



EPSILON

Data-Driven Marketing Isn't Just for Big Business

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We help marketers



9,000

associates globally



4,000+

marketing databases



1.5B

individual records



75B+

email messages
per year



70+

offices



600M+

memberships managed



278M+

device IDs



50B+

bid requests
per day

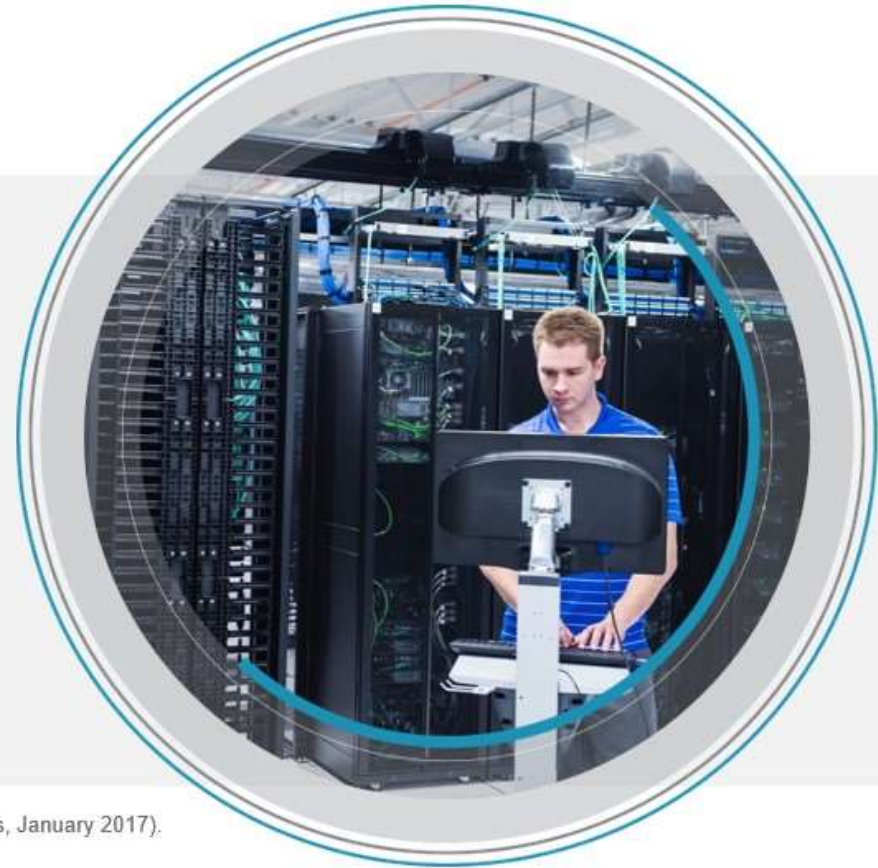
We help you



The marketer's needs have changed



There will be a **4400%** increase in annual data generation by 2020



Source: DMA Statistical Fact Book 2018 (Marketing Data Quality Trends Survey, Ascend2 and Research Partners, January 2017).

The marketer's needs have changed



Making Big Data little

Marketers are becoming less concerned with Big Data and tuning into the right data to drive great content and offers in the right touch points.



Omnichannel and *optichannel*

Marketers want to be everywhere the consumer is by optimizing their channel mix online and offline.



#IoT

Internet of Things appliances and sensors are becoming a real factor in customer engagement and data collection.

