase timing and paths/key categories

For each 2.2% migrated to \$160 in year 1, business will gain \$1 million in sales



Starting Small: Most new customers are one and done

Discovered in a Model

- Bodywork was correlated with a new car purchase
- Higher value was stronger
- Age of car also played a part

Data Was Silo'd

- Service data was not used for sales efforts

Dive Deeper

- Performed a more detailed analysis
- Back tested body work and sales

Introduced New Data

- Added a bodywork flag, date and customer pay to support sales efforts

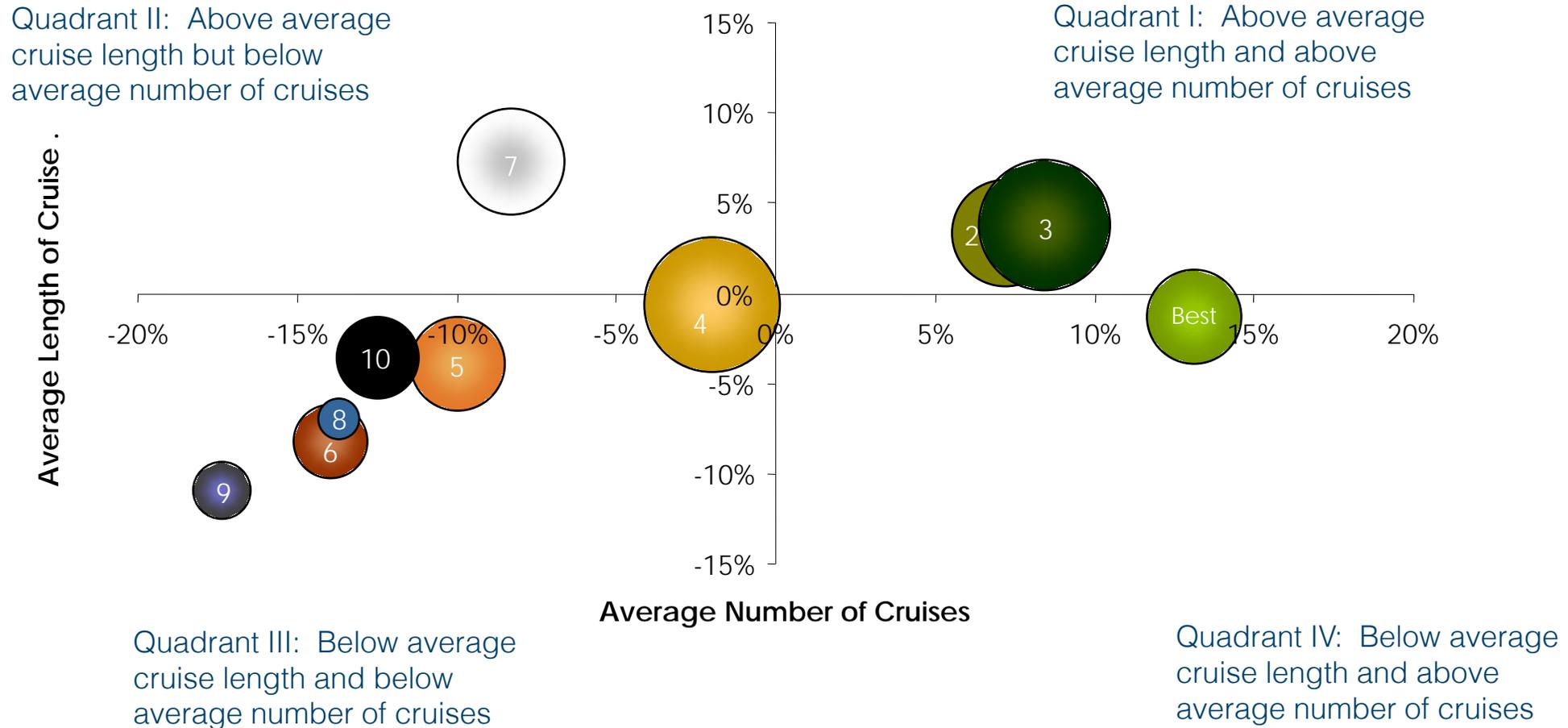
Timely Communications

- Introduced trigger campaigns and entered the household into upcoming loyalty/repurchase and launch communications

