Data is Priceless

Community Business School @ Black&Forth

July 27, 2023

Agenda

- Introductions

- Overview of Mastercard Data & Services

- How can data help your business?

- Answering questions using an example data set

- Interactive Case Study

Meet the Mastercard Team

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Consultant

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Consultant

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ACS sits within Data & Services, offering a breadth of solutions to customers

MASTERCARD

DATA & SERVICES (D&S)
Professional services arm of Mastercard

ADVISORS CLIENT SERVICES (ACS) TEAM:
Executing high-quality projects and platform delivery, to drive impact for our customers

Advisors Client Services Offerings

Strategy & Transformation
Experts in payments, providing bespoke services and global best practices

Marketing Services
Implementation and ongoing executional support for key payment and processing client initiatives

Business Experimentation
Offering world-leading business experimentation software and client team support

Performance Analytics
Empowering our clients to make data driven decisions, through data science and manipulation

Data & Services (D&S) at Mastercard

D&S enables customers to make smarter decisions with better outcomes. We deliver flexible solutions for a diverse global customer base, combining traditional consulting with proprietary data and platforms

Services

- Consulting
- Innovation
- Insights
- Analytics
- Test & Learn
- Issuer Loyalty
- Merchant Loyalty
- Marketing Services

Smarter Decisions

Discover
Our data
Your data
Other data

Recommend
Expertise
Analytics
Software

Improve
Deploy
Optimize
Innovate

Act
We do it for you
We do it with you
You do it

Better Outcomes

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High-Level Business Cycle | How to continuously evaluate your business' health?

Financial Performance

My customers and I are going strong. Now, how do I become and stay profitable?

Sales and Revenue

You guessed it: how do I make money?

Marketing

Now that I've gotten to know that person a bit, how do I continue to build on this relationship?

Customer Behavior

I've now made my first dollar. How do I get to know the person who gave me that dollar?

Benefits | How can data help to answer questions about your business?

Sales & Revenue
- What are our best selling products/services?
- Which customer segments generate the most revenue?
- Which sales channels drive the most revenue?
- What measures can we take to increase cart volume or average order size?
- How do sales change over time, and how can we better prepare for fluctuations?
- What is the optimal level of inventory to meet demand?

Customer Behavior
- Who is our target customer?
- Which customer segment (based on demographics) drives the most engagement and repeat purchases?
- What type of customer is not likely to purchase again and why (churn rate)?
- How can we personalize our customer experience to make it more relevant to individual customers or target segments?
- How do we derive our customer lifetime value to maximize future revenues?

Marketing
- What are our most profitable products or services, and how can we promote them further (i.e.: cross-sell, upsell)?
- Which campaigns drive the most engagement and loyalty, positively impacting our ROI?
- Which platforms are most effective for reach our target audience (i.e.: online presence, omnichannel)?
- How can we effectively target and attract high-value customers to drive revenue growth?

