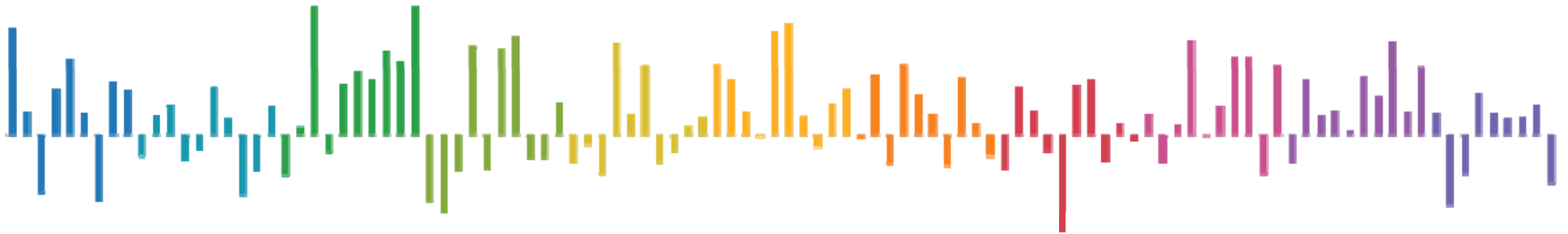# Background and Examples

A Week In The Life Of An Analyst Rock Star: Using Analytics To Dramatically Boost Bottom Lines

Stephen McDaniel with Stacey Barr

Co-founder and Principal Analyst
Freakalytics, LLC
http://www.Freakalytics.com

Case study- a niche winery with a strong direct-to-consumer business

- Revenue- $4.1m

- Direct business
  - 60% of sales
  - 87% of gross profit
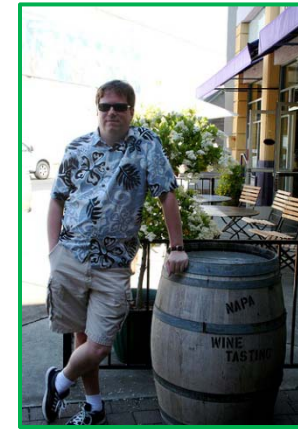
- Data "scrambled" for this demo

Customer segments are valuable for broad product and marketing decisions

- Segments - customer groupings based on marketing research

- Guidance for product & marketing decisions

- Weaknesses
  - Generalizations
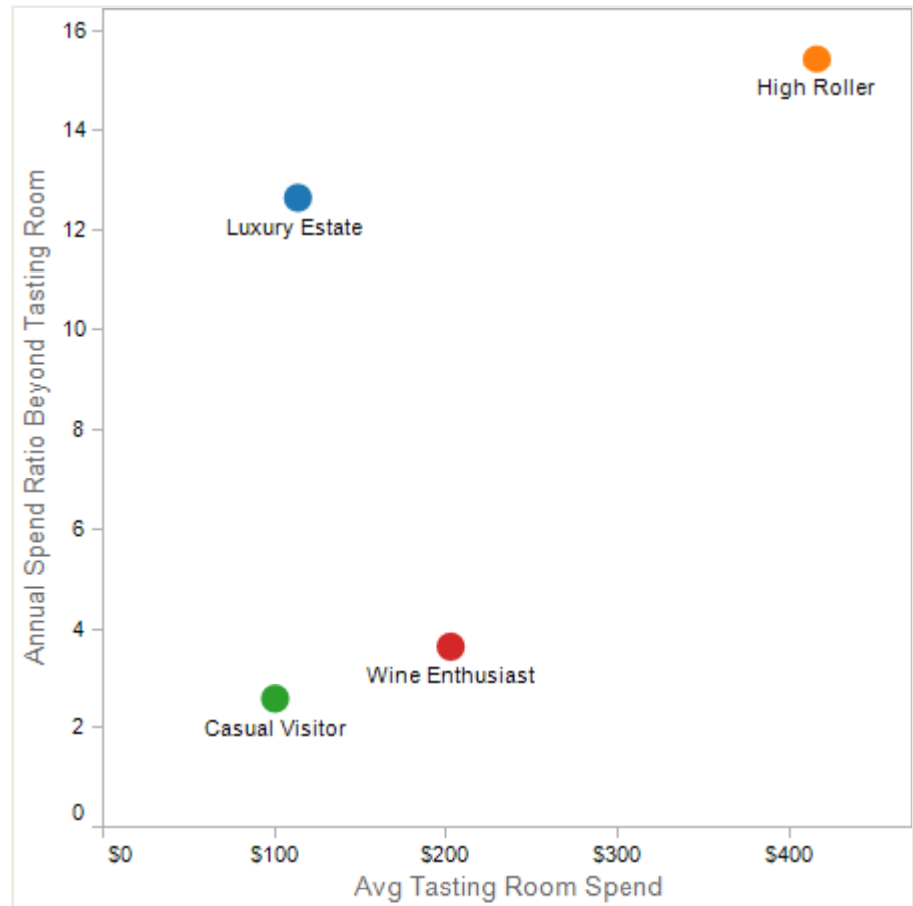 - Hard to measure impact

