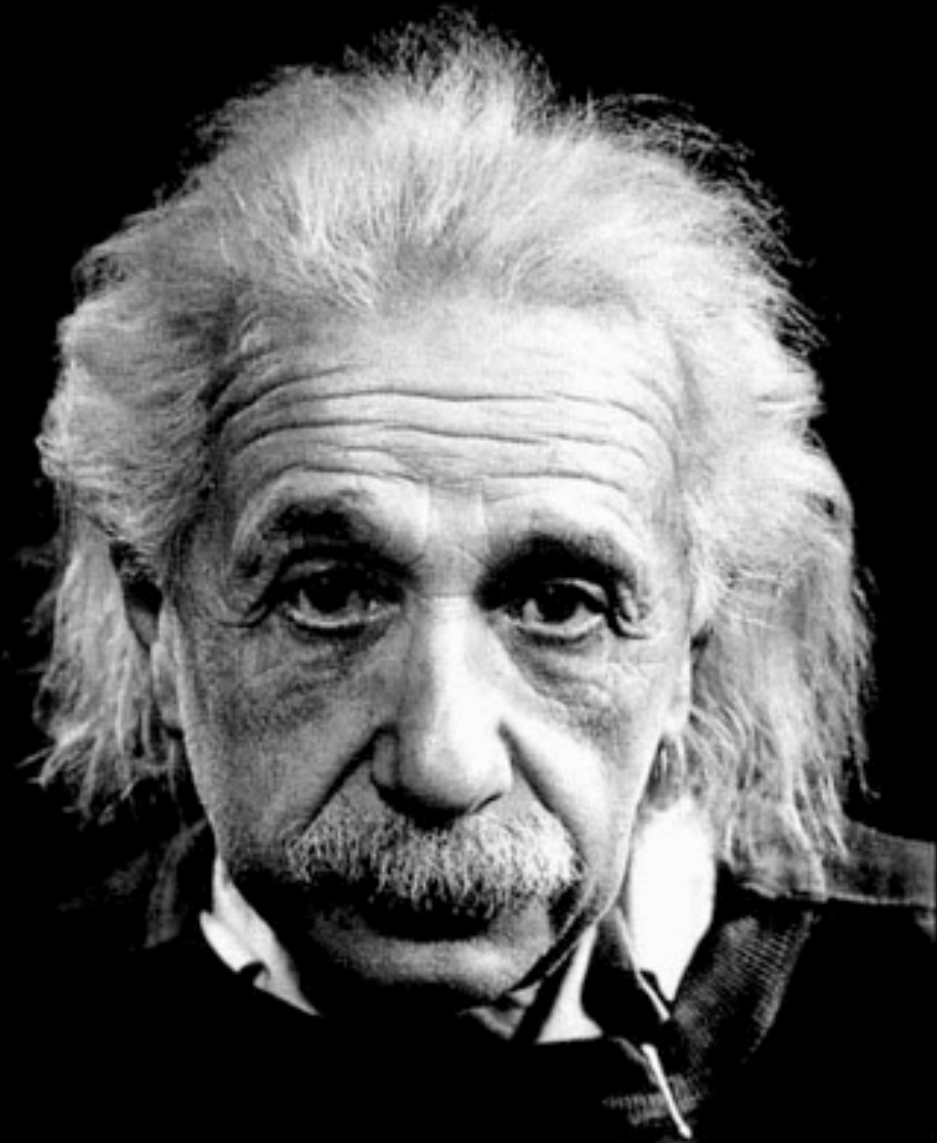> "Everything should be made as simple as possible, but not simpler."
>
> Albert Einstein

Thank you for the introduction Rupen. I'm pleased to be here today to share some of projects our Teams have been working on together.

"Marketing in the environment of speed" is a very apt theme for today's conference because everything we do as marketers really is now driven by the speed imperative.

We're expected to create strategies faster. Develop marketing and advertising plans faster. Implement them faster. Determine how well they worked faster. And do it all with less money, more precision and with greater effectiveness.

