

DataCo provides customer loyalty and retention solutions to its clients through the integration of comprehensive data analytics, research and marketing strategy.

An integral part of DataCo's solution set is a valuation of our clients' customers over time. Customer Asset Valuation (CAV) is a cost-effective methodology which goes beyond traditional cash flow analyses, by incorporating forecasts of future revenue and customer attrition over time. Our clients benefit from an independent third party analysis, based on years of evaluating the impact of unique marketing treatments to the future value of customers.

CAV is particularly relevant and heavily utilized by companies offering continuity or membership related programs. DataCo currently employs this proprietary technique for clients engaged in direct marketing of products and services such as roadside assistance, healthcare coverage, credit cards, insurance and financial services. Our clients have leveraged the output from CAV to assess ROI on marketing investments or tactics, reallocate marketing expenses, and/or assess the valuation of an entire business entity.

Here's how it works:

1. First, we source as much data from the client as possible regarding their customers, products purchased, revenue, expenses associated with servicing, etc.
2. We then combine and/or group customers into meaningful, revenue-generating segments, based on criteria such as products, pricing, billing frequency.
3. Each group/segment is sorted across a "customer asset timeline". The asset timeline provides a measure of the assets "tangible life", from the first month as a customer/buyer, out to at least 5 years.
4. The next step is to assess the net aspect of the customer asset. To do this we include any customer or product level contra-revenue element (i.e. credits, returns, cancels).
5. At this stage, a true Customer Asset Value is determined for each group and various discount rates can be applied to the cash flows.
6. Depending on the final application, DataCo can consolidate the results to provide a comprehensive portfolio evaluation or interpret the findings to recommend the best, most profitable approaches to achieve the highest ROI.

DataCo provides results in a variety of forms, including cash flow schedules, reports and/or graphically. On an ongoing basis, we recommend periodic updates of the CAV, which can be executed on a quarterly, semi-annual or annual basis, depending upon the client application of the results.

Below is an example of Asset Valuation output, which shows the relative value of product categories purchased in a particular month, over a 5-year time horizon. A marketer can quickly determine that each product starts with relatively similar performance in year 1, but Shoppers Dream is the most profitable over time. Roadside Assist becomes much less profitable after year 1, which may be a sign that the product benefits and/or pricing need to change.