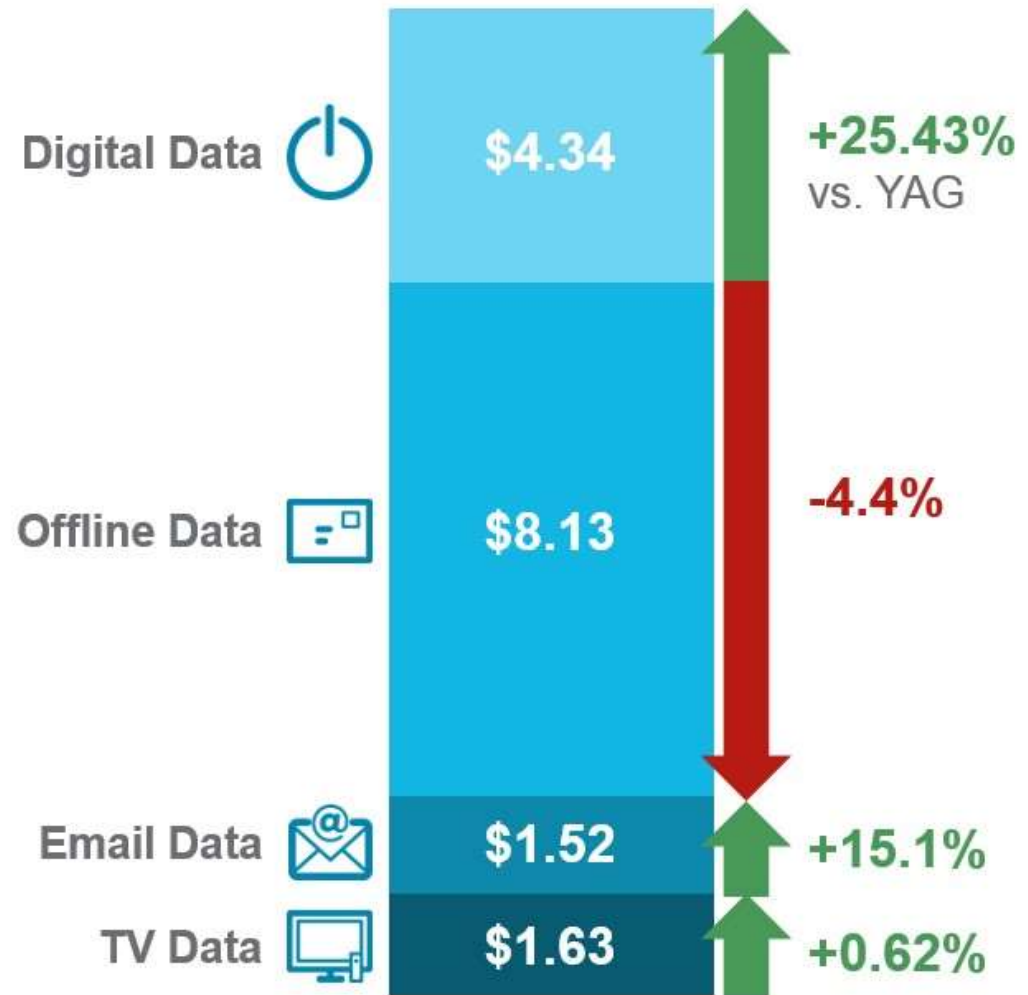
Channels are evolving

PII

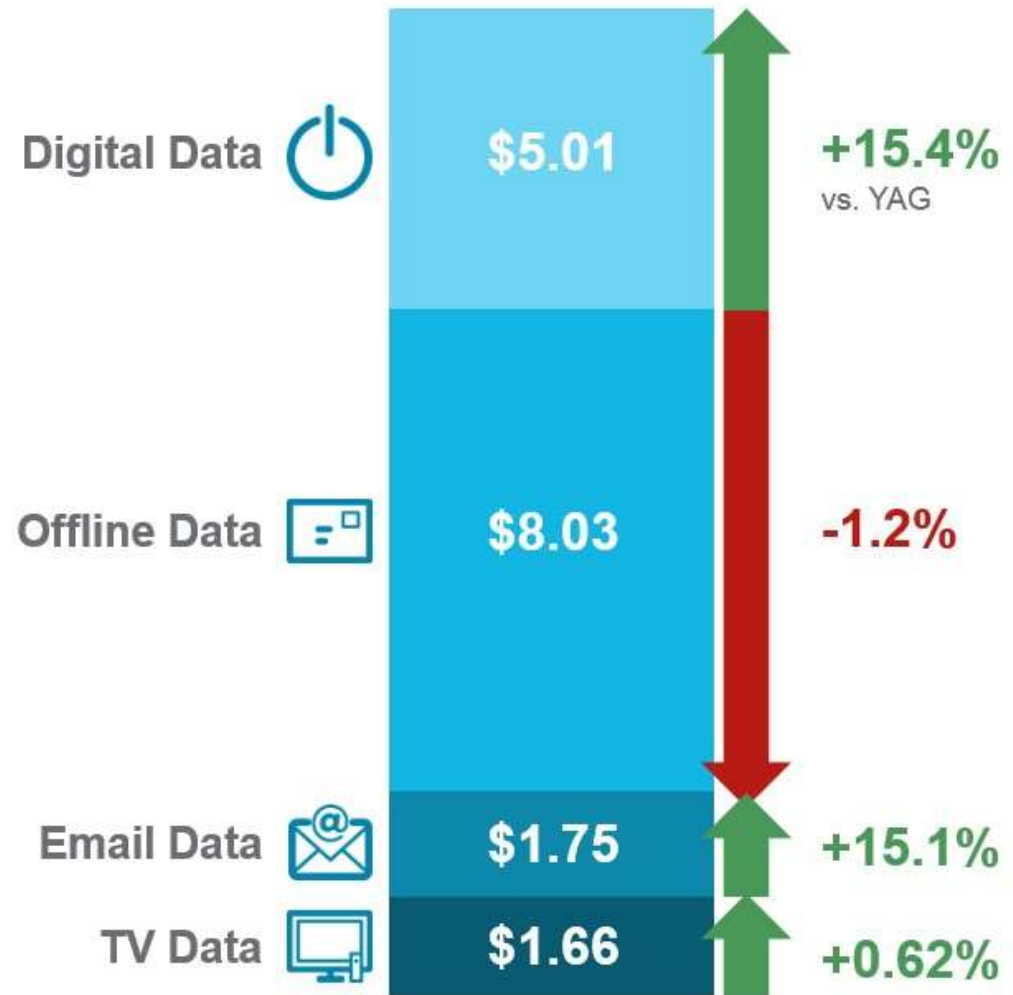
NPII



2017 U.S. Data Spending: Total \$15.6 Billion



Outlook 2018 U.S. Data Spending: Total \$16.5 Billion



Direct Mail & Catalog



Response rates for **house files** grew **37%** since 2015.¹



Response rates for **prospect files** grew almost **3 times** from a few years ago.²



90.9% of merchants list **catalogs** as a primary marketing tool.³



44.4% of merchants **increased catalog circulation** in the last year.⁴



41% of **millennials** and **53%** of **Gen Xers** reported enjoying catalogs.⁵

Email & Mobile



Email data spend is expected to increase by **15.1%** in 2018



62% of smartphone users **made a purchase online with their mobile device** in the last 6 months



Mobile email opens are now up to **55%** and expected to reach **80%** by 2018



1 out of every 3 clicks within an email **occurs on a mobile device**



90% of text messages are read within 3 minutes of receipt

Social



Brand awareness is marketers' **#1** desired outcome of **social media**.¹



Social media spending predicted to rise from **9.8%** (current) to **18.5%** of marketing budgets in the next 5 years.²



LinkedIn & Instagram reported as the **best** lead gen platforms.³

Digital



Digital ad spend projected to reach nearly **50%** of all global media ad spend by 2021.¹



Display occupies the greatest allocation of digital spend in the U.S. at **\$38.3B.**²



U.S. programmatic **digital display** ad spending projected to reach **\$46B** by 2019.³



60% of households own an **internet-connected TV.**⁴



25% of marketers do not use an attribution model to measure **digital marketing ROI.**⁵

Focus on the right data for your business