Enthusiast

Casual

High Roller

Luxury

Make customer segments actionable – assign each customer to a segment

- Which marketing actions are justified for each customer?

- Segment counts and sales-current year versus prior year

- Marketing results from changes in investment amount & messaging

Customer lifetime value- beyond response rates to measure true impact of marketing

- Superior to response rates & recent purchase data

- Can evolve over time to incorporate richer, broader views of behavior

- LTV is a strategic metric- measuring true impact of marketing programs
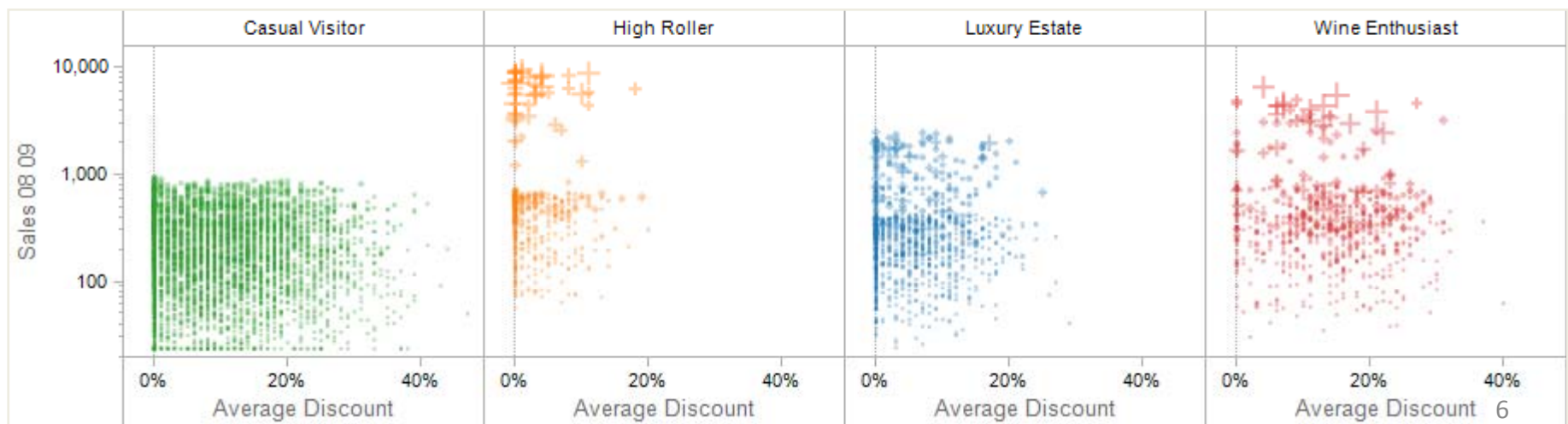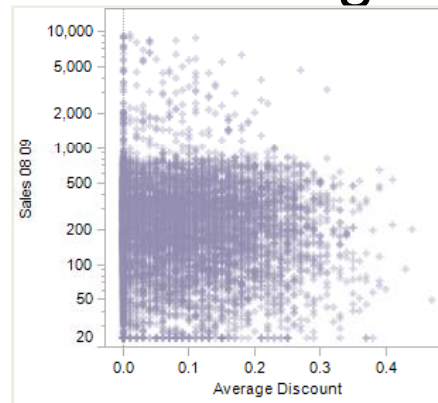
The single purchase view

LTV- estimate the future

# Visualize Annual Sales by Average Discount, LTV = Size of Point

- All customers in top graph
- Segments (below) with LTV (size) can inform discount offer decision-making.

