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**

- Determine which customer segments offer the most revenue potential.
- Identify customers with the highest spending potential.
- Find new customers that are like its best.

**Solution**

Equate segments the retailer’s customer base by Economic Cohort Household Segmentation to identify:

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

**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.

**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.
- Learn characteristics of best customers to target prospects with more similar attributes.
- Evaluate product offerings and incentives for high penetration segments, but with low sales.

**Expected results**

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

- Increase lifetime value (LTV) by up to 5%
- Increase annual revenue by as much as 25%

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

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