The most important objective of **marketing data strategy** is **improving marketing data quality**.



Source: DMA Statistical Fact Book 2018 (Marketing Data Quality Trends Survey, Ascend2 and Research Partners, January 2017).

And the personalization that will matter



The top types of **personalization data** collected are **demographic data, media consumption, and purchase history.**

Source: DMA Statistical Fact Book 2017 (CEB, Marketing Personalization Survey, 2016).

State of consumers



80% of consumers are more likely to do business with a company that offers **personalized experiences.**



Source: Epsilon, *The power of me: The impact of personalization on marketing performance*, January 2018.

Consumer engagement has changed



Big Data has magnified the possibilities for engagement

- The possibilities are endless – but so is the data
- Customer data sources continue to proliferate



Consumers want communication in real time and on their terms

- Customers expect more relevant relationships
- Messages driven by what she wants, how she feels



Consumers move seamlessly across channels

- Consumers expect a parallel brand experience

Amazon's influence

Amazon's e-commerce sales **expected to reach 43.5% of total e-commerce sales** in 2017

Not surprisingly, **44% of retailers say they don't know how to respond to the power of Amazon.** And retail executives have a variety of ways of perceiving their relationship:



21,045,000
unique visitors per day

8
page views per visitor/day

176,988,450
page views per day



60%
consider Amazon a competitor

28.5%
consider Amazon a direct competitor

29%
consider Amazon both a partner and competitor

The Amazon shopper

There are a lot of consumers shopping on Amazon – but who is spending the most?

