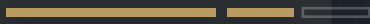


# TARGETED MARKETING USING CATEGORY PROPENSITY ANALYSIS



# THE CLIENT PROBLEM

Our client, one of the **largest retailers in the US**, wanted to:

- Run targeted email campaigns to push for higher category sales.
- Selectively reach out to those customer bases who had a greater propensity to purchase into a particular category.
- Differentiate between high spending and low spending members through a new medium.

# THE AQ SOLUTION

The process AQ followed was as follows:



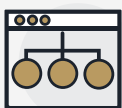
## DESCRIPTIVE ANALYSIS

Recency, frequency and monetary spend scores were calculated for each category.



## VARIABLE / DRIVER SELECTION

Future category purchase propensity was identified as a function of various factors.



## MODEL DEVELOPMENT

A linear regression model was used to develop propensity score and stepwise selection was used to shortlist significant and uncorrelated variables.



## MODEL VALIDATION

Prediction accuracy was tested by comparing predicted purchase with actual purchase.

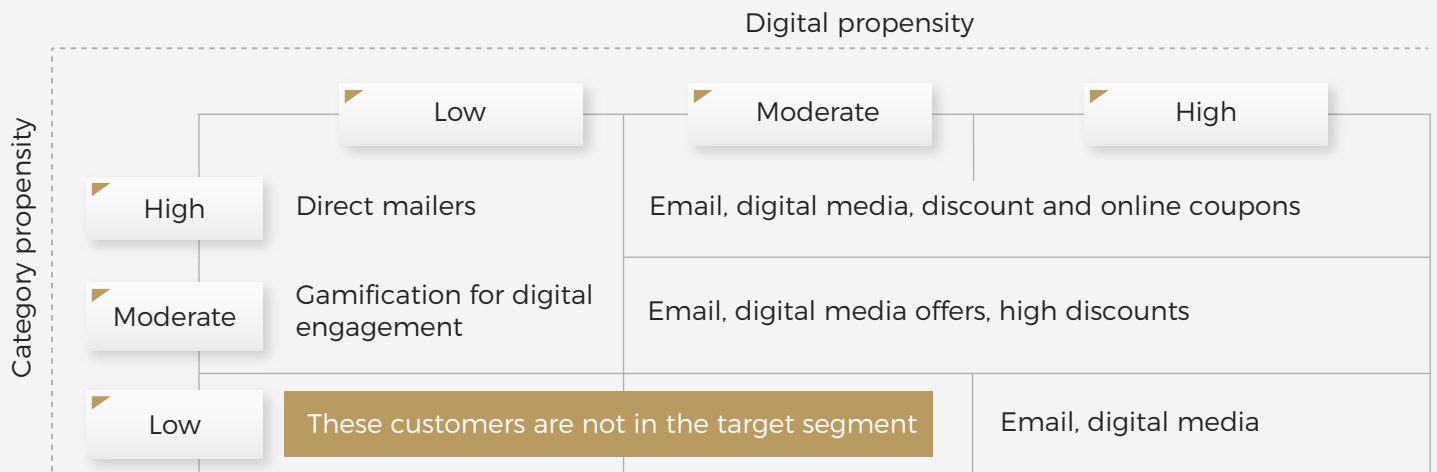
# KEY PROCESS AND OUTPUTS

AQ built a model to predict the propensity of each cardholder to buy into each category.

Combining the results of channel propensity with purchase propensity for each category helped us refine the targeting strategy.

The model accounted for past purchase behaviour in the category, demographic information as well as purchase patterns in related categories.

We also designed a framework to suggest the most appropriate communication channel and offer.





**Thank You**

For any queries, get in touch with us.

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