

Business Challenge:

Companies today are challenged to keep their existing customers, have them spend more while simultaneously reducing sales and marketing costs for acquiring new ones. Executives are challenged with how and when to properly marshal their sales and marketing channel resources to communicate to their most valued customers – the ones that have a higher chance of conversion than prospects. Winsper’s Customer Economics solution helps companies benchmark the economic impact of their existing customers so that senior executives can determine how to manage their sales, marketing and operations to better target, and segment the customers.

Solution:

With Customer Economics, clients can now quickly and efficiently determine the value of their existing customer base relative to its peers. The solution is a SaaS (software as a service) that easy and simple to use. By driving more shareholder value, the executive reports allows CEOs, CFOs, COOs, and Sales and Marketing Operations get insight on:

- Total Cost of Acquisition
- Customer Lifetime Analysis
- Customer Segmentation
- Customer Life Stage Mapping
- Customer Profitability Analysis

Benefits:

Customer Economics gives you the ability to:

- Increased shareholder value by analyzing customer profitability.
- Reduce customer attrition.
- Eliminate customers destroying company profitability.
- Reorienting customer value propositions to increase customer satisfaction while reducing wasted costs.
- Focus company resources to measure, manage and optimize your customer revenue opportunity.

Frank Donny, SVP of Product Marketing, Richardson, states, “The ‘Customer Economics’ offering helps companies in their constant effort to understand customer buying trends and maximize revenue opportunities from their existing customer base. Some of the challenges the offering addresses include identifying most profitable vs. least profitable customers, reducing operational costs while still trying to maintain a level quality service, and spotting new sales cycles.”

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Customer Attrition Losses from 1 to 4 orders

From Order	Customer Bounce Rate
1	402
2	267
3	175
4	150
5	92
6	70
7	64
8	38
9	29

Company loses 33.5% of customers from the first to second order. Attrition causes original cost of acquisition to burden the more profitable long-term customer.

Customer Profitability : 80/20 Rule

Decile	Customers	Orders/Cust	Revenue / Cust	Estimated Profit/Cust
10	100	32.47	\$480,986.45	\$112,347.08
9	100	15.28	\$134,463.64	\$24,423.50
8	100	8.65	\$60,567.63	\$9,164.56
7	100	4.71	\$46,547.23	\$3,245.38
6	100	4.01	\$34,048.53	(\$1,623.41)
5	100	3.45	\$30,670.54	(\$7,042.14)
4	100	3.02	\$20,994.35	(\$13,630.41)
3	100	2.64	\$20,617.56	(\$15,347.23)
2	100	3.54	\$17,121.57	(\$20,242.94)
1	100	3.00	\$9,302.88	(\$41,731.62)
				(avg)
Total	1000	8.18	\$49,662.57	\$4,966.25

Model used 70% direct costs, 20% indirect costs and 10% Net Income (before EBITA).



About:

Winsper provides a customer-driven business performance platform for their clients, including a host of services such as business, sales and marketing strategy and multichannel media planning and execution. There are four solutions that support the platform – Customer Insight, Customer Brand Experience, Customer Acquisition and Customer Economics. Simply stated, Winsper helps companies know, find, sell and keep their best customers and also helps new customers find them.

Customer Profitability: Organizations should calculate the profitability of customers and develop retention programs for those they want to keep. Source: Gartner January 22, 2009