Demographics


45-64 years old


Married


Over half have children



Nearly half have a college degree

Financials



Income >\$100K


80% homeowners


Over half have \$500K+ net worth


3x more likely to have wealth resources of \$750K+

Lifestyles & Interests


2x more likely to have an interest in science/new technology


2x more likely to have a travel and entertainment card


Preference to do internet research before shopping


Best marketing profitability: they have disposable income



What categories they buy

Amazon shoppers have high buying power and tend to shop to their affluence level. While they show high spend in all categories on Abacus, they are especially buying:



Bed, bath & linens



Kitchen accessories & décor



Patio/yard décor & furniture

Other categories that over-indexed on the Abacus Cooperative for Amazon shoppers include:

Kid's high-ticket apparel & shoes



Home décor



Patio/yard décor & furniture



High-ticket male & female apparel



Kid's merchandise



Modern/contemporary décor & gifts



Recreation & outdoor



Active wear



Sporting goods



Electronics gifts & gadgets



Gardening tools & supplies



Horse enthusiast



Pet supplies



How to compel Amazon shoppers to buy from another retailer

- Free shipping and comparable price are absolute musts
- Promotions
- Unique products — give them something different

Favorite promotions or offers to purchase from another retailer.

Amazon shoppers' top five promotions are:



A shopper's journey

We asked consumers where they go first when shopping.

Here are the top three answers given for each type of shopper:

All shoppers	Online shoppers	Prime members	Retail shoppers
<p>1st</p> <ul style="list-style-type: none">• Go to the mall• Look on Amazon• Look at retail website	<p>1st</p> <ul style="list-style-type: none">• Look on Amazon• Look at retail website• Check my email for special offers	<p>1st</p> <ul style="list-style-type: none">• Look on Amazon• Go to a store• Look at retail website	<p>1st</p> <ul style="list-style-type: none">• Go to a store• Check my email for special offers
<p>2nd</p> <ul style="list-style-type: none">• Research products/prices online• Look at retail website• Check my email for special offers	<p>2nd</p> <ul style="list-style-type: none">• Research products/prices online• Read product reviews• Look online for discounts	<p>2nd</p> <ul style="list-style-type: none">• Research products/prices online• Read product reviews	<p>2nd</p> <ul style="list-style-type: none">• Go to a retail website• Look at a website

Shopping Styles at a glance



Amazon Rules

“I’m not a fan of shopping so I prefer shopping online and Amazon is where I go.”



Click & Go

“I prefer to shop online because it’s fast and convenient.”



Bricks & Clicks

“I love to shop—both online and in-store— and am always hunting for bargains.”



Luxury & Leisure

“I spend a lot and like to buy quality, high-end brand names that I trust.”



Retail Therapy

“I enjoy shopping at the store with my friends. I’m a bit impulsive, and I like surprise samples and giveaways”



@ the Store

“I shop at the store or mall, and that’s where I go first when I need something.”



Online

Shopping Channel Preferences



In Store

Consumer engagement today

PII

NPII



360° consumer understanding



Who she is

What she cares about

What she buys

360° consumer understanding



Who she is

- Demographics
- Lifestyles & interests
- Financials
- Life stage
- Vehicle ownership
- Media usage
- Browsing behavior

What she cares about

What she buys

360° consumer understanding



360° consumer understanding

 Who she is



Behaviors
Attitudes
Preferences

 What she cares about

 What she buys

Use data to meet—and exceed—your marketing objectives



Use data to meet—and exceed—your marketing objectives



Insights

Uncover insights into consumers to drive programs

- Define communication strategy
- Identify communication channels
- Creative messaging
- Offer development

Use data to meet—and exceed—your marketing objectives



Audience development

Define audience to your specific objectives

- New user trial
- Increase loyalty
- Cross-sell & upsell
- Increase SOR
- Reinforce brand positioning

Use data to meet—and exceed—your marketing objectives



**Activation
(omnichannel)**

**Execute campaigns across
the right channels**



Direct
mail



Email



Web/
display



Addressable
TV



Social



Mobile



Use data to meet—and exceed—your marketing objectives



Measurement & analysis

Evaluate program performance to inform future campaigns

Transactional data key to precise program measurement



Lehman's Case Study



Who are Lehman's customers?

