



Measuring what matters

Insights. Action. Impact

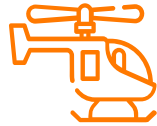
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The strategy team

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One view.

One source of truth.

Measuring Customer Lifetime Value (CLV) drives growth and value.

CLV drives bottom line revenue and profit, smarter acquisition, stronger brand metrics, longer tenure and greater loyalty.

Front Foot Marketing will helicopter up and help analyse the right approach to unlocking and understanding customer value including data capture, technology use, segmentation, available measurement criteria and reporting frameworks.





The questions

What makes the most profitable customers most profitable?

What categories do they buy across?

What type of products do they buy?

How frequently do they purchase?

What channel combinations do they use?

What do you really know about them?






The opportunity

To think differently about what drives profitable, long term, relationships and the loyalty of the highest value customers whilst increasing share of wallet/spend across all segments.

And how can the next best potentials be enticed for growth?

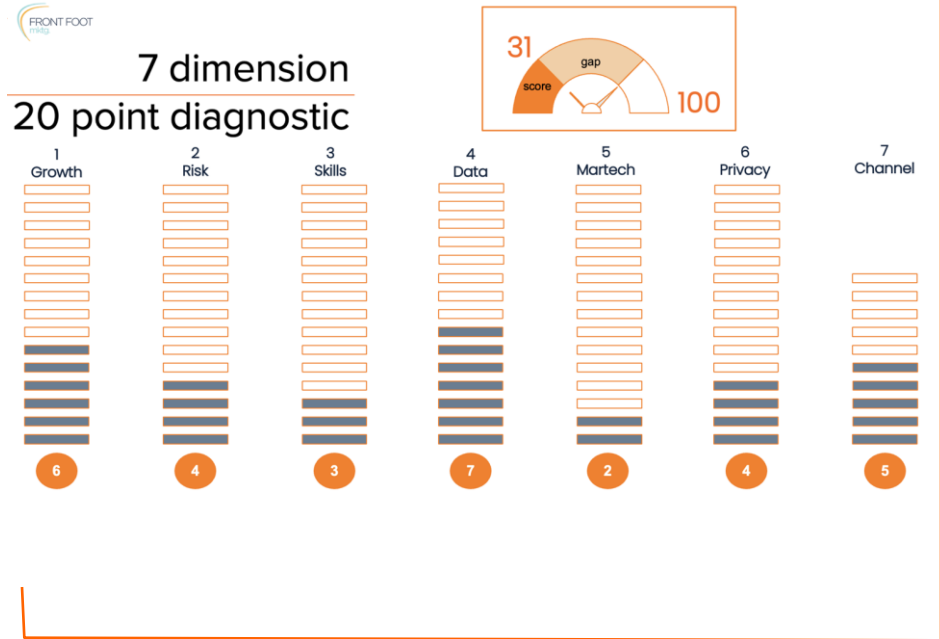


7 dimension 20point diagnostic

1 Growth	2 Risk	3 Skills	4 Data	5 Martech	6 Privacy	7 Channel
1 Strategy to objectives	4 Degree of ROI	7 Degree of knowledge retention	10 Customer champion success	13 ROTI	16 Privacy change impact	19 Growth drivers and pivot ability
2 Team to \$ outcomes	5 Competitor costing benchmark	8 Re-prioritisation rate	11 CX alignment to strategy	14 % time allocation on tech	17 Level of alignment	20 Degree of IP internal
3 Is profit needle moving	6 Which ½ working?	9 Level of duplication removed	12 CV in top 10 health measures	15 Tech debt level	18 How minimising rep risk	

Growth, through Customer Value (CV)

1. HELICOPTER assessment, identify 80/20
2. Prove profit shifts per customer, per annum
3. Reset, refocus, and evolve to differential customer targeting strategies and a habit forming relationship





Case study: 2023

“How do we prove Customer Loyalty and that the Loyalty program is delivering value to the business?”