Segmentation

ABC Apparel									
SEGMENT	CUSTOMERS	DRESSES	I LIKE IT ALL	PANTS & TOPS	SUITS ME FINE	PANTS & SWEATERS	SWEATERS & TOPS	NEW CUSTOMERS	LESS THAN SIX
% OF CUSTOMERS	100%	6%	5%	7%	7%	6%	5%	30%	34%
TY NET SPEND	\$314	\$536	\$1,806	\$340	\$667	\$690	\$369	\$105	\$119
TY AVG TRANSACTIONS	3	4	10	3	3	5	3	1.2	1.4
TY AVG \$ TRANSACTION	\$104.67	\$134.00	\$180.60	\$113.33	\$222.33	\$138.00	\$123.00	\$88.26	\$88.30
TY CATEGORIES SHOPPED	3.2	5	10	4	5	6	5	1.7	1.9
% CREDIT CARD CUSTOMERS	33%	41%	60%	39%	40%	48%	37%	6%	30%
% ON DECLINE OR AT RISK FOR CHURN	32%	35%	24%	39%	28%	29%	34%	27%	22%
% ONLINE ONLY SHOPPERS	39%	39%	25%	37%	35%	29%	41%	44%	40%
% OF IN STORE ONLY SHOPPERS	39%	15%	6%	27%	20%	18%	23%	49%	49%
% OF MULTI-CHANNEL SHOPPERS	22%	46%	69%	36%	45%	53%	36%	7%	11%
SEGMENT OVERVIEW		Buy 3X More Dresses than any other group, 72% are CORE spenders	Highest Spend and Transactions, 46% VIPs, Shop All Categories, Highest % of Mult-Channel Shoppers	Buy 2X More Pants than any other group	Buy 4X More Suits than any other group, 3rd Highest Spend group	Buy 2X More Sweaters & Pants than any other group, 2nd Highest Spend group & 10% VIPs but also 67% CORE Shoppers	Buy 2.5X more Sweaters & Tops than any other group	1st Purchase at in past 12 months	Long tenure, Casual or One Time Cross Brand Shopper
TOP CATEGORIES		Dresses, Skirts, Wovens, Knits & Sweaters	ALL	Knits, Wovens & Pants	Suits, Dresses, Knits & Wovens	Sweaters & Pants, Knits, Wovens	Knits, Wovens & Sweaters	N/A	N/A
% SPEND GROUPS									
VIP		3%	46%	1%	3%	10%	2%	-	-
VIP DISCOUNTER		1%	11%	-	-	3%	-	-	-
CORE		72%	38%	57%	73%	67%	63%	-	-
CORE DISCOUNTER		12%	5%	17%	11%	16%	17%	-	-
CASUAL		10%	-	19%	11%	3%	14%	-	34%
CASUAL DISCOUNTER		2%	-	6%	2%	1%	4%	-	14%
ONE TIMER		-	-	-	-	-	-	-	23%
ONE TIMER DISCOUNTER		-	-	-	-	-	-	-	29%
% LOYALTY MEMBERS	39%	52%	69%	47%	49%	56%	46%	23%	41%

Segments by Cruise Length & Numbers



Leaky Bucket-Customer Migration

Even though there are 1.7M new accounts, it is not enough to fill the bucket for 2.3M accounts that attrited

Change in spend by decile YOY.

LY decile 1 – 511,417 of those, only 201,115 remained in decile 1, 79k stopped purchasing all together and the balance of 231k are purchasing less