Demographics



> Age 55



58% female &
42% male



Over index retired



Mostly married

Financials



Income \$50K-\$125K



Over index rural
counties



Net worth of
\$250K - \$1MM

Lifestyles & Interests



Over index for books &
senior products



Country music
enthusiasts



Boat owners



Online transactor

Do



Lehman's customers have strong purchasing power

57% in top quintile for Overall Spending (273 index)

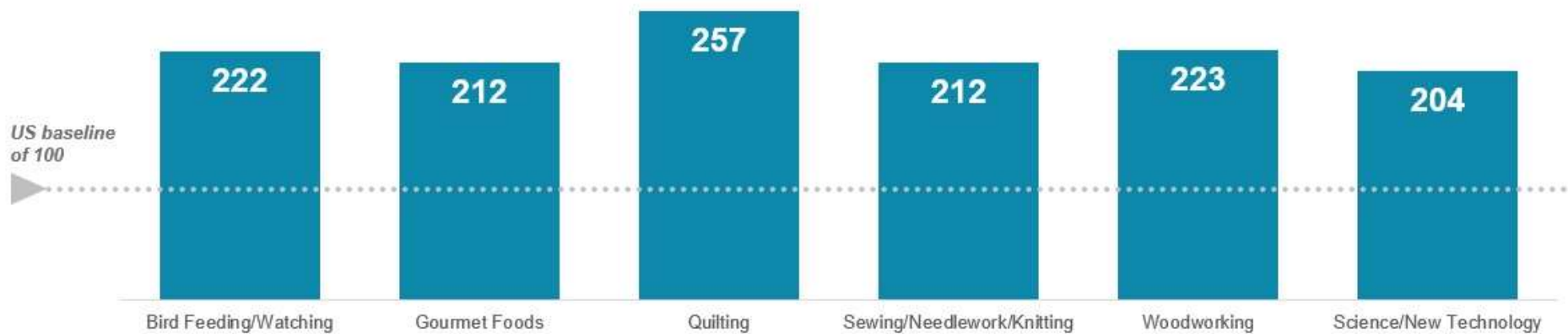
51% in top quintile for Offline Spending (395 index)

58% in top quintile for Total Transactions (269 index)

71% purchased in the last 6 months (172 index)