Visual Metrics to Inform: Petro-Wealth Importance by Region and Country

- Public debate often focuses on very simple metrics to explain topics of great importance.

- This demonstrates how careful selection of relevant metrics can greatly enhance understanding of important issues.

- We hope that you will find this useful in expanding your thinking about business metrics in a fresh, new light.
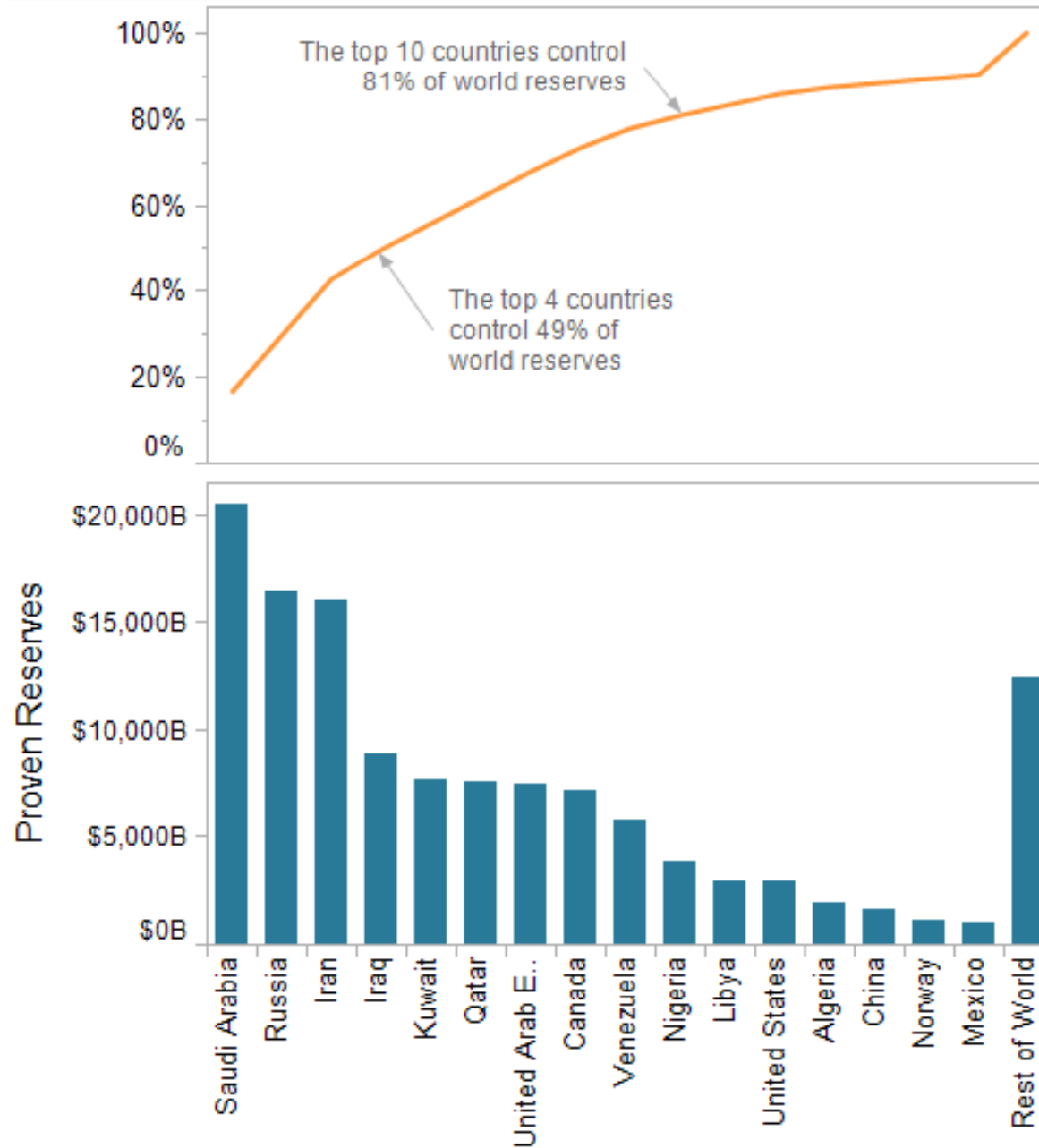
Region Oil and Natural Gas Proven Reserves (Current $'s)