Financial Performance
- How are we comparing to prior periods or, if known, to our competitors (can use engagement as rough metric)?
- What are our key and biggest costs?
- How does seasonality affect demand and our overall performance?
- Are there any underperforming products or services that should be reevaluated or discontinued?
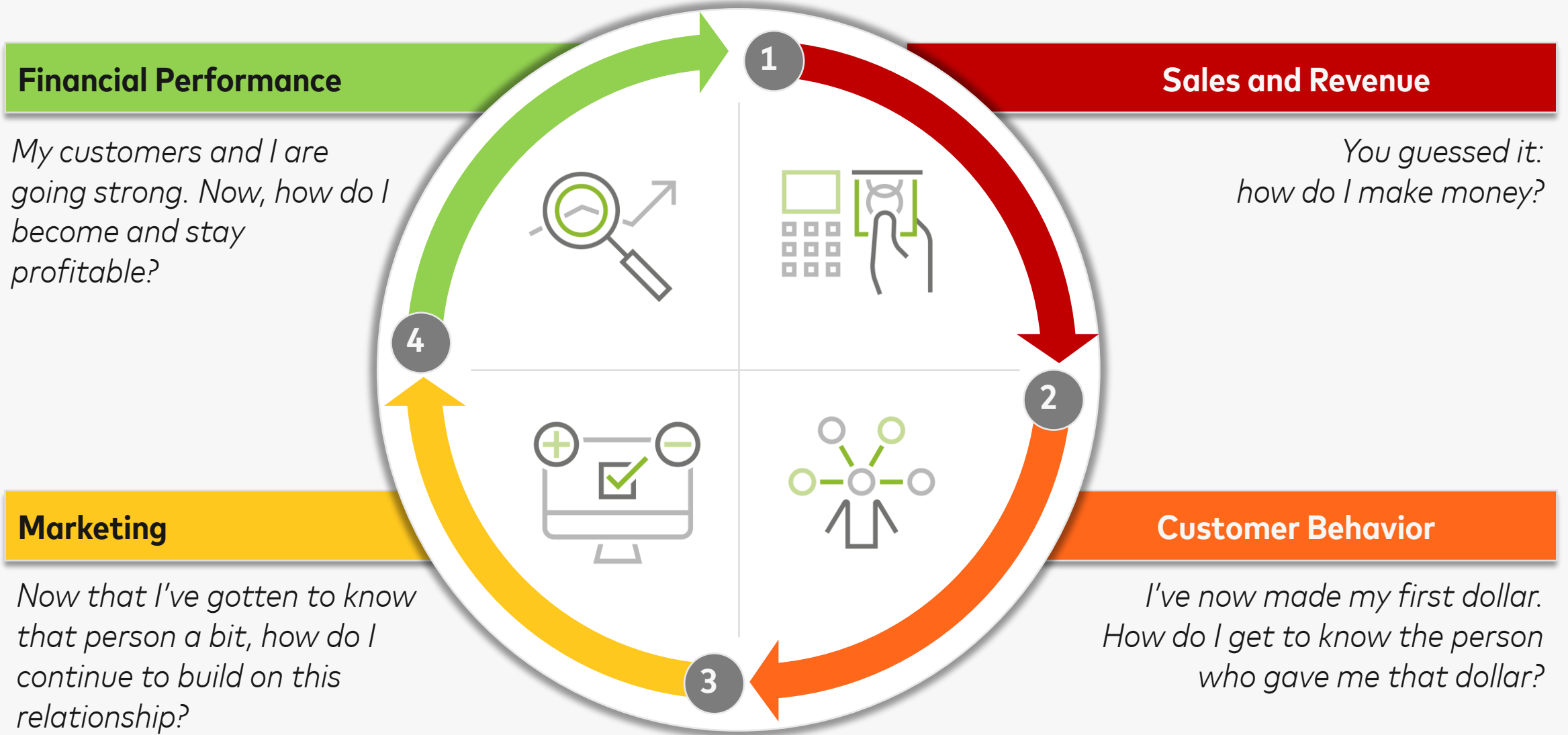- What is our breakeven point?

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Mini Case Study | How to increase sales of a clothing retailer using data?

The Scenario/Challenge: A clothing retailer (ex: Nike, H&M, Zara etc.) has been experiencing declining sales over the last few months and wants to understand how they can leverage their sales data to uncover customer preferences and product information to inform a go-forward business strategies.

The Goal: Identify the most valuable customer(s) and product segments based on transaction data

Key Business Questions to get Started:

- **Customer Behavior**
  - Who is our target customer?
  - How can we personalize our customer experience to make it more relevant to individual customers or target segments?
  - How do we derive our customer lifetime value to maximize future revenues?
- **Sales and Revenue**
  - What are our most popular items?
  - What measures can we take to increase cart volume or average order size?
- **Marketing:** What are our most profitable products or services, and how can we promote them further (i.e., cross-sell, upsell)?
- **Financial Performance**: Are there any underperforming products or services that should be reevaluated or discontinued?

How to use data | What questions can we answer?

With this very simple data set, we are able to answer several questions that can guide key business decisions

Sales and Revenue – What are our most popular items? Are we keeping enough in stock to meet demand?

Customer Behavior – Who are our most frequent customers? How do we effectively target those we're getting less business from?

Marketing – What are our most profitable products or services, and how can we promote them further?

Financial Performance – Are there any underperforming products or services that should be reevaluated or discontinued?

Customer ID	Purchase Date	Item	Sales	# of Items
1001	7/10/2023	Shirt	$30.00	2
1002	7/11/2023	Pants	$50.00	1
1001	7/13/2023	Belt	$15.00	1
1004	7/14/2023	Pants	$50.00	2
1006	7/16/2023	Socks	$10.00	2
1008	7/18/2023	Pants	$50.00	2
1009	7/19/2023	Shirt	$30.00	1
1002	7/20/2023	Socks	$10.00	3
1001	7/22/2023	Pants	$50.00	1
1011	7/25/2023	Belt	$15.00	1
1002	7/28/2023	Socks	$10.00	2
1006	7/29/2023	Belt	$15.00	1
1008	8/1/2023	Socks	$10.00	1
1009	8/2/2023	Belt	$15.00	2
1001	8/3/2023	Pants	$50.00	1
1006	8/6/2023	Belt	$15.00	3
1014	8/7/2023	Pants	$50.00	1
1011	8/9/2023	Socks	$10.00	1
1002	8/11/2023	Pants	$50.00	1
1008	8/12/2023	Shirt	$30.00	2
1004	8/15/2023	Pants	$50.00	1

How to use data | Who are your most frequent customers?