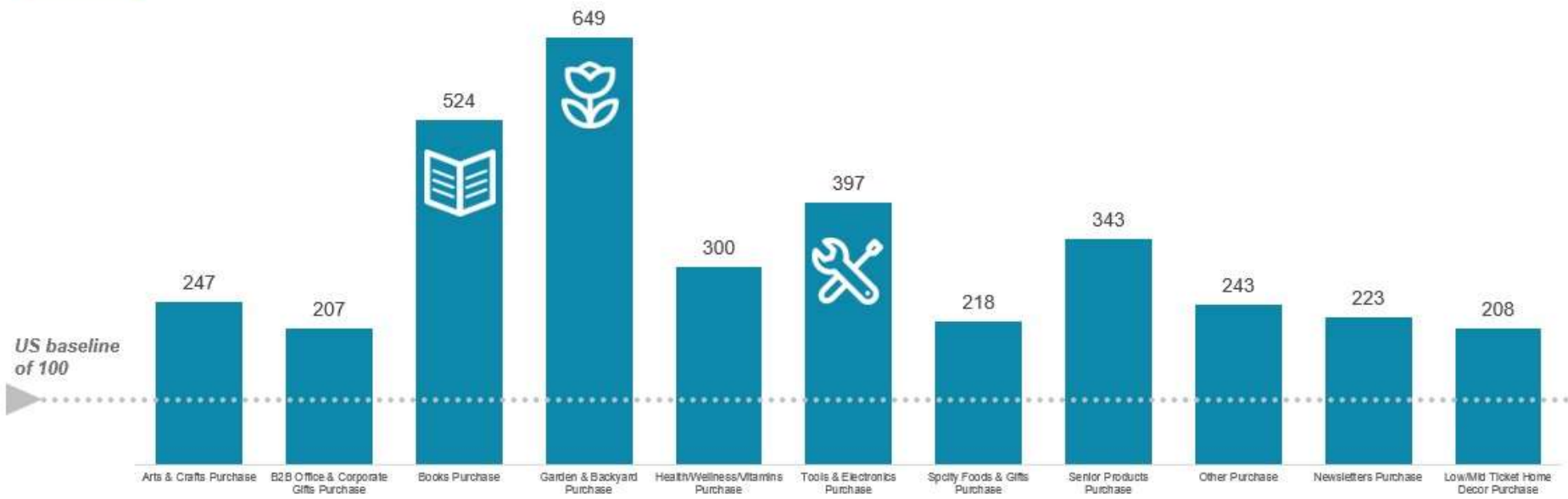


Lifestyles



Lehman's customers have many interests - especially **quilting and woodworking**. They are also interested in **technology**.

Purchase activity



Lehman's customers have above average indexes in most purchase categories, especially in the **garden & backyard, books and tools** categories.

Behavioral propensities

Lehman customers score **LOW** for:

- Planning to get a fitness membership
- Job switchers
- Attending professional sporting events
- Online degree seekers
- Credit card revolvers
- Mobile banking
- Primary cell phone users
- Cord cutters
- Bargain hotel shoppers
- Impulse shoppers

Lehman customers score **HIGH** for:

- Online transactor
- Country music enthusiast
- Pet owners
- Environmentally focused HH
- Financial advisor customers
- Second homeowners
- Women's plus size apparel customer
- Xmas ornament collectibles
- Amazon prime customers
- Personal traveler
- Airline upgraders
- New luxury vehicle purchaser



Shopping Styles for Lehman's



Amazon Rules 10%

"I'm not a fan of shopping so I prefer shopping online and Amazon is where I go. I have a Prime membership and think Amazon is the most innovative retailer. I'll only shop non-Amazon if the brand offers comparable prices and free two-day shipping."

Index 54

Click & Go 8%

"I prefer to shop online because it's fast and convenient. I get my groceries online and use retailer apps. I like my Amazon Prime membership for free shipping as well as music and video, but I'll shop anywhere online."

Index 267

Bricks & Clicks 15%

"I love to shop—both online and in-store— and am always hunting for bargains, so I have lots of credit cards and points and like to browse catalogs. I always check online for deals before shopping."

Index 36

Luxury & Leisure 36%

"I spend a lot and like to buy quality, high-end brand names that I trust. While I prefer shopping in-store, I'll sometimes browse and shop my favorite retailers' sites online. I also enjoy looking at catalogs."

Index 191

Retail Therapy 2%

"I enjoy shopping at the store with my friends. I'm a bit impulsive, and I like surprise samples and giveaways. I'm on a budget, so I'll check online for deals and coupons. When shopping online, I look for unique products from small, niche websites."

Index 82

@ the Store 29%

"I shop at the store or mall, and that's where I go first when I need something. I like to try on, touch and feel products before I buy them. I don't trust the online channel and don't shop on Amazon. I get my coupons from the newspaper and weekly circular."