These are complex and heavy demands to place on a marketer. It means we have to make decisions faster. And making decisions requires having information to consider and analyze.

And now, we have more information at our finger tips than any generation of marketers before us. And it's coming from more sources than ever before and in more complex ways. So how do we succeed in this kind of environment? How do we make good decisions, quicker and more effectively?

At the Mint, we're finding our way forward in this environment by using specialized data and tools to help us simplify the information we choose to work with so we can understand our customers better to make better decisions – for us and for them.

In the next 30 minutes or so, you'll see how we're combining our own customer information with demographic, socio-economic and behavioural data to acquire new customers more effectively – and how custom data models are helping us cultivate those new customer relationships, while keeping our eyes on the need to generate revenue.

For us, it all begins with the Customer Lifecycle.
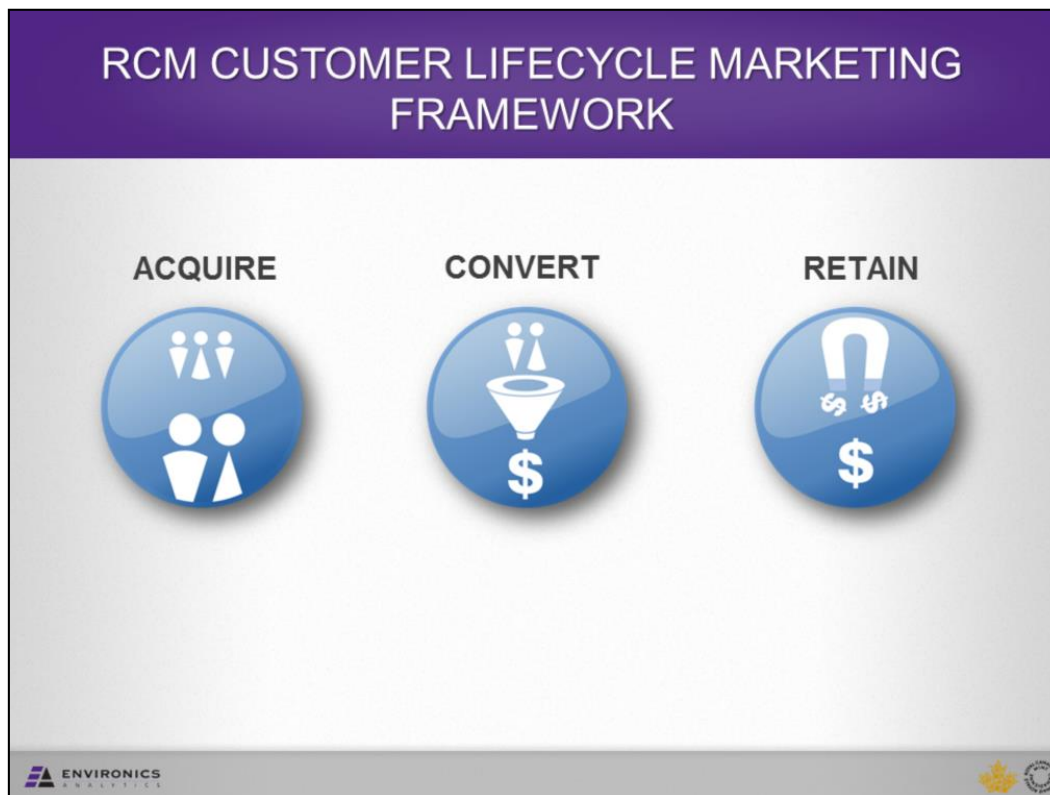
At the Mint, our customer lifecycle framework is pretty simple: we acquire new customers, we attempt to persuade them to make at least one more purchase within the first ▇ days and then we work to retain the existing customers we already have.

This framework gives us a unified view of the customer and lets us keep things very basic.