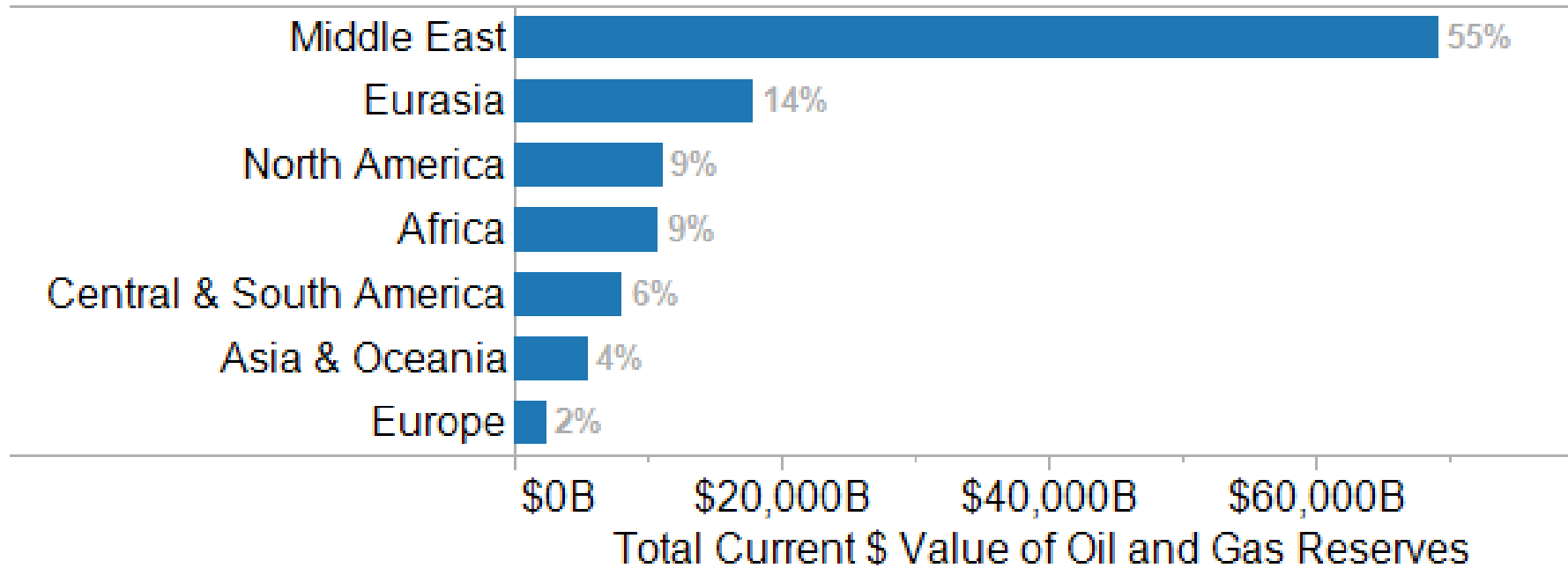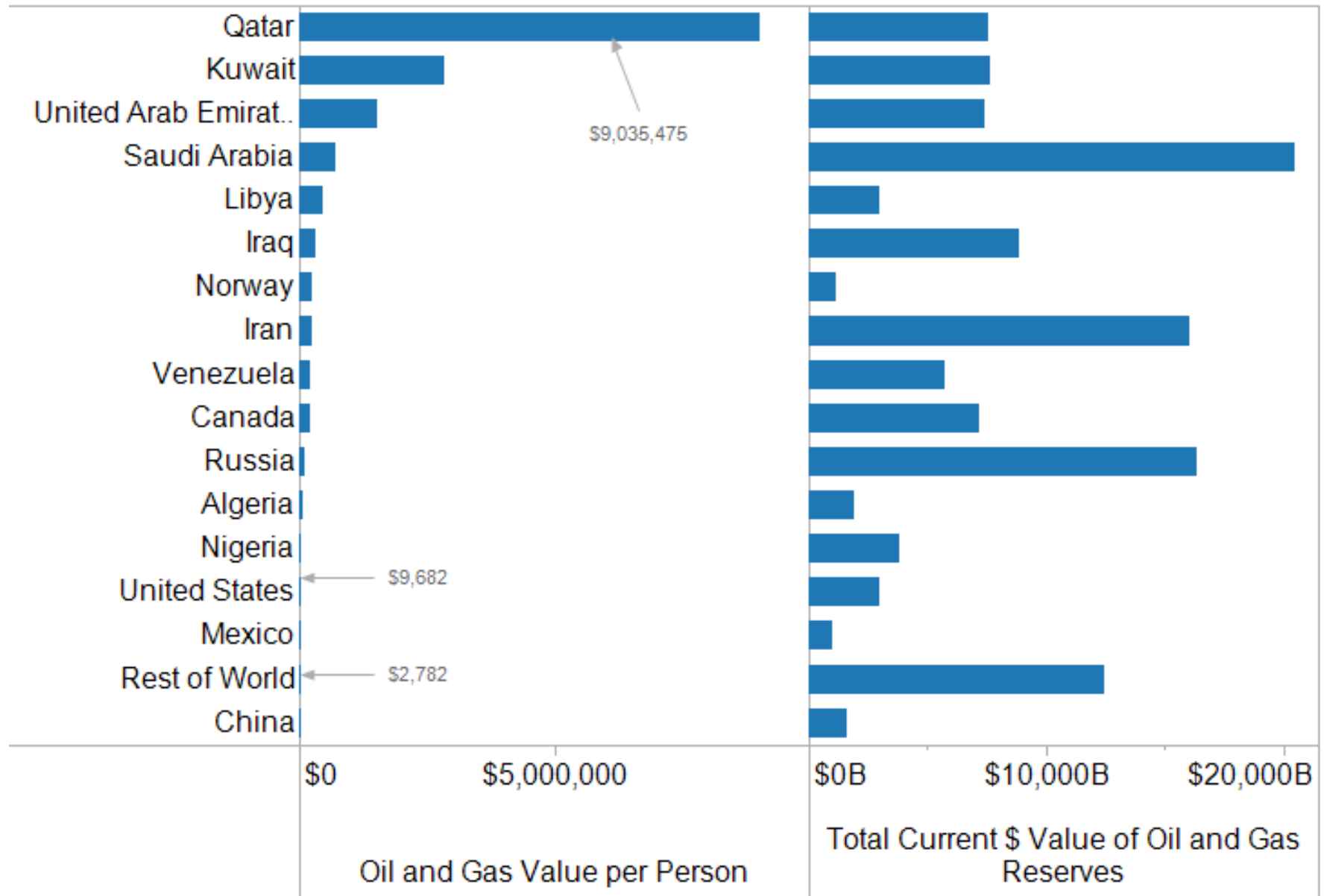
Regional Population and Proven Reserves (Current $'s)
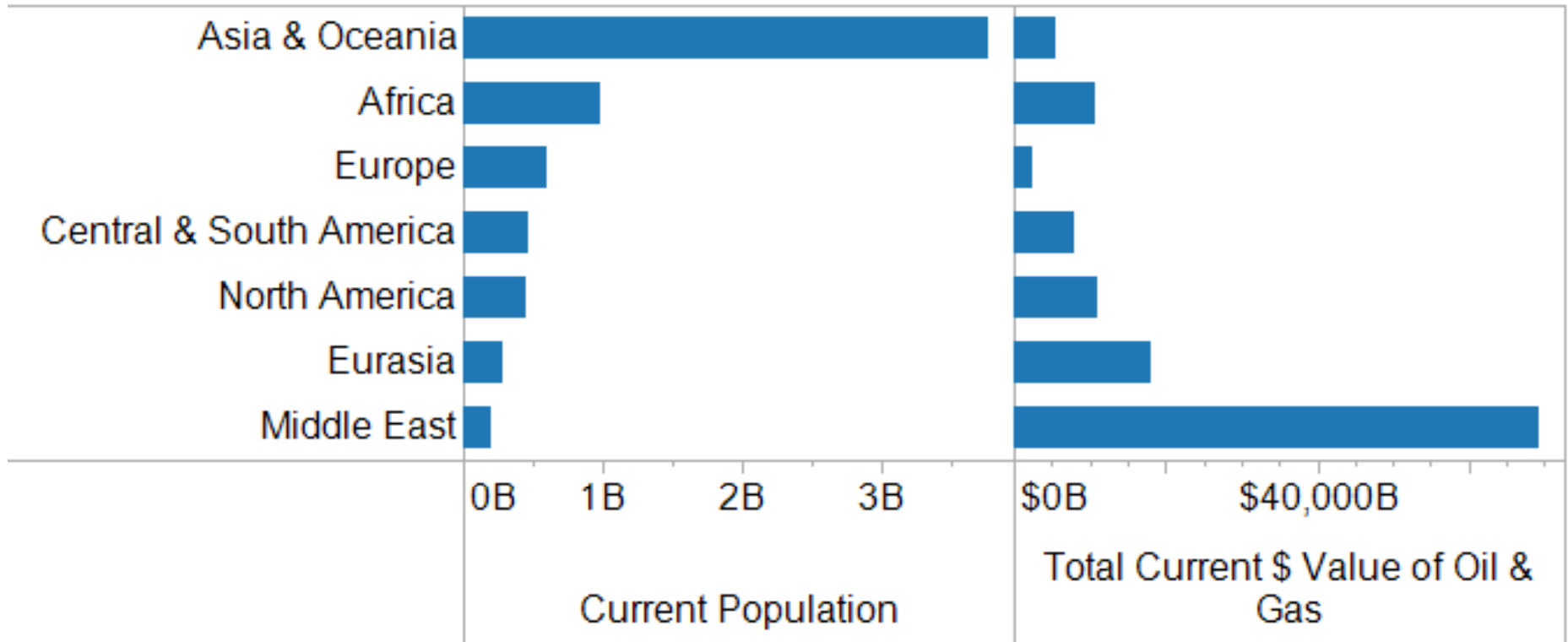
Proven Reserves- Running Total Percent of World Reserves and Reserves in Current $'s

