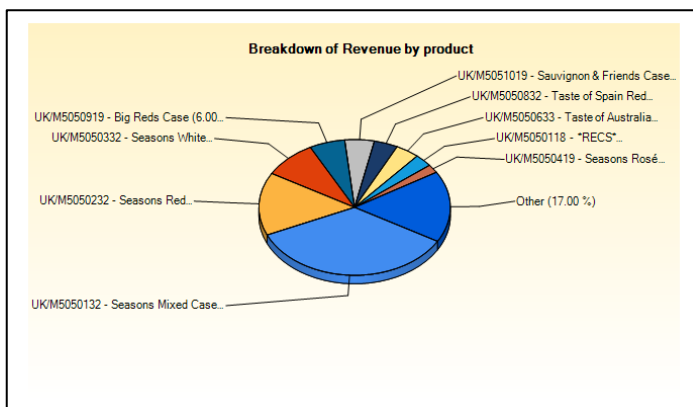## Direct Wines

Overview of the project

When Direct Wines first approached us in 2009, they had recently undergone a period of rapid international expansion. The international businesses operated on a different technology platform from the UK and had brought in large numbers of new employees, with different practices from those in the long-established UK business. At the same time, the direct commerce marketplace that Direct Wines understood so well was changing rapidly with the rise of the internet and new competition, from hi-tech start-ups to the big supermarkets with their on-line ordering and home delivery services.


The goal of the CEO was to unify the culture of the disparate businesses across the globe, so that Direct Wines could address the challenge of the changing marketplace head on. He also wanted to instil a culture of measurement and analysis from top to bottom of the company. Optimising the allocation of resources between the different markets required them all to use the same metrics, calculated on exactly the same basis across the world. For the marketers themselves, the tools they had at their disposal were limited: planning and budgeting were done on a number of cumbersome spreadsheets and reporting consisted primarily of a set of static marketing reports, rendering in-depth investigative analysis all but impossible.

With the new Global Marketing System (GMS), developed by Golden Orb, everyone in the business now has access to all the information they need to make the best possible decisions, calculated and presented in exactly the same way across the world. Forecasts and metrics are automatically updated overnight based on the latest data. Users in all departments are working off the same plans: merchandising are given an automated feed of sales projections, the call centre can see expected telephone orders and Finance can instantly access an updated P&L on which to base their calculations, as soon as any changes are made.

The annual budgeting process has been greatly simplified too: Marketing input their planned campaigns at a high level (start date, volume, response rate etc.) and GMS does all the "heavy lifting" of converting that into a daily forecast for orders, cases, revenues and a weekly Profit and Loss account which can be cut and analysed in any way that is desired. At any point in the budgeting process, it is possible to take a snapshot of the plan to be a draft of the budget. If changes need to be made, then further snapshots can be taken and drafts compared side by side to see the differences. When the final draft is approved, it becomes the actual budget for the forthcoming financial year, with no further effort. Once saved, the budget cannot be altered, but it is possible to create an updated forecast at any time. No longer is there the danger of overtyping a formula with a value, or looking at the wrong version of the budget spreadsheet.

As well as providing planning, reporting and analytics, GMS also contains some powerful mathematical models to allow Direct Wines to peer into the future with greater clarity. For the continuity business, which represents a significant proportion of sales, the system projects future orders, cancellations etc. up to two years into the future (accurate to within 1% in 2015). Furthermore, a few months after the start of a recruitment campaign, GMS starts to forecast the expected lifetime value per recruit,

which is the only way that the success or otherwise of a recruitment campaign can truly be measured.
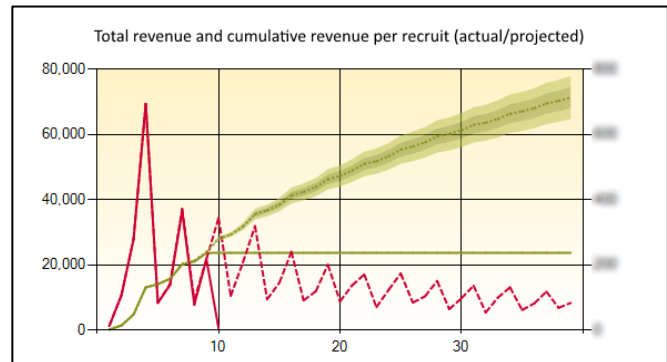
Within one, easy to use, system Direct Wines now has all it needs to:

- Plan and manage all marketing activity - including creating the marketing budget.
- Forecast campaign and continuity sales.
- Get an instant view on historic sales and financials and the latest best estimate for the remainder of the financial year.
- Optimise marketing spend.
- Identify and respond to trends and developments in the marketplace.