Acquire. Convert. Retain. One of the reasons we try to keep it so simple is that we've had very significant growth in customers and revenues over the past three years:

> Our 12M Active Consumer database has almost tripled since ▇▇▇. Our web and call centre revenues have also almost tripled as well.
>
> The number of new customers acquired went from ▇▇▇ in ▇▇▇ to over ▇▇▇ in ▇▇▇ and more than ▇▇▇ last year.

So this Acquisition/Conversion/Retention framework is very simple because any complexity is hard to manage in this kind of high growth environment.

The stage of the lifecycle that is the most important for us is the second one: Conversion.

We know from our own data analysis that if we can convert a new customer, get them to place a second order, in the first ▇ days, they will be four times more valuable to us than if it takes longer than that. If we can get a new customer to buy a second time even sooner, within the first ▇ days, they will be three times more valuable than if it takes ▇ days to convert them.

So in our conversion stage, we develop customer communications treatments that are designed to get new customers to order again. But I'm getting ahead of myself and we'll take a look at how we approach converting customers in a moment.

The first thing we need to do is to find new customers.

And to do that, we've started using tools like the Prizm C2 segmentation. That's where we'll begin today.

I am not here today to pitch you on Prizm, so please let me be clear about that right up front.

But I am here to pitch you on thinking about you can use your own data – and data from other sources – in new ways and explore new ways to approach your marketing/communications planning.

Because Prizm is a tool we're using to do that with, I need to take a few minutes and outline what the tool is and some of what it offers.

Prizm C2 is a segmentation system that is built on rich data sets drawn from a wide variety of sources – including Stats Canada, the Print Measurement Bureau and proprietary databases and consumer survey data.

All of this vast data is analyzed to sort every household in Canada into one of 66 distinct segments – or clusters, based on consumer demographics, behaviours, attitudes and lifestyles.

Then all households, and the clusters they belong to, are mapped down to the postal walk level.

A few uses for Prizm include analyzing which clusters your most important – or least important – customers belong to, how your customers compare to other households in Canada, and how your customers compare to each other based on their own behaviours within your database.

Here's a quick look at one way we're using Prizm to better understand our customers.
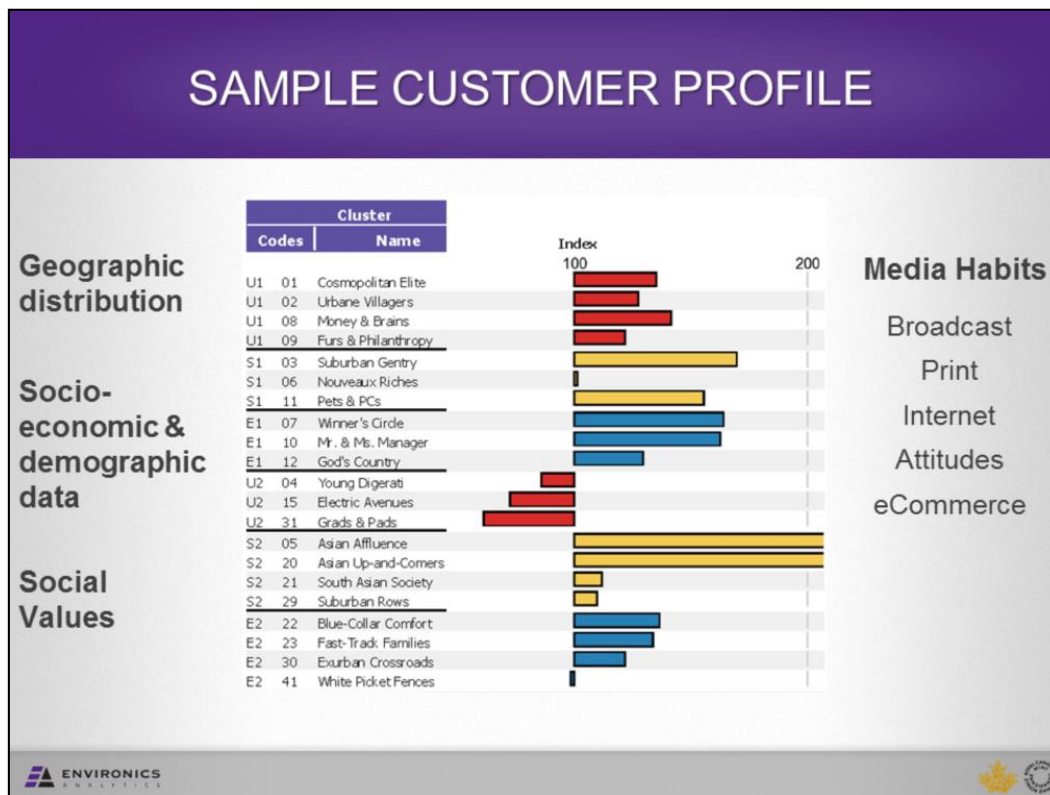
One of the things we've done is to run a selection of our First Time Buyers through Prizm to see what Clusters they fall into.