The top 10 countries control 81% of world reserves

The top 4 countries control 49% of world reserves

Total Current $ Value of Oil and Gas Reserves per Person

	Oil and Gas Value per Person	Total Current $ Value of Oil and Gas Reserves
Qatar	$9,035,475	
Kuwait		
United Arab Emirat..		
Saudi Arabia		
Libya		
Iraq		
Norway		
Iran		
Venezuela		
Canada		
Russia		
Algeria		
Nigeria		
United States	$9,682	
Mexico		
Rest of World	$2,782	
China		

Axis (left): $0 — $5,000,000 — Oil and Gas Value per Person

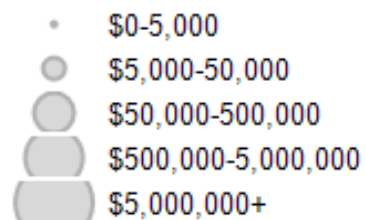Axis (right): $0B — $10,000B — $20,000B — Total Current $ Value of Oil and Gas Reserves

Oil & Gas Reserves Value per Person by Country

Oil and Gas Reserves Value per Citizen

- · $0-5,000
- ○ $5,000-50,000
- ○ $50,000-500,000
- ○ $500,000-5,000,000
- ○ $5,000,000+

Oil and Gas Reserves Value per Citizen

- ■ $0-5,000
- ■ $5,000-50,000
- ■ $50,000-500,000
- ■ $500,000-5,000,000
- ■ $5,000,000+
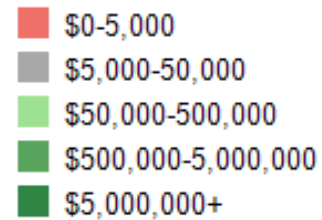
Maximizing Sustainability by Incorporating Consumer Behavior & Environmental Expert Opinion

Which "green" activities are consumers performing? Activities that-
- Save them money?
- Are easy to do?
- Are the most beneficial to the environment?
- Some combination of the three?

Combining survey insights with expert opinion uncovered:
- Activities that experts rank as the most beneficial for the environment are not always performed frequently by consumers.
- Economic benefit to the consumer is a stronger predictor of frequently-performed activities than environmental benefit.
- However, convenience to the consumer is the best predictor of green behavior!