Tracking customer purchase frequency can help identify your best customers for offers and product development, amongst other uses

Key Business Questions to get Started:

Customer Behavior
- What are our target customer segments?
- What is the customer lifetime value, and how can we enhance it to maximize long-term revenue?

Sales & Revenue
- Which customer segments generate the most revenue?

Marketing
- How can we effectively target and attract high-value customers to drive revenue growth?

KEY TAKEAWAY

Customer 1001 is the most frequent customer. They can be targeted for "Thank You" offers and for future product development

Customer ID	Date of Purchase	Item	Sales	# of Items
1001	7/10/2023	Shirt	$30.00	2
1002	7/11/2023	Pants	$50.00	1
1001	7/13/2023	Belt	$15.00	1
1004	7/14/2023	Pants	$50.00	2
1006	7/16/2023	Socks	$10.00	2
1008	7/18/2023	Pants	$50.00	2
1009	7/19/2023	Shirt	$30.00	1
1002	7/20/2023	Socks	$10.00	3
1001	7/22/2023	Pants	$50.00	1
1011	7/25/2023	Belt	$15.00	1
1002	7/28/2023	Socks	$10.00	2
1006	7/29/2023	Belt	$15.00	1
1008	8/1/2023	Socks	$10.00	1
1009	8/2/2023	Belt	$15.00	2
1001	8/3/2023	Pants	$50.00	1
1006	8/6/2023	Belt	$15.00	3

How to use data | What are your most popular items?

Tracking product purchase frequency can help identify the best products for bundling, amongst other use cases

Key Business Questions to get Started:

Sales & Revenue
- What are the best selling products?
- How do sales change over time, and how can we better prepare for fluctuations?
- What pricing strategy will maximize revenue while remaining competitive in the market?

Financial Performance
- How does seasonality affect demand and our overall performance?
- Are there any underperforming products or services that should be reevaluated or discontinued?

KEY TAKEAWAY

Pants and Belts are the most frequent products, and are often bought together. These are *hero products* that can and should should be featured prominently in marketing campaigns and can be good candidates for bundling

Customer ID	Date of Purchase	Item	Sales	# of Items
1001	7/10/2023	Shirt	$30.00	2
1002	7/11/2023	Pants	$50.00	3
1002	7/11/2023	Belt	$15.00	2
1004	7/14/2023	Pants	$50.00	2
1006	7/16/2023	Socks	$10.00	2
1008	7/18/2023	Pants	$50.00	2
1009	7/19/2023	Shirt	$30.00	1
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1009	8/2/2023	Belt	$15.00	3
1009	8/2/2023	Pants	$50.00	2
1006	8/6/2023	Belt	$15.00	3

Item	Total Items Sold
Belt	12
Pants	11
Shirt	3
Socks	8
Grand Total	**34**

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How to use data | What is your average transaction size?

Tracking transaction size can help show whether your customers are responding to particular offers or whether new product lines are successful in increasing profit

Key Business Questions to get Started:

Sales & Revenue
- How can we optimize our pricing model to encourage larger purchases and increase average order size?

Marketing
- What are the most profitable products, and how can we promote them further?

Financial Performance
- How are sales comparing to prior periods?
- How does seasonality affect demand and our overall performance?
- Are there any underperforming products or services that should be reevaluated or discontinued?

KEY TAKEAWAY

$40 is the avg. transaction size, while 30-day revenue totaled **$640**. By tracking these numbers over time, you can identify trends like impact of a promotion, success of a new product launch, etc.

Customer ID	Date of Purchase	Item	Sales	# of Items	Total Sales
1001	7/10/2023	Shirt	$30.00	2	$60.00
1002	7/11/2023	Pants	$50.00	1	$50.00
1002	7/12/2023	Belt	$15.00	1	$15.00
1004	7/14/2023	Pants	$50.00	2	$100.00
1006	7/16/2023	Socks	$10.00	2	$20.00
1008	7/18/2023	Pants	$50.00	2	$100.00
1009	7/19/2023	Shirt	$30.00	1	$30.00
1002	7/20/2023	Socks	$10.00	3	$30.00
1001	7/22/2023	Pants	$50.00	1	$50.00
1011	7/25/2023	Belt	$15.00	1	$15.00
1002	7/28/2023	Socks	$10.00	2	$20.00
1006	7/29/2023	Belt	$15.00	1	$15.00
1008	8/1/2023	Socks	$10.00	1	$10.00
1009	8/2/2023	Belt	$15.00	2	$30.00
1010	8/2/2023	Pants	$50.00	1	$50.00
1006	8/9/2023	Belt	$15.00	3	$45.00

# Transactions	16
Avg. Transaction Size	$40
30-day Revenue	$640

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How to use data | Connecting across data sets for complex business questions