The process

DISCOVER

Stage 1 (week 1)

- ❖ Kick off session: immersion and knowledge transfer
- ❖ Client to supply all relevant support documentation
- ❖ Q&A to define current and future states
- ❖ Gap analysis

PRIORITISE

Stage 2 (week 2 - 4)

- ❖ 2 x prioritisation workshop sessions to identify the value of all variables and inputs
- ❖ Initial data analysis to identify values, cohorts, insights
- ❖ Create helicopter view and report

DEFINE

Stage 3 (current proposal)

- ❖ Develop draft strategic Loyalty approach
- ❖ Define the dimensions of profiling and segmentation*
- ❖ Develop measurement model and calculate projected ROI

BUILD

Stage 4 (to be scoped)

- ❖ Build working Loyalty reporting model
- ❖ Test and learn methodology framework
- ❖ Go live

Project objectives

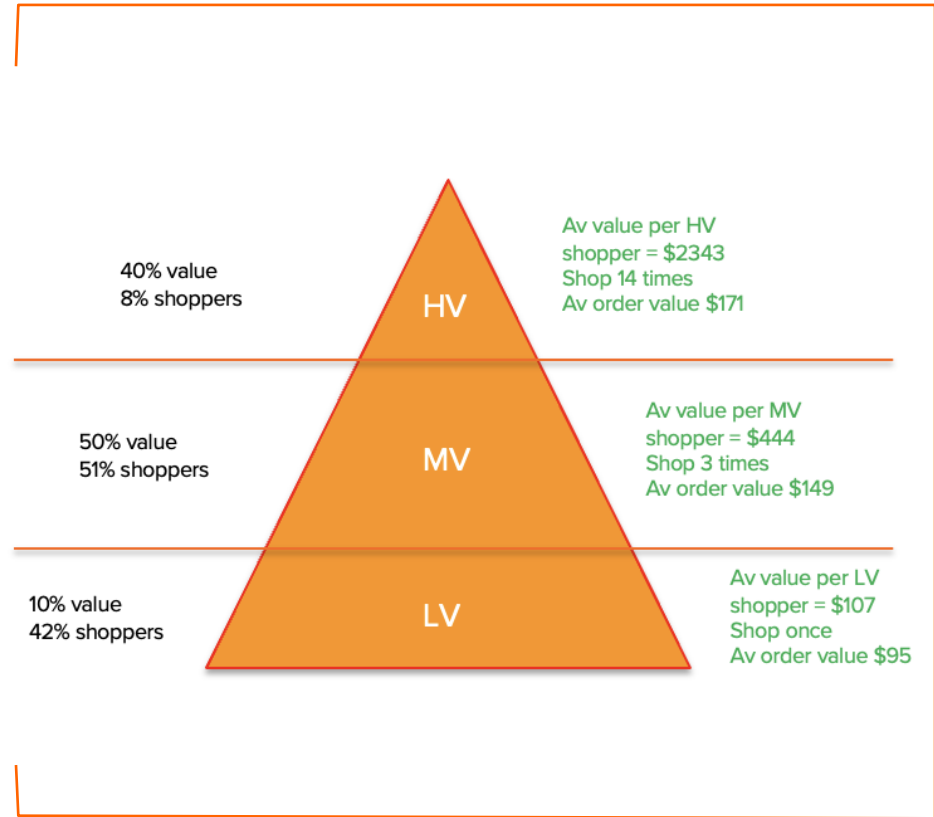
How to prove Loyalty value to the business:

- ❖ ROI of activity
- ❖ Identify current customer status and profile, and measure the shift in customer value for different segments (as measured by incremental gross margin)
- ❖ Test & Learn proof of concept (POC) methodology / framework to trial activity



Growth through Customer Value (CV)

