IBM

Business challenge

Boots UK aimed to inspire its 15 million loyalty card holders to feel more engaged with the brand and increase their spend. How could it shape compelling offers based on unique customer preferences?

Transformation

Boots UK uses IBM solutions to extract actionable insights from its transactional data, enabling it to reach out with relevant promotions and inspire a significant increase in incremental spend.

Business benefits:

70%
increase in annual volume of tailored messages

Boosts
incremental spend for loyalty card customers

Engages
customers with the Boots brand

Boots UK
Significantly lifting incremental spend with tailored promotions for loyalty card customers

Founded in 1849 and based in Nottingham, England, Boots UK is the UK's leading pharmacy-led health and beauty retailer. As of August 2015, Boots employs around 60,000 people and operates over 2,500 stores across the UK, excluding equity method investments, offering a range of services including eye and hearing care.

"Our IBM solutions are helping us uncover valuable insights from a goldmine of loyalty card data."

Martin Squires
Head of Customer Insight
Boots UK

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Tailored offers drive sales

The last decade has seen a fundamental shift in retail customer expectations. Today's customers want to shop whenever they choose online or on mobile devices, and to receive the same high-quality service at every touchpoint. To meet these expectations, retailers must gain a complete, 360-degree view of individual customer interactions on all channels, and use that insight to deliver tailored services.

Customer loyalty programs are a powerful way to engage with customers and gain the level of insight required to achieve personalization at scale—but the explosion of data from new digital channels creates tough analytics challenges.

This was the situation facing Boots UK, the UK's leading health and beauty retailer. To drive continued success in a highly competitive space, the business aimed to inspire its loyalty card members to feel more engaged with the brand and increase their spend.

Martin Squires, Head of Customer Insight at Boots UK, takes up the story: "Based on our number of active members over a six-month period, more than 15 million people use the Boots Advantage Card, representing around two thirds of our customer base. We knew that harnessing this data to deliver compelling, timely and personalized offers would be a powerful way to drive incremental sales.

"To achieve our goal, we needed to extract actionable insights from our massive volumes of transaction data. However, our previous approach to analytics relied heavily on manual processes, which meant our analysts spent around 80 percent of their time collating and preparing data from six separate source systems.

"These time-consuming processes, combined with a reliance on legacy analytics tools, made it extremely difficult to create a single view of each customer. As a result, we were forced to use generic, catch-all marketing campaigns— for example, issuing a coupon for the same product to every customer when their basket value was above a certain threshold. We wanted to identify our Boots Advantage Card customers' individual preferences, and delight them with tailored offers and promotions, and we set out to transform our approach to marketing."

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Martin Squires, Head of Customer Insight, Boots UK

Integrating every channel

To achieve its personalized marketing goals, Boots UK is creating an analytics-driven marketing processes, supported by IBM solutions.

Today, Boots UK uses IBM® DB2® database software as a central data warehouse repository for its sales transaction data. With IBM SPSS® Modeler, the company matches transactions to individual loyalty card customers, and determines the next-best actions for each person based on their unique purchasing histories and preferences.

By sharing these predictive models with IBM Campaign, Boots UK can develop and deploy highly targeted marketing messages. And thanks to IBM Contact Optimization, the business can ensure that it reaches out to each customer via their preferred contact method.

"There is a tendency for enterprises to view customer analytics projects as one-off capital investments," comments Martin Squires. "Without continual investment in new capabilities, the quality of your data will quickly begin to drift—forcing another major investment a few years down the road. Given the explosion of new channels in recent years, we believe it's vital to approach customer analytics as a continuous process, and IBM's product roadmap aligns perfectly with that vision."

"Today, we can analyze our customer data orders of magnitude faster—enabling us to deliver personalized offers at speed and scale."

Martin Squires, Head of Customer Insight, Boots UK

Measuring campaign effectiveness

With IBM WebSphere® Commerce powering its e-commerce site and IBM Digital Analytics providing deep insight into online customer behavior, Boots UK can measure the effectiveness of its marketing campaigns, and identify the kinds of digital interactions that drive in-store purchases. Boots UK now launches tailored campaigns across all of its channels—including online, in store at the point of sale, and via its new mobile app.

"We are seeing that an increasing number of our shoppers browse and compare products on one of our digital channels before they complete their journey in store," explains Martin Squires. "Our mobile app streamlines the customer journey by enabling customers to browse, compare and reserve products rapidly. Better still, we now deliver tailored offers directly via the app—helping us to delight our Boots Advantage Card customers with personalized services."

Boosting sales significantly

Thanks to its integrated, analytics-driven marketing processes, Boots UK is achieving its goal of delivering tailored offers that inspire incremental sales.

"Before, the sheer amount of manual effort required to analyze our data made it practically impossible to reach out with the kinds of tailored offers we were aiming for," says Martin Squires. "Today, we can analyze our customer data orders of magnitude faster—enabling us to deliver personalized offers at speed and scale. In fact, we now launch 70 percent more tailored messages every year.

"The more relevant your message is, the more likely you are to inspire your customers to make a purchase. Since we launched our new approach to marketing, we have measured a dramatic increase in incremental sales from our Boots Advantage Card customers compared to untargeted promotions, enabling us to strengthen our position in a competitive market."

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Lifting customer satisfaction

Boots UK is now measuring significant increases in positive customer sentiment around its loyalty scheme.

"Like many retailers, we use surveys to measure customer perceptions around the value of our loyalty card," explains Martin Squires. "In the past, customers would often answer 'no' when asked if they felt as though they were receiving tailored offers. Today, many Boots Advantage Card members agree that 'they regularly receive interesting offers'."

He adds: "Supermarkets have larger average basket sizes, which gives them a substantial advantage when it comes to analyzing customer preferences and building personalized offers. We see our leap ahead of the competition as a clear validation of our marketing transformation."

Martin Squires concludes: "Our IBM solutions are helping us uncover valuable insights from a goldmine of loyalty card data, and we are delighted with our achievements so far. By continuing our close collaboration with IBM, we are confident that we can build an even deeper understanding of individual customer preferences—helping us to build more compelling offers, drive sales and nurture loyalty."

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Martin Squires, Head of Customer Insight, Boots UK

Solution components

- IBM® Campaign
- IBM Contact Optimization
- IBM DB2®
- IBM Digital Analytics
- IBM SPSS® Modeler
- IBM WebSphere® Commerce

Take the next step

To learn more about IBM Commerce solutions, please contact your IBM representative or IBM Business Partner, or visit the following website: ibm.com/commerce

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