By looking across mutliple data sets, you can extract richer insights about your business

Customer database
If you have data on your customer's income, age, preferred communication styles, product preferences, you can identify new customer segments

Transaction set

| Customer ID	Date of Purchase	Item	Sales	# of Items
1001	7/10/2023	Shirt	$30.00	2
1002	7/11/2023	Pants	$50.00	1
1002	7/11/2023	Belt	$15.00	1
1004	7/14/2023	Pants	$50.00	2

Pop-ups
Information from pop-ups like email addresses, feedback on customer service, etc. can be added to identify common pain points

Historical data
Once you have multiple years of data, you can identify seasonal trends that allow you to better plan out ordering and inventory levels
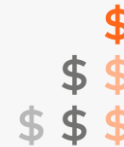
Marketing data
If you are running an online campaign and can connect transactions, you can identify the ROI of a particular campaign and adjust spend on the campaign accordingly

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Interactive Case Study: XYZ Fashion

XYZ Fashion, a local DC retailer,

... grew quickly during its first few years of operation...

...but sales have started to decline as more competitors have moved into the neighborhood.

XYZ Fashion wants to use data to help design a marketing campaign to boost sales. What kind of data should they collect? How can it help?
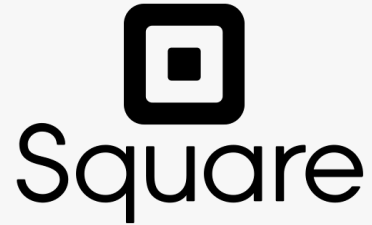
- *Think back to slide 8*
    - *Sales & Revenue*
    - *Customer Behavior*
    - *Inventory Management*
    - *Online Presence*
    - *Financial Performance*

Let's discuss!

Helpful Tools | What resources can help with data collection/organization?
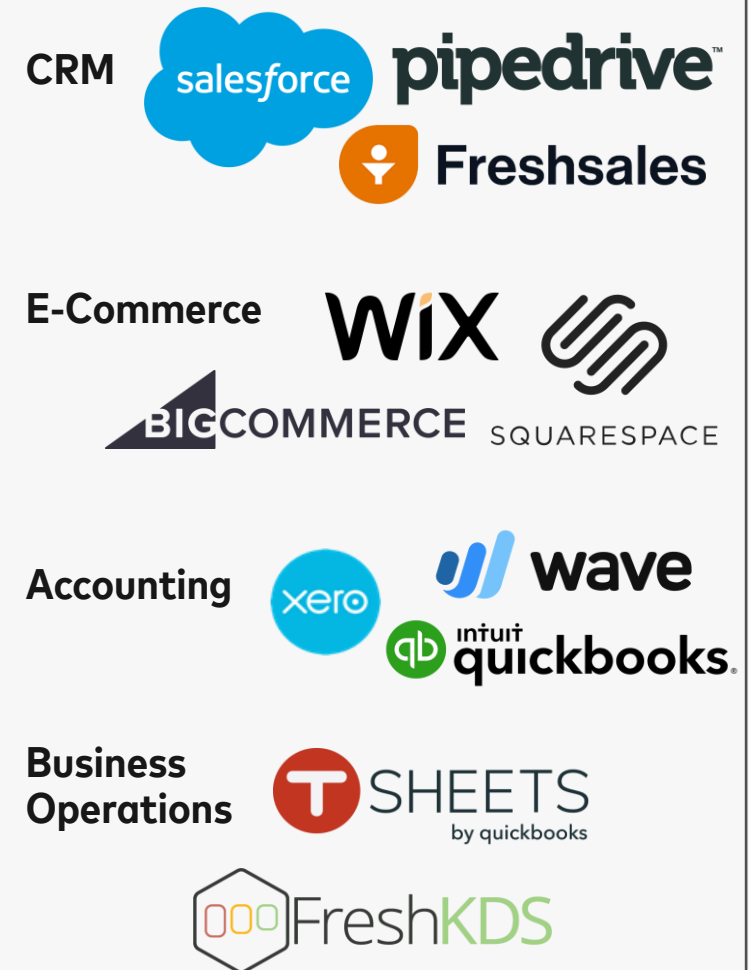
Key Platforms & Applications

Desired Capabilities & Features

➢ **Payments** (Mobile and instore payments, hardware, vertical terminal, invoicing, chargeback and dispute management)

➢ **POS** (iPad and mobile app, customer management, team management, inventory tracking, reporting and analytics)

➢ **Online Ordering and Sales** (eCommerce/Online stores, payment links, social media sales)

➢ **Business Management Solutions** (payroll, benefits, email/SMS marketing, customer messaging, loyalty programs)

Additional Resources

CRM

E-Commerce

Accounting

Business Operations

Q&A