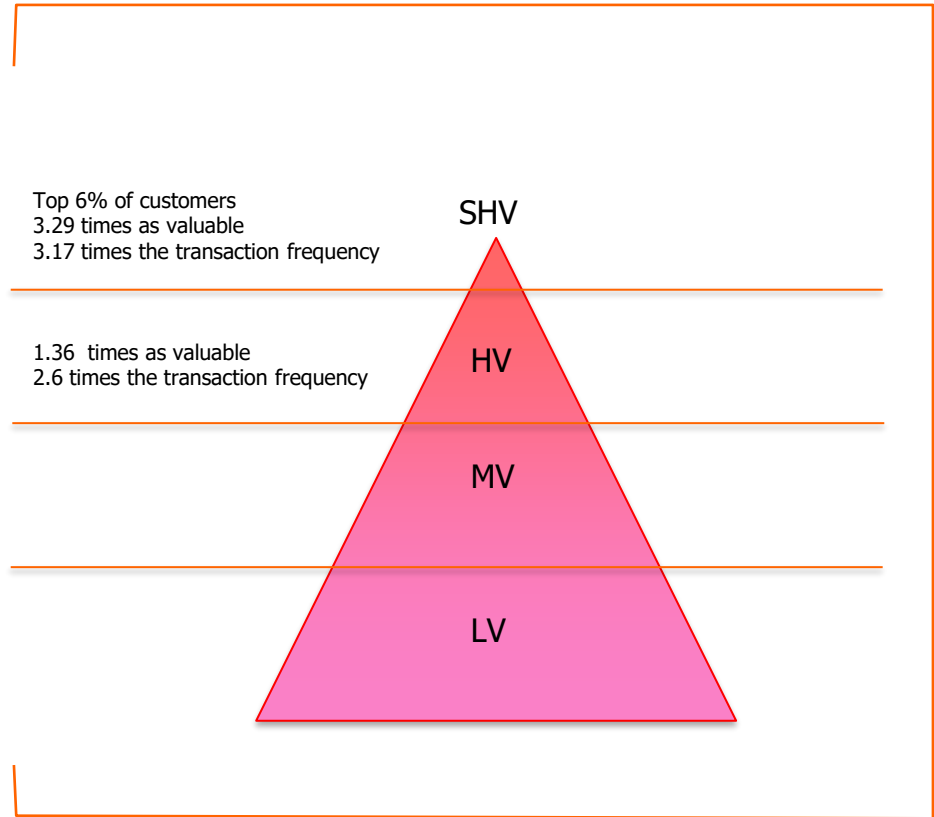
1. HELICOPTER assessment, identify 80/20
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National Australian retailer

Identified the most valuable customers based on margin contribution and frequency to help evolve loyalty marketing strategy.

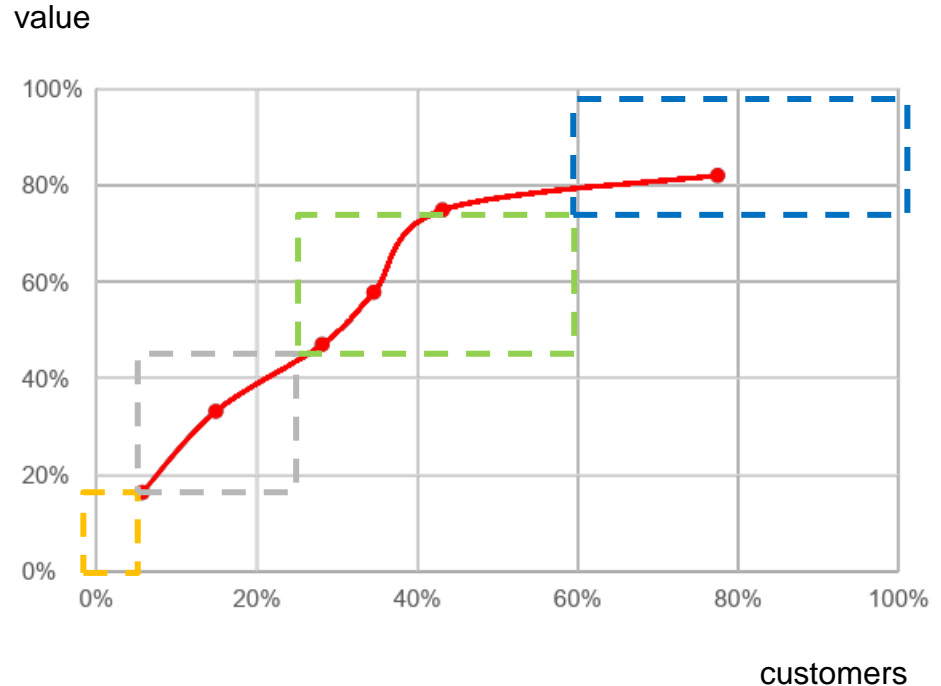
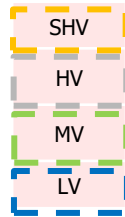
- ❖ Customer insights pulled together from multiple internal data sources (transaction, loyalty, channel)
- ❖ Created a value/stage engagement model
- ❖ Unearthed SHV segment based on frequency
- ❖ Defined 'easy win' actions to add over \$3m to bottom line



