



Case Study

Retail

Growth Strategy for Online Retailer



How OSG helped one of the largest online retailers with segmentation of its existing user base to improve customer acquisition and retention and increase the profitability through new product/feature launches.

Product Highlight



Tech-Enabled Services combines our powerful technology and analytics capabilities with our industry expertise to make a difference for our clients. By using the flexibility of our technology to tackle any business challenge, we can help customers in any industry shift to a customer-centric mindset and show them the impact of gathering, digesting, and implementing customer data in their strategy and practices.

Executive Summary

Our client, an online portal for the purchase of automobiles, auto parts, and accessories, wanted to understand how it can segment its customers to identify product features that are important to each of the segments. This would form the base for the client's future marketing strategy. They hoped to identify opportunities for growth through new product launches, thereby increasing revenues. Using **OSG Dynamo**, OSG's AI-driven big data analytics platform, we identified five customer segments and assessed which features were critical for each segment. We then analyzed the client's performance on each of these desired features, uncovering opportunities for improvement, that led to an increase in the volume and number of transactions.

The following were the objectives laid out for the engagement:



1

To help guide strategy, identify product development requirements and prioritize the launch of new service features

The client retained OSG to develop a segmentation of their online customers who shop for automobiles and auto parts and accessories (P&A).

2

Increase customer acquisition, retention, and profitability.

Strategy

Our strategy uncovered segments based on what customers value most, and are willing to forego. It provided powerful guidance for offer development and platform strategy.



Determine attitudes and behaviors of customers who purchase online, through understanding the key attributes of their decision-making process.



Determine how e-retailers are perceived at delivering against the most important choice drivers.



Develop customer segmentation and leverage insights to:

- Increase transaction volume and size
- Shaping product/service development efforts to acquire customers and improving their experience

	Core Enthusiast	Distracted Enthusiast	Sensible Security	Deal/ No Deal	Just Get Me There
Number of Consumers	6.3M	16.6M	4.3M	4.2M	18.5M
Vehicle Market GMV	\$68B	\$101B	\$28B	\$18B	\$38B
P&A Market GMV	\$1.3B	\$2.0B	\$0.5B	\$0.3B	\$0.7B
Our Client Mix	43%	25.3%	7.4%	12.6%	11.7%
Key Differentiator					
Gender Skew					
Income	\$\$	\$1	\$\$\$	\$1	\$\$
Time Spent Shopping					
Index to P&A Spend					

Results

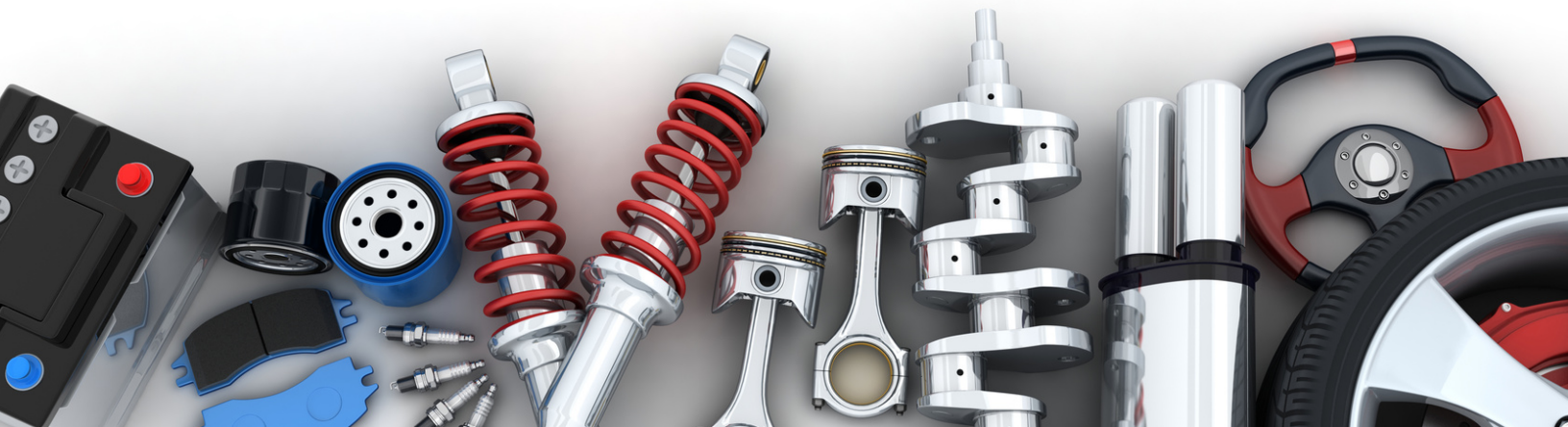
Understanding of choice drivers for current and potential customers, to keep their business over time

It was discovered that site functionality (searching, browsing, wide selection) is a critical driver for Core Enthusiasts shopping for vehicles and P&A online.

