

# Why We Overhauled Our Measurement Strategy and Embraced Customer Lifetime Value

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## Published

July 2017

## Topics

Finance & Banking,  
Data & Measurement

In an industry where conversion is king, Experian took the daunting step of embracing lifetime value. It was both challenging and complicated, says Senior Director of Digital Analytics and Ad Operations, Jane Yu. But now the company is reaping the benefits and driving growth in a competitive marketplace.

**E**xperian Consumer Services is the division of Experian which offers online credit reports, scores, and monitoring products for consumers. We traditionally thought about business success as those moments when a customer clicks the buy button. And because conversion was always king, our marketing was concentrated on getting people to immediately sign up.

But we realized that using only this KPI wasn't sustainable. The financial services landscape is always growing and changing, and new competitors are entering the market every day. We needed to differentiate ourselves by meeting our customers' needs better than other brands. To do that, we had to rethink our analytics strategy and focus on lifetime value. These days, we emphasize delivering value to consumers with the right messaging and experiences, at the right time, and at the right stage of their financial life cycle.

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It wasn't an easy process, but it's been well worth it. Here's how we got started.

## Putting the building blocks in place so we could focus on lifetime value

At Experian, we knew making the shift to lifetime value meant understanding and segmenting our customers on a much deeper level. That was a daunting task. We needed to closely examine first- and third-party customer data from many different sources. This is often messy and scary, and it's never perfect. There were three key organizational building blocks we needed to put into place so we could start off on the right foot:

- **Get leadership buy-in** so we could make this change a company-wide priority.
- **Update our infrastructure** with processes that made data collection, storage, and analysis more streamlined. We added Google Analytics and positioned it as the modeling center. We also formed a dedicated data-science team, while we transitioned to cloud-based architecture to improve time to market and flexibility.
- **Invest in training** for our analysts so they were able to use new reporting tools.

With this new system, we're able to directly link lifetime segmentation to our analytics, and easily test different campaigns with different audience segments.

## Updating our measurement to reflect lifetime value

We couldn't just change our customer segmentation strategy and messaging in order to make lifetime value our priority—we also had to

update our measurement and metrics to reflect the evolving strategy. To do this, we started optimizing for lifetime value. Measuring and tracking lifetime value used to be an ad hoc process, but now with a single platform we can dynamically track and update based on new performance data.

Another thing we recognized was that it's unfair to measure a customer's true value only with a dollar amount. We needed to find a way to quantify how all consumers engaged with us so we could understand what other high-value relationships looked like. For example, even if a person isn't ready to buy right now, it's extremely valuable for us to know how we can be top of mind when they are ready. To do this, we're exploring proxies for establishing what lifetime value looks like across a number of scenarios. Then, we can use those engagement and loyalty behaviors as indicators of high-value relationships.

As we continue to develop this data and model, we'll be able to apply it to our marketing directly through Google Analytics and AdWords.

## **What's next?**

We knew our approach to capturing lifetime value was never going to be perfect on the first try. Still, we're making progress and setting up a strong foundation from which to better meet our customers' needs. That will help us build and grow our company. As we gain new data we refit and train our model and measurement so they're evermore accurate.

For example, one of the segments we're looking at is satisfied, paying customers. We didn't want to bombard this group with messages for products they're already happy with. So, we're focusing on meeting their needs through other services and channels. This gives them a better user experience, and it means we can better allocate marketing dollars to reach prospective customers. Through learnings such as this, we're

developing tools to track and incorporate new behaviors and segments into our models and analysis.

My advice to organizations who are looking to undertake a similar shift toward focusing on lifetime value is to align all your internal and agency teams so you have a common focus and goal. Oh, and make friends with analysts! They're going to help you understand what your customers really need, and ultimately help you grow your brand through a focus on lifetime value.

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