

> Debenhams

Customer analytics are in style at Debenhams

As one of the most successful retailers in the U.K., Debenhams is synonymous with style and fashion across a wide variety of product categories. In a highly competitive market, Debenhams has to create the best possible customer experience and needs to understand what its customers want from its 139 stores, 10.2 million square feet of trading space, and 24,000 employees across the U.K. and Ireland.

Situation

Understanding customer shopping habits is key for any retailer and identifying trends early is crucial to company success. To this end, Debenhams employs a team of 11 analysts. This team serves many different areas of the organization simultaneously and is responsible for researching and evaluating all aspects of the customer relationship, including analyzing customer buying habits, as well as marketing campaigns and activity around new store openings. For example, when Debenhams is considering opening a new store, its analytics team will assess the store's potential based on a number of factors, such as market size and location.

Challenge

In 2000, the Debenhams analysts were using Microsoft® Access® and struggling to extract increasingly complex data, such as customer numbers and transactional information, in a timely manner. Andre Grant, commercial insight analyst, Debenhams, explains:

“We found we needed a new tool to manage the high levels of complicated data we were handling. We also needed several people to access the data warehouse at the same time. Also, all our marketing campaigns were executed by a third party and we didn't have enough insight and control to ensure we were driving the best returns. On top of all of that, as always, we had to keep one eye on costs.”

Solution

After an extensive review process, when Debenhams looked at analytics tools from SAS®, IBM® and SPSS, the retailer decided that SPSS' predictive analytics solution was the best software for the job. Debenhams explained the SPSS solution stood out in terms of accuracy, usability, and cost effectiveness.

At a glance

Country: United Kingdom

Industry: Retail

Date founded: 1813

Company type: Public

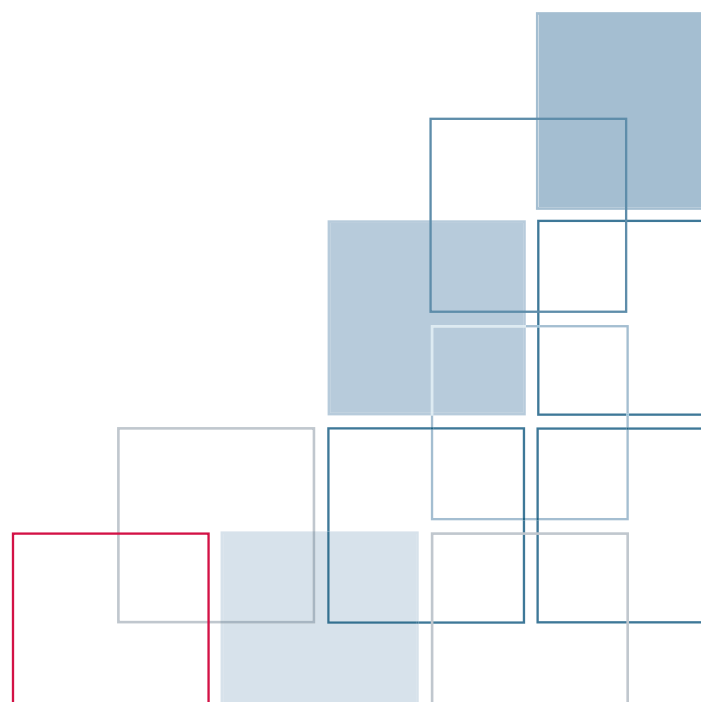
Employees: 24,000

Application

Marketing effectiveness

Solutions used

Clementine®



The SPSS predictive analytics tool was chosen to support all three key areas of the analytics team's work:

- Supporting planning and decision making within buying and merchandising
- Supporting marketing and CRM activity
- Analyzing potential new stores

"Basket analysis"—looking at the contents of customers' shopping baskets—plays a key role in successful in-store merchandising. As the amount of transactional customer data has grown, the SPSS solution has become the key to the success of this technique.

Using the software, the analytics team can look at which special offers are generating the most sales, as well as identifying "cross-sell" opportunities—for example, if a customer buys a new shirt, which tie is he likely to buy with it? The team also applies analytics to understand why some lines are selling better than others. Using clustered algorithms and SPSS technology, the team can analyze the price architecture and optimize this to support Debenhams' business objectives.

Results

Debenhams' marketing and CRM activity is another important area of the analytics team's work. Rolling out SPSS technology means that marketing campaigns can now be controlled in-house, where they are tracked closely, and the success of campaigns is evaluated. This intelligence is then used to inform future campaigns and enables Debenhams to predict customer behavior in order to target the right campaigns, at the right people, and at the right time. This has helped to generate significantly improved ROI from marketing activities.

Grant explained, "By moving our campaigns in-house, and concentrating on highly targeted marketing and CRM activity, we've generated significant extra revenue for the company," he said. "Not only that, but the time it takes us to respond to insight requests, both internal and external, has been cut significantly."

The SPSS tool has also played a critical role in the lifecycle of new store openings—from strategy to operations—including preparing the initial business case, evaluating the optimum mix of product lines to carry, through to evaluating marketing campaigns for the new store. According to Grant, the results speak for themselves.

For Grant, the benefits since Debenhams began using predictive analytics techniques are clear to see: "Without SPSS unlocking a wealth of data for us, there's simply no way we could meet business needs or deliver on our objectives."

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