Here's what that looks like:

This analysis is indexed to all Canadian Households, so 100 is the Average. Those clusters you see where the bars are extending to the left indicate clusters that are home to people who are not as likely as the average Canadian household to buy Mint products;

Clusters where you see the bar extending to the right, are Clusters that are home to people likely to buy Mint products at a rate higher than Average, compared to all Canadian Households. The further to the right the bar extends, the higher the likelihood that households in that Cluster would be first time buyers of Mint products.

And because all of this other information is available for each Prizm cluster, we know where to reach the important clusters, who those people are likely to be, the ideal type of messaging to create, which types of media we should evaluate using and where we should consider advertising.

I know there is a lot on this chart so we'll take a closer look at it in just a moment.

But we can use Prizm to learn even more about customers who behave in specific ways. Here's an example of that…
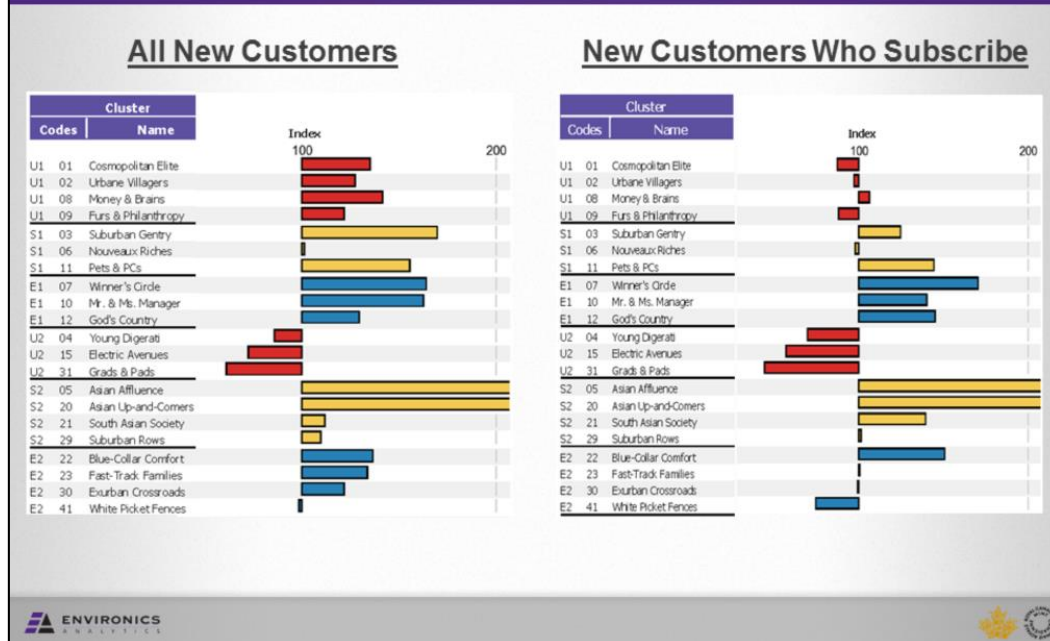
First some background:

The Mint offers individual collectible coins as well as Coin Subscription products – which are series of coins united by a specific theme and which customers subscribe to.