Index 131



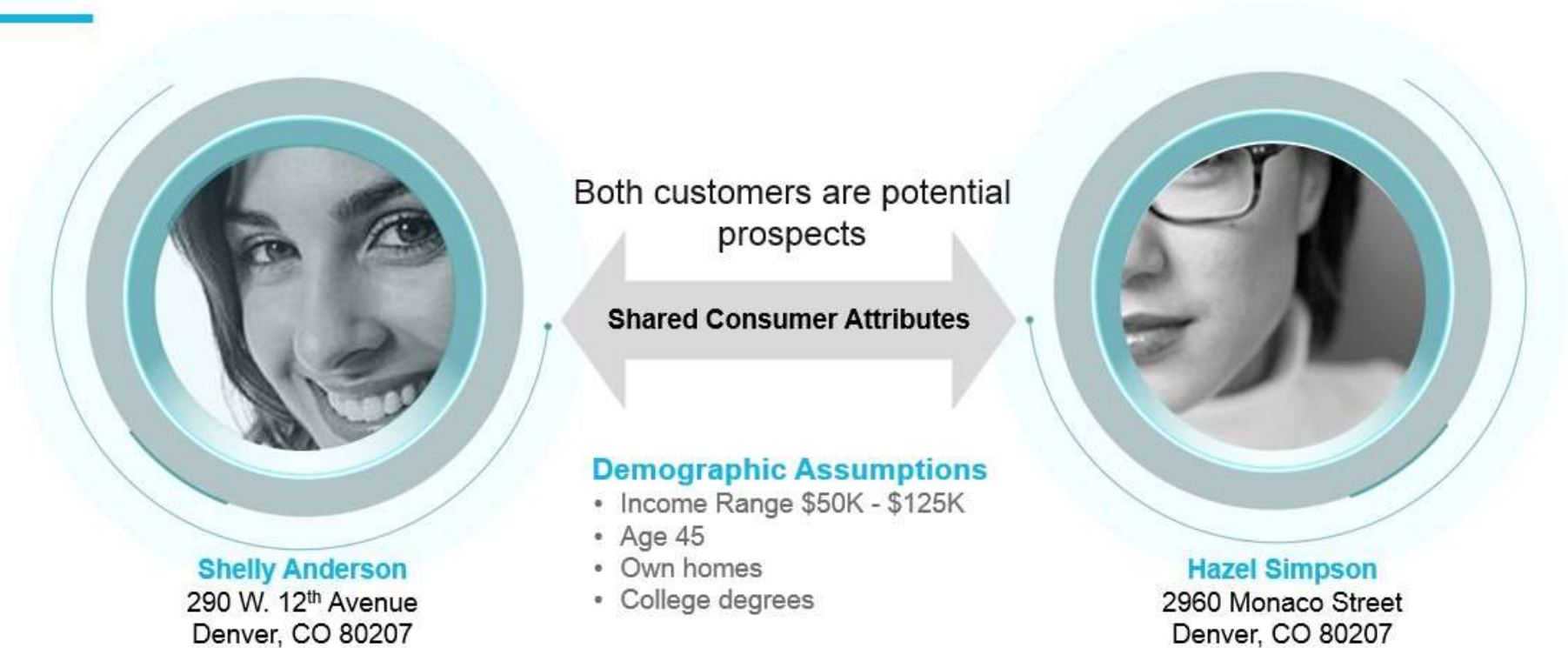
Online

Shopping Channel Preferences



In Store

Lehman's activation & measurement



Which prospect has the most potential?

Shelly's DM Insights

Direct Marketing RFM Insights

- Age = 45 – 64
- Income = \$50K-\$125K
- Networth = \$250K-\$1MM
- Make/model car = European sedan

Consumer Category Insights

- Spent \$1,500+ in last 12 months
- High Activity in **Garden & Backyard** (15 purchases 12 month)
- Most Active Category: **Garden & Backyard** (\$428)
- 2 Purchases in **Books**
- **Donated to Children's Causes**
- **5 Magazine Subscriptions**



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Hazel Simpson
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Denver, CO 80207

Hazel's DM Insights

Direct Marketing RFM Insights

- Age = 45 – 64
- Income = \$50K-\$125K
- Networth = \$250K-\$1MM
- Make/model car = European sedan

Consumer Category Insights

- Spent \$200 in last 12 months
- **No Purchases in Garden & Backyard**
- Most Active Category **Low/Mid Ticket Female Apparel**
- **3 Video Purchases**
- No Donations to Not-for-Profit causes
- **Subscribes to 2 Magazines**

Lowest Potential to convert to a Customer:

Not all consumers fit your customer profile so Hazel would not come high in our Audience Engage model

Best Potential to convert to a Customer:

Audience Engage modeling determines which prospect has the most potential for your marketing investment

Key Takeaways



Predict the future

The most effective predictor of **future** behavior is **past** purchase behavior

You know the purchases your customers make from you.

In comparison, Abacus has knowledge of every purchase a household makes from participants.

1.8

average number of transactions from you within a 12-month period

22

average number of transactions made by Abacus households within a 12-month period

78

average number of transactions made by Abacus households within the last 5 years





Data-driven marketing is for everyone



Don't get caught up in **Big Data**.

Focus on the data that matters for your business.



Understand your customer's journey

and where they want to interact with you.



Think about **data in every channel**.



Maximize your **channel spend**.

Thank you

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