OSG's approach not only derives the rank ordered attributes based on importance but also their magnitude – a score of 200 is 2 times more important than an average attribute at a score of 100. These scores help identify differences in motivators across the segments

Top Drivers by Crossover Core Enthusiast	All Respondents ▼ N=273	Vehicle N=136	P&A N=137
Provides an easy way to browse for vehicles or items I am interested in	202	200	204
Provides a quick and easy way to search for a specific item	191	170	211
Offers a wide selection of products	183	164	202
Provides detailed information to ensure the part or accessory will fit my vehicle	148	133	164
Provides good deals on used / refurbished / certified vehicles and parts & accessories	132	143	120
Provides an easy way to compare vehicles or parts & accessories	126	125	127
Provides a secure and private environment for me and my information	126	121	130
Provides information, guides and/or installation information for the products I buy	123	116	130
Specializes in automobiles / motorcycles	114	136	92
Offers a fair return policy	113	104	122

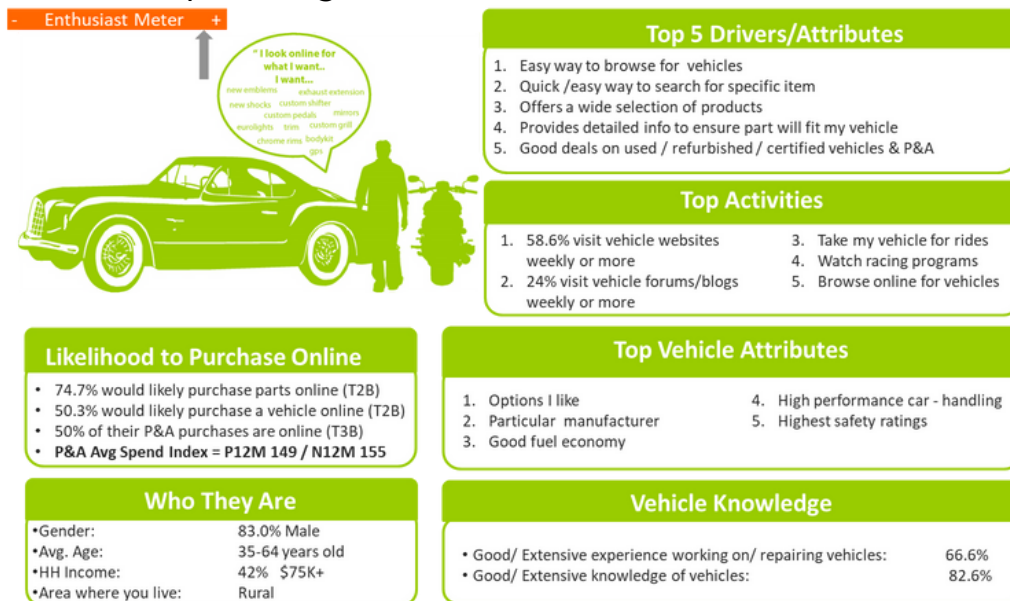
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Results (cont.)

OSG uncovered five segments, out of which three were targeted by the client. OSG provided insights on brand building for each segment, and identified growth opportunities by re-focusing marketing efforts on growth versus “maintaining share” in parts & accessories.

Example Segment Profile – Core Enthusiast



The Power of OSG Analytics

OSG is a **global technology and analytics provider** that delivers outcomes on customer engagement to Fortune 500 clients with the help of leading analytical technologies and world-class global resources. OSG uniquely combines historical data with the future needs of patients, physicians, consumers, or customers of our clients by going beyond the “who” and the “what” and understanding the “**how**” and “**why**” **behind their decision-making**. OSG focuses on the 3E’s, Behavioral Expectations, Superior Experiences, Guaranteed Engagement, to help drive growth through **customer-centricity**.

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