When a customer subscribes they get a new coin each month until the series is completed. The invitation to subscribe is made through a series of direct mail packages and email campaigns each month.

But not all customers are ideal candidates for subscriptions. And because we've found that addressed direct mail works well for us, there are very real costs to us when we start offering subscriptions.

So we use Prizm to identify, within our own database, those people who are the best prospects for subscription products by comparing customers who subscribe, to those who do not.

So what you see here on the left is the same chart from the previous slide. These are Prizm clusters home to people who are likely to buy a Mint product for the first time compared to all Canadian households.

The chart you see on the right is a profile for First Time Buyers who go on to subscribe compared to all First Time Buyers as a whole. So now the universe we're comparing is not all Canadian Households, it's for all current FTBs.

So you can see here on the left hand chart that clusters like Asian Affluence and Asian Up & Comers over-index as being clusters where we will find prospects who are likely to be first time buyers of Mint products.

The same is true for the four clusters at the top of the list.

However, those top four clusters are not home to people who are likely to be first time buyers and who will purchase subscriptions from us. The Asian oriented clusters over-index as being home to people who are likely to be both first time buyers and subscribers.

Think about how this kind of analysis could apply to your own database.

For example, let's say you notice that some new customers have a first transaction value of $200. And that many of them also tend to make a second transaction valued at $100 within a few months. But not all of your customers fit this profile.

5

Some don't spend $200 on their first transaction, and some don't go on to make another transaction within a few months – or at all.

What you could do is to profile those $200 customers to see which Prizm clusters they show up in. And then you can develop acquisition strategies that specifically target prospects in those clusters that are likely to be much higher in value to you.

 Ok, now you have some background on what Prizm is and a couple very straight-forward examples of how we've used the system at a high level.

Let's take a closer look at how Prizm has helped us improve our new customer acquisition efforts for a new series of coins we introduced in ▬▬.

These are our $20 for $20 coins.

They have been one of the engines driving our customer growth in the past few years.

We also call these our Face Value coins because the price of the coin is exactly the same as the coin's denomination. So in this case, twenty dollars gets you a coin that will always be worth $20. You can buy one of these coins and at any time, go into any chartered bank and get $20 for it. So there really is no risk.

With these coins we have acquired over ███████ new customers. And this series has been so successful that we've also introduced $50 for $50 and $100 for $100 coins to our Face Value line-up.

Here's how we used Prizm, and a majestic animal from Canada's North, to acquire new Face Value customers very cost effectively.

This is our Polar Bear $20 for $20 coin.

It was the 3rd coin in our $20 for $20 program.

The value proposition is pretty straight-forward:
Get a $20 coin for $20 – a straight value exchange
Each coin contains one-quarter ounce of pure silver
And you get free shipping

What we wanted to do was use our First Time Buyer data from the first two $20 for $20 coins to see what we could learn about who was buying these coins and if we could use Prizm to adjust our marketing mix for more impact.

Here's how we had been advertising the two $20 for $20 coins previous to Polar Bear.

You can see it was a mix of print ads, Free Standing Inserts, paid search and some unaddressed admail.

Given the relatively low cost for unaddressed admail, we suspected we could leverage the Prizm information to make that medium more effective for us.

So here are the two questions we wanted to answer with a test using Prizm.

Here's how we set out to answer these questions…

We ran a selection of our $20 for $20 customer base through Prizm and identified seven key clusters.

Here are the first four:

You can see that Clusters 5, 20 and 21 are all part of the S2 Group – Suburban Upscale Ethnic cluster. So while these clusters share some similarities that they can be grouped together, they do differ enough from each other that they can form their own discrete Clusters

To be included in Tier 1, a Prizm cluster had to meet or exceed a specific Index Value Score. So all of these clusters over-indexed as being home to people more likely to buy a $20 for $20 coin from us as their very first purchase.