New TY

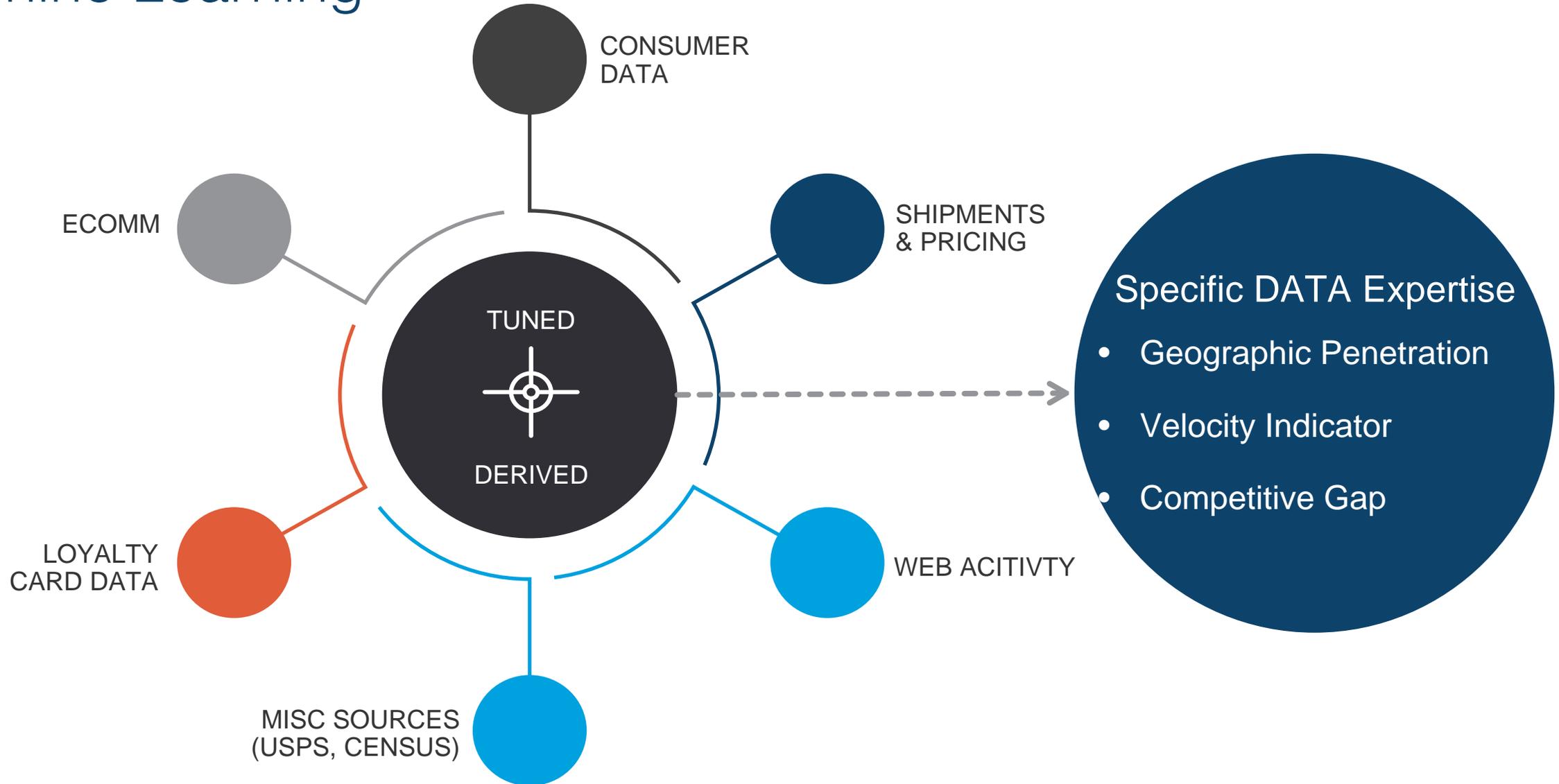


Spend Deciles													
		This Year											
Last Year		1	2	3	4	5	6	7	8	9	10	New	Grand Total
1		201,115	76,149	40,302	24,496	16,142	11,172	8,107	6,078	4,954	3,916	58,841	451,272
2		85,099	79,616	55,676	38,947	28,004	21,183	15,647	11,928	9,811	7,700	97,661	451,272
3		48,240	59,976	52,308	41,601	32,949	26,045	20,526	16,317	13,659	10,967	128,684	451,272
4		30,484	44,626	44,168	39,758	33,640	28,322	23,588	19,692	16,201	13,418	157,375	451,272
5		20,724	34,155	37,204	35,898	32,568	28,720	24,977	21,641	19,055	15,480	180,850	451,272
6		14,883	26,299	30,520	31,575	30,507	28,546	25,623	22,832	20,849	17,697	201,941	451,272
7		10,863	20,162	25,154	27,887	27,409	26,797	25,865	23,665	22,231	19,569	221,670	451,272
8		8,040	15,953	20,971	23,925	25,188	25,148	25,098	25,021	23,302	21,151	237,474	451,271
9		6,797	13,389	18,013	21,103	22,932	23,854	24,611	24,497	25,942	24,746	245,384	451,268
10		6,188	11,434	15,226	18,329	20,439	21,679	22,827	23,531	25,920	35,731	249,952	451,256
No This Year		78,984	129,657	171,873	207,895	241,635	269,946	294,542	316,208	329,485	341,033		2,381,258
Grand Total		511,418	511,418	511,418	511,418	511,418	511,418	511,418	511,418	511,418	511,418	1,779,832	6,893,957