Detailed findings

value segments

- ❖ Four tiers of value were identified by analysing the change in percentage of category / multi-category spend.
- ❖ Steepness of curve represents a significant change in value.



Summary: Frequency is driving value

There's no 80/20 rule (where 80% of value comes from a small % of customers), however, there's a super high value segment that shop:

9 times a year and are **1.36x** as valuable

And there's a sub-segment of this SHV group, **multi-category** and **multichannel shoppers**, who shop:

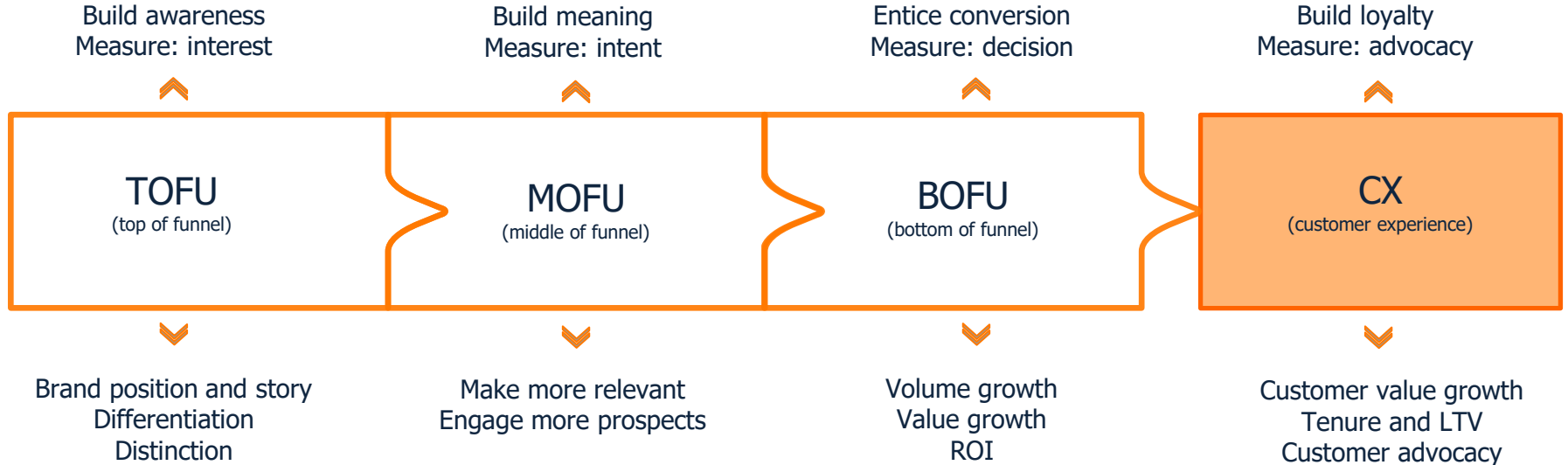
11 times per year, and **3.29x** as valuable

Further analysis revealed the super high value segment is due to:

- ❖ Transaction frequency (more linear relationship) rather than transaction value = more shops = more value.
- ❖ Multi category purchasing = more valuable.
- ❖ Multi-channel purchasing (online + instore)
- ❖ Number of children. More children, more categories, more need to go back and shop, more value.

Refocus budget to ROI drivers

Together we develop a clear strategic and measurable framework for sustainable success.



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Thank you!

Any questions?

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