Some of these clusters indexed at extremely high rates – as much as three or four times higher than the Canadian average

We added these three additional clusters to Tier 1 because they also over-indexed enough as well.

But we also identified another group of Clusters to pay attention to

And that's these ones…
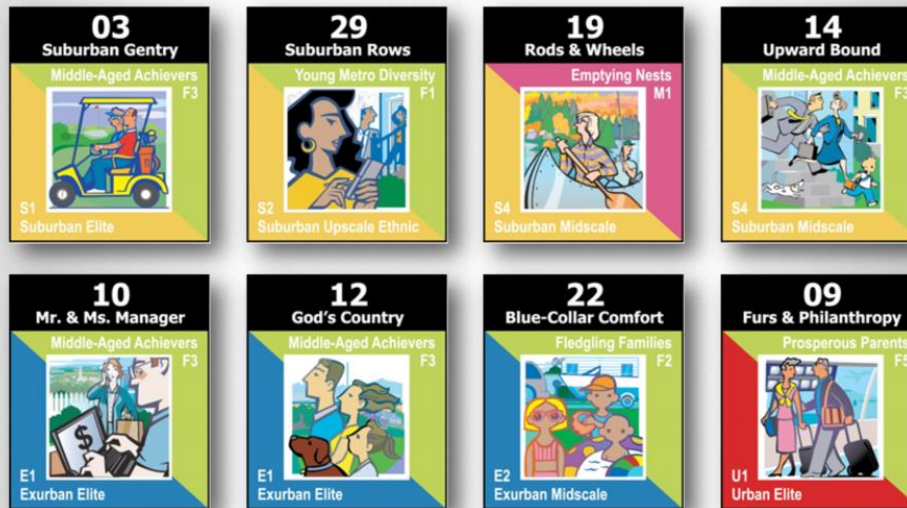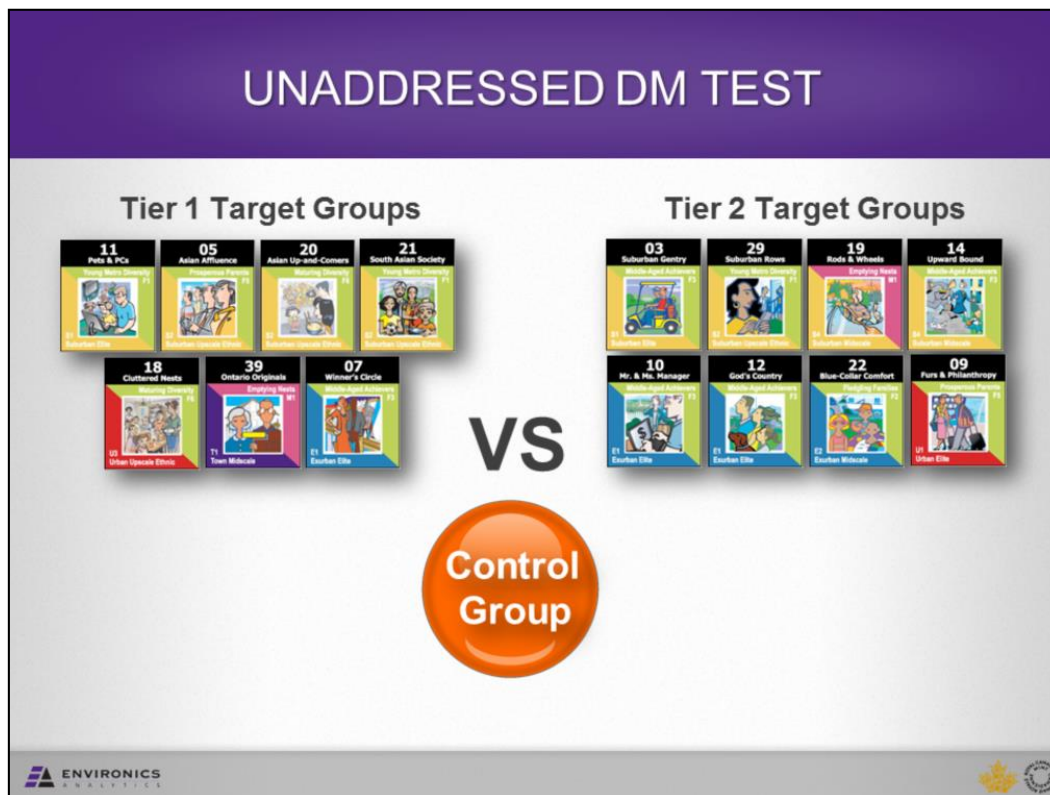
These clusters still over-indexed as being home to people who would be more likely to make a $20 for $20 coin their first purchase from us. But they just didn't over-index as highly as those clusters on the previous slide.