"Newcomer" communities can maximize the impact of launching their green programs by

- Prioritizing activities that are convenient and economical for the consumer.

- Motivating consumers with educational programs and incentives.

- Waiting until the environmental program has gotten off the ground before encouraging activities that are low in convenience.

Newcomer Communities: Expert Ranking
of Economic Benefit and Convenience to Consumer
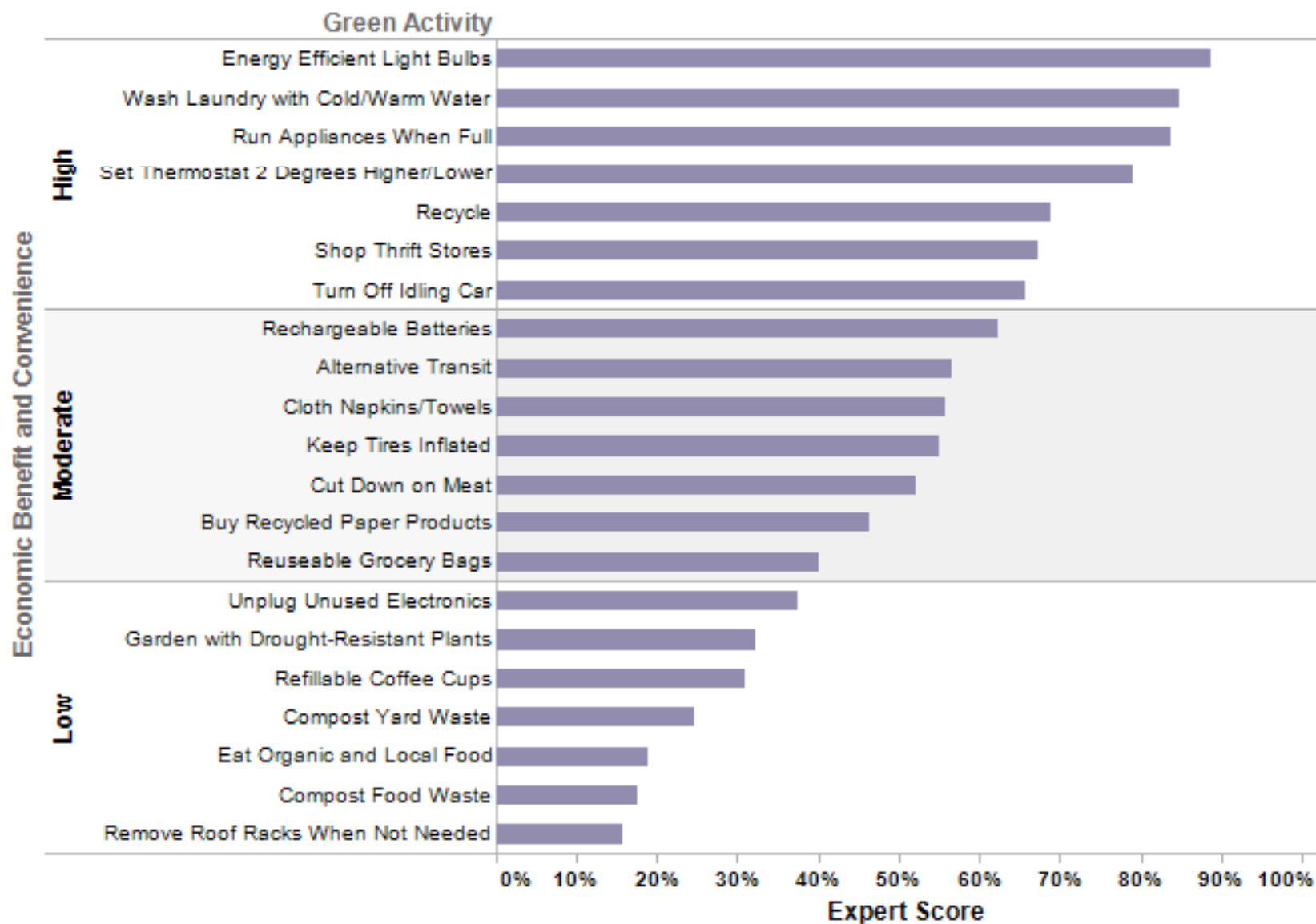
"Veteran" communities can prioritize the activities using environmental benefit

- Activities that are most convenient can be financially penalized for non-compliance.

