



# 14% More Responses: Customer Segmentation that Sells

USE CASE: MARKETING CUSTOMER SEGMENTATION | INDUSTRY: RETAIL



14%

INCREASE IN  
OFFER RATES

9%

INCREASE IN  
DEMAND PER  
RESPONSE

3.7%

IMPROVEMENT  
IN OVERALL  
REVENUE

## CHALLENGES

As customer behavior evolves in response to the ease and convenience of online shopping, this large online retailer has seen a large shift to online sales. In addition to its continued online success, this omnichannel retailer is focused on expanding its retail estate in the UK as well as growing its footprint overseas.

With millions of active customer accounts, the company has recognized the value of customer data for many years. They use a Teradata warehouse as a single repository for all trading and customer data, with an extraordinary amount of online customer information being captured – some 65GB of data is created every month from which the retailer can derive detailed customer insight and business value.

However, the retailer wanted to unify their customer data across all channels, including retail stores, while delivering a seamless customer experience. They knew that to do this, it was essential to deliver the right message, at the right time, and via the right channel.

## SOLUTION

A large retailer selected Celebrus to manage digital data capture for all online customer interactions—including clicks, searches, basket updates, and purchases. This data is instantly fed into a Teradata data warehouse, where it informs customer segmentation and supports personalized marketing efforts, ultimately driving a higher return on investment (ROI).

For example, the retailer developed six high-level customer segments for one of their brands, ranging from "top online shoppers" to "non-engaged customers." Their contact strategy was tailored to these segments, determining the best communication channels and promotion types for each group.



Celebrus data was key in defining these segments by capturing detailed insights into customers' online behaviors and creating actionable, online-centric variables.

Additionally, the retailer uses Celebrus data within Teradata Vantage CX to improve marketing attribution and optimize paid search efficiency, a significant portion of their marketing budget. By analyzing metrics like lifetime customer value (LTV) and credit reject rates for various search keywords, the company refines its search strategy to focus on terms that deliver higher customer lifetime value and business impact.

## GOALS

### Maximize efficiency and increase ROI of marketing activities

The company used key online customer behaviors to segment customers so that highly active online customers receive a reduced-size catalogue instead of the full-sized version.

In addition to achieving better ROI from their marketing investments and realizing significant cost savings through improved marketing attribution, the retailer is leveraging predictive modeling to forecast the likelihood of a customer making a purchase. The organization uses over 50 predictive models, which, prior to incorporating web data, were based solely on transactional and payment insights. By enriching these models with six months of Celebrus data—specifically, browsing behavior that indicates increased purchase intent—the accuracy of the models has been greatly improved.

### Optimize predictive models to increase response rates

The retailer's Home department used six months of Celebrus data to create a score that predicts the likelihood of a customer placing an order. Additionally, a separate predictive model was developed for their Designer range.

This deeper understanding of online customer behavior is also directly influencing the merchandising strategy. With over 50,000 SKUs per site, merchandisers face challenges in tracking sales across categories and quickly moving slow-selling items.

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With over half of all customers buying online, the depth of information provided by Celebrus digital interaction data is compelling, not only in improving our understanding of evolving customer behavior - such as the move towards mobile devices - but also to support both tactical and strategic decision-making.

## RESULTS

Leveraging Celebrus data enabled this retailer to optimize catalogue production and postage spend, resulting in a 37% improvement in overall revenue.

The additional data improved the accuracy of the “likelihood to order” model from 75% to 93%, allowing the retailer to confidently contact customers with a high probability of ordering and present a compelling Home proposition. The predictive model developed for their Designer range resulted in a 14% increase in response rates and 9% increase in demand per responder.

The retailer now uses Celebrus data to improve insight into product conversions and prioritize activities. For example, comparing individual product conversions week over week can flag several issues – from stockouts in popular sizes, to poor product reviews.