EQUIFAX

Drive retail segmentation with economic insights

Expect to increase LTV by up to **5%** and revenue potential by as much as **25%**

Business profile | A retail brand segments its customer base for

promotions   loyalty campaigns   online advertising

CHALLENGES

The retailer needs new customer data to fuel its segmentation and **better focus its targeting** on prospect and customer segments that are most likely to purchase.

- Determine which customer segments contribute the **most sales**
- Identify customers with the **ability to spend more**
- Find **new customers** that are like its best

SOLUTION

Equifax segments the retailer's customer base by Economic Cohorts® household segmentation solution to identify:

Segments that deliver the most current sales

Segments that offer the most potential for incremental sales based on their economic capacity, but are under-penetrated

Why is **economic capacity** important?

So retailers can base their marketing efforts on **consumers' ability to spend** — instead of *just* demographics. Our unique insight into the consumer wallet — including direct-measurement of **over $24 trillion in anonymous U.S. consumer investable assets** — is what fuels our ability to identify households that have the right financial profile to spend.

Key Economic Cohorts segmentation criteria:

Household economic capacity

- Total estimated income
- Spending capacity
- Ability to pay
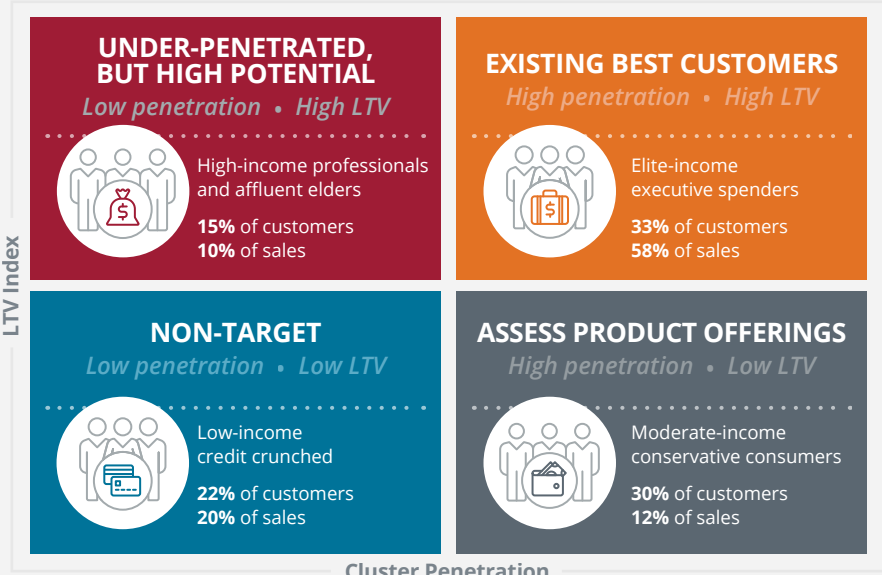- Credit behaviors

Demographics and geography

- Age, marital status, children
- Home value
- Town/city size

SEGMENTATION IN ACTION

Retailer segments its customer base into quadrants to reveal best customers and opportunities for growth.

The **quadrant analysis** groups customers by **estimated customer lifetime value (LTV)** and **current penetration** within each of the 71 Economic Cohorts clusters.

LTV Index

UNDER-PENETRATED, BUT HIGH POTENTIAL
Low penetration • High LTV

High-income professionals and affluent elders

15% of customers
10% of sales

EXISTING BEST CUSTOMERS
High penetration • High LTV

Elite-income executive spenders

33% of customers
58% of sales

NON-TARGET
Low penetration • Low LTV

Low-income credit crunched

22% of customers
20% of sales

ASSESS PRODUCT OFFERINGS
High penetration • Low LTV

Moderate-income conservative consumers

30% of customers
12% of sales

Cluster Penetration

Above data is for illustrative purposes only.

How can the retailer act on the segmentation?

Retailer can use the quadrant analysis to modify its targeting strategy:

✓ Develop dedicated campaigns to grow spending among low penetration, high LTV customers

✓ Ensure best promotions, ads, and loyalty program benefits are delivered to all high LTV customers to deepen relationships

✓ Leverage characteristics of best customers to prospect for more with similar attributes

✓ Evaluate product offerings and incentives for high penetration segments, but with low sales

EXPECTED RESULTS

Based on previous Equifax analyses, companies that have used our economic-based segmentation solutions can expect to:

Increase lifetime value (LTV) by up to **5%**

Increase revenue potential by as much as **25%**

Narrow prospect lists by **10-40%**

Reduce marketing campaign spend by **60-80%**

Direct loyalty program efforts to consumers with **highest spending potential**

Narrow geographical target markets by as much as **50%**

Results may vary based on actual data and situation.

Contact us to learn more about enhancing your retail marketing efforts with **economic-based segmentation.**

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