Lost from LY

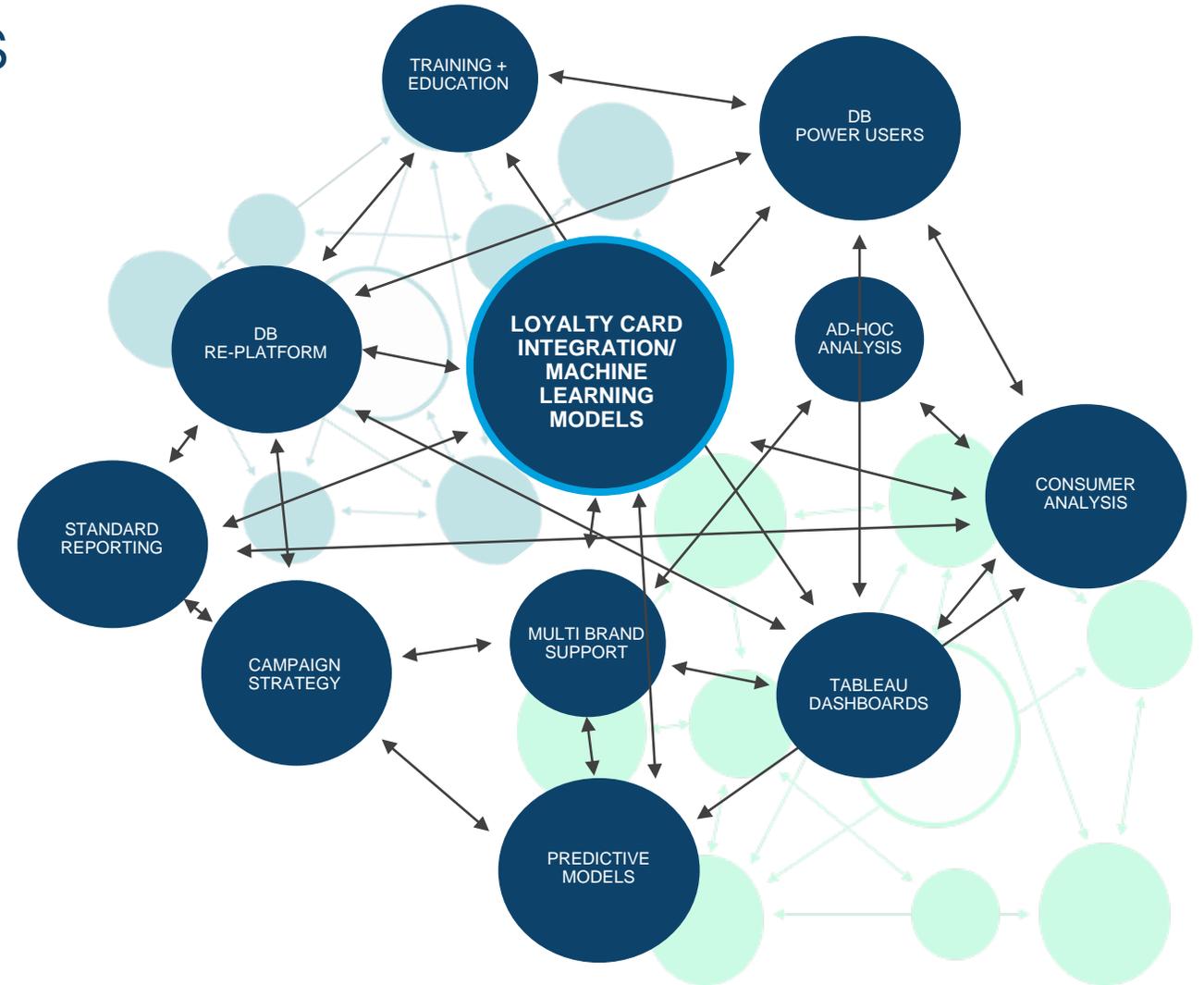


Machine Learning

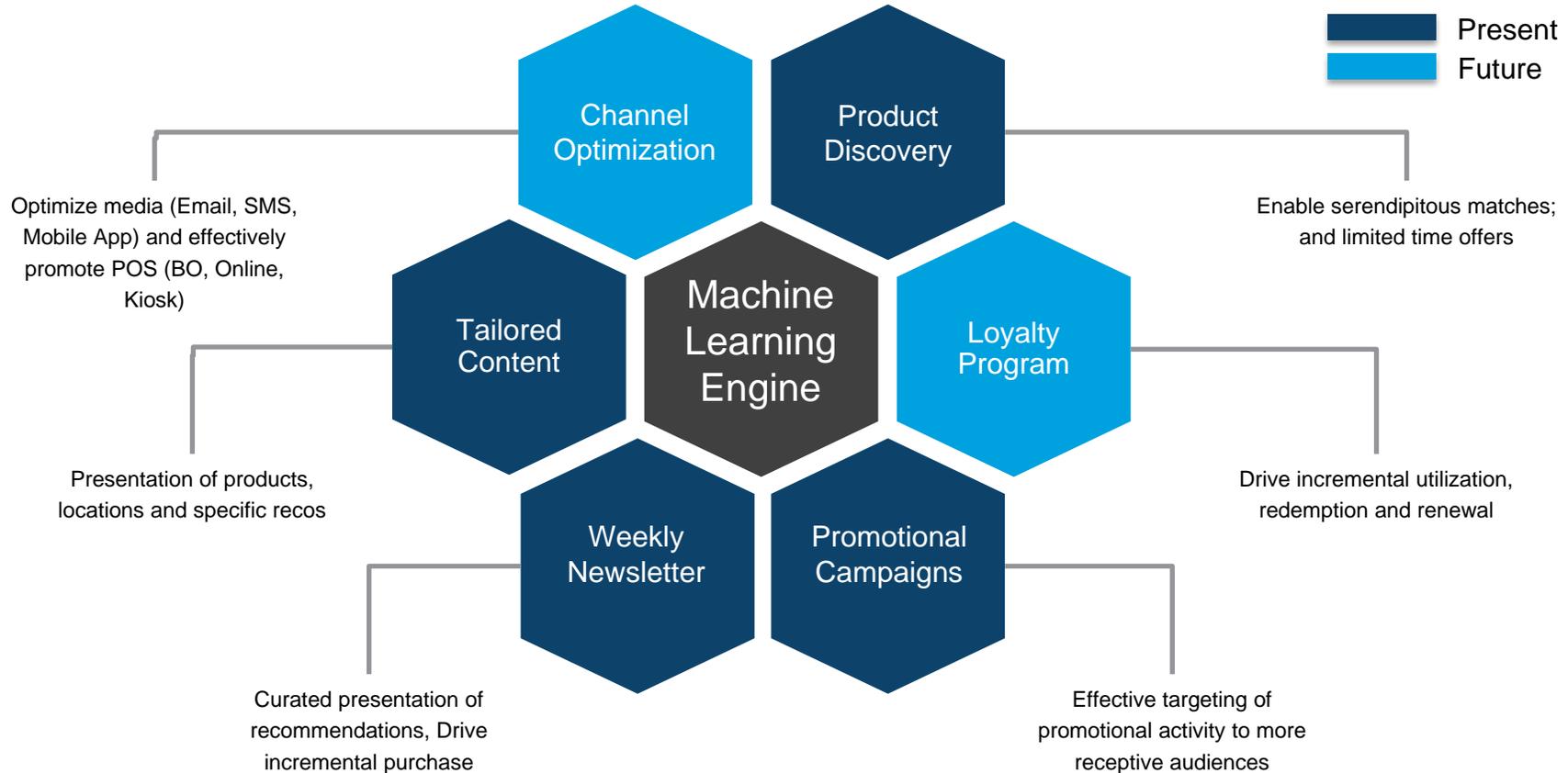


Machine learning as part of an always on data/analytics ecosystem:

- The whole is greater than the sum of the part
- Each component amplifies the potential of each other component
- Drives decision intelligence



Making the Data Actionable





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