- Less convenient activities can have incentives for performance.

Veteran Communities: Expert Ranking of Environmental Benefit with Convenience to Consumer in Color
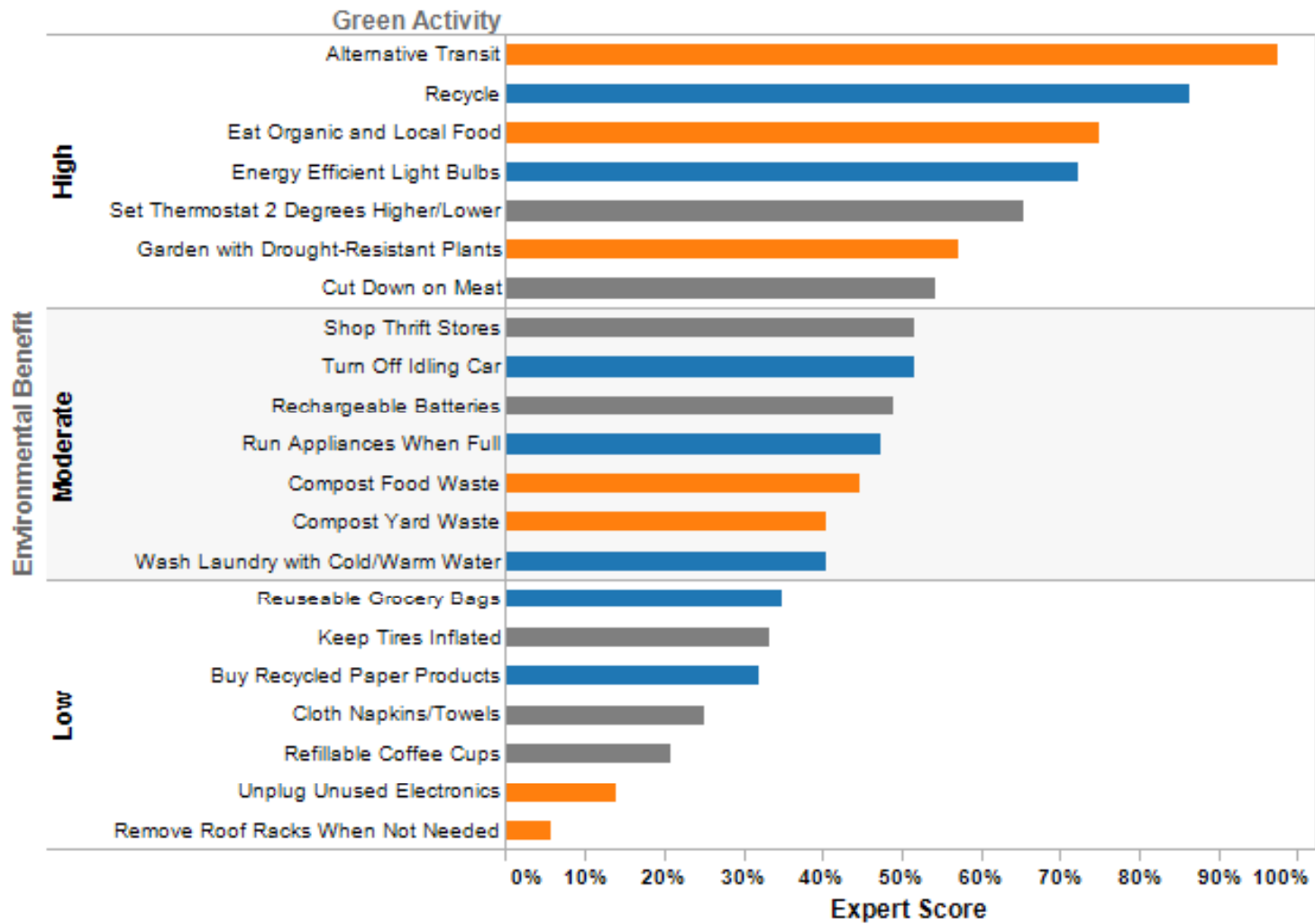
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