So we ended up with 15 different Prizm Clusters split into two groups – or tiers.

Here is how we structured our unaddressed admail test.

In Tier 1 we mailed into postal walks that had 90% coverage – meaning that at least 90% of the households in a postal walk had to fall into one of the Tier 1 clusters.

Same for Tier 2 – at least 90% of the households in a postal walk had to be in one of those clusters.

And then we had a third group that was the Control. This group consisted of households randomly selected from all other Prizm clusters.

This group was our baseline and the one we needed for comparison to see if we would get a better response by using Prizm.

Here's what we mailed them.

It starts with the product: an emotional image and interesting coin design.

On the left beside the coin, there is some copy with a bit of an emotional appeal to give the coin some context.

It reads, "I am the unstoppable force. The ruler of ancient changing ice. The heart and soul of the arctic."

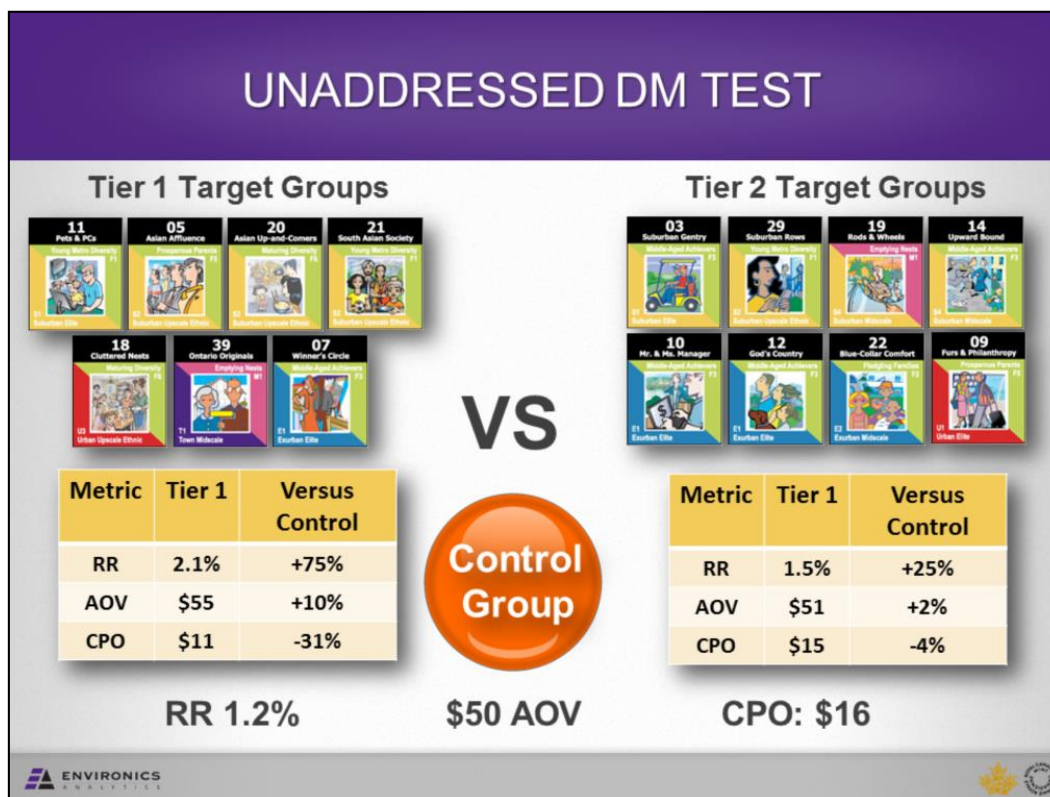Then, on the right, we call out the value proposition very clearly:

No risk straight $20 for $20 exchange

99.99% Pure Silver

Previous coins sold out, which implies some urgency to purchase

Free shipping

Let's have a look at the test results

First let's start with how the Control Group did.

You can see a 1.2% response rate with a $50 AOV and a Cost per Order of $16
Here's how the Tier 1 test group did:

It got a response rate that was 75% higher than the control, with an AOV that was 10% higher at $55 and a Cost per Order that was almost one third lower at $11.

A couple things to keep in mind when you're looking at these two comparables. It's not that the Tier 1 group got a response rate that was almost 1% higher in absolute terms. The valuable finding is that the 1% increase in response is actually a 75% higher incremental lift in response – which is very, very significant.

Combine that with a 10% gain in AOV and that's how we get such a much lower Cost per Order. Tier 1 responded at a much higher rate and also spent more.

Let's look at the Tier 2 group: here we got a 25% improvement in response, a

slightly higher AOV and because those two data points are lower than the Tier 1 group, we achieved only a slight improvement in Cost per Order.

You may be wondering how we could afford to spend $15 or $16 on a new customer when we're selling a product that is priced at only $20. Two reasons:

We make some margin on the $20 coin itself

More importantly, many customers we acquire on a $20 for $20 continue to buy from us in the future; the average LTV per customer acquired on a $20 for $20 coin can be several hundred dollars

And since this was Unaddressed Admail, you may also be wondering how we did this analysis.

We took all First Time Buyers acquired during the campaign period and matched them back to the list of postal walks we mailed into. That's how we could determine the response rates so accurately.

So thinking about our test questions, Prizm gave us a boost. It helped us identify who to target based on the profile of customers who had previously purchased a $20 for $20 coin and in so doing, we got a significant incremental lift in response.

And we also got a slightly more valuable customer – with AOV of $55 compared to $50.

Now we use Prizm data when thinking about which print and online media to select and which postal walks to choose when we use unaddressed admail as major tactics.

Before we move on to see how custom models can help you, let's close with a few take-aways about how Prizm can help with customer acquisition planning.

And for us at the Mint, given this environment, we're finding that the concept of a customer lifecycle is a helpful way for us to break-down what can be a complex customer relationship into a very simple framework.

This approach lets us focus our efforts for maximum return.

You've just seen how two models we've built with the Environics Team which combine Prizm, supplemental data and our own transactional information are helping us to target and effectively convert high value First Time Buyers.

And you've also seen how Prizm C2 data alone has helped us with media selections and improving the effectiveness of unaddressed admail as a simple acquisition tactic that can be implemented quickly.

Whether you choose to explore using a tool like Prizm or a custom model really comes down to having a good definition or idea of what your customer lifecycle is.

So that's the first-step: define your customer lifecycle. Then decide what stage you want to influence, and identify the questions you need to answer in order to do that.

Next, analyze your own data and explore if external data and tools can help you answer those questions.

Then, act on your findings and make sure you can measure the impact of your efforts.

The combination of your own customer information and other tools can help you act effectively, confidently, with flexibility and most importantly – with success when you're faced with the daunting task of having to market in the environment of speed.

If we have the time, I'm happy to take a couple questions now or feel free to see my afterwards and we can chat then.

Thank you very much for your time and attention today.

Anyone who has never made a
mistake has never tried anything new.