Description of the system

The GMS system contains many elements, but all are related to the key marketing tasks of planning campaigns, reviewing and reforecasting running campaigns and analysing finished campaigns. The main functional elements are:

- Campaign Analysis
- Campaign Planning
- Analytical Reporting
- Predictive Modelling
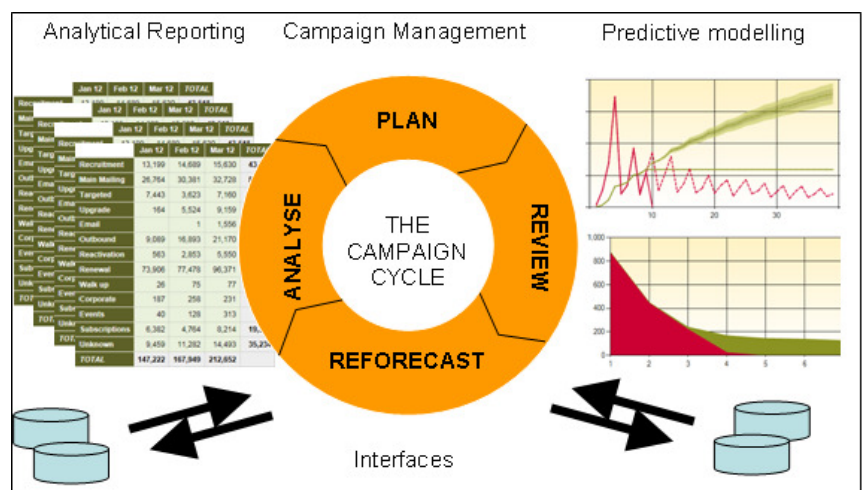
Campaign Analysis

At the heart of the system are marketing campaigns, and GMS contains a wealth of tools to allow marketers to view performance at a campaign level or to drill down into the detail, to compare test cells, individual sources or response codes. With a simple point and click interface they can:

- View daily sales by order channel - absolute or cumulative, and planned vs. actual.
- View products sold.

- Compare individual response codes or tests spanning multiple codes. Statistically significant test results are highlighted and creative materials can be uploaded and viewed to help users from other markets share the learning.
- See a detailed profit and loss account comparing actual with plan and budget.
- Compare the current plan with the system's forecast of future sales, and choose whether to adopt, modify or ignore the system forecast.

Campaign Planning

Planning campaigns can be a complex task as some campaigns contain many response codes, all of which need to be described correctly for subsequent analysis. Nevertheless, marketers have a wealth of tools to simplify the process:

- The ability to clone one or more campaigns or copy details from one campaign into another.
- Information can be typed directly into the system or uploaded via Excel.
- Campaigns can be planned at a high level for budget purposes and have the details completed nearer the start date.
- Sensitivity and scenario analysis tools permit examination of the sensitivity of the results to assumptions and to explore alternative scenarios.
- The ability to freeze the campaigns for the following year to create a budget.

Analytical Reporting

For in-depth analysis across many campaigns, the system provides a flexible reporting tool which provides access to a large number of simple and derived measures. Key features include:

- Support for multiple across and down dimensions.
- Filtering on any attribute of campaign (e.g. activity, medium) or down to individual campaigns.
- Export to Excel and in 'raw' format for loading to Access or other database tools.
- Saved and automated reports.
- Wide range of actual, planned and derived metrics designed for their business, including:
    - Campaign sales (orders, revenues etc.) by order channel and day.
    - Continuity event information (e.g. orders, returns, 'skips', cancellations...) by week, order number, membership sourcecode, wine plan.
    - Full campaign Profit and Loss down to week and response code.
    - Wines sold, by attribute such as grape, country/region of origin, buyer...
    - Customer lifetime performance data - actual and projected.
    - Analysis of different mailing lists and other recruitment sources for cost per recruit and lifetime value.

Predictive Modelling

GMS contains predictive models which draw on the huge volume of structured data now contained in the database. These are:

- Automatic reforecasting of running campaigns after a few days.
- Continuity sales - up to two years into the future.
- Customer lifetime value - revenues and contribution by recruitment "cohort" are predicted for their first three years post recruitment.

Interfaces

With such a wealth of data about planned campaigns and actual performance, GMS provides feeds to a number of systems:

- Microsoft Dynamics AX - details of planned campaigns to avoid the time and risk of error from rekeying.
- Merchandising tool - details of daily sales forecast.
- Other systems/spreadsheets - ad-hoc and scheduled extracts of actual and derived measures, such as lifetime value predictions and continuity forecast.

Other features

GMS is an analytical tool, reporting on aggregated daily data updated overnight. However, when a big campaign drops, users are naturally keen to know how it is performing, so they can 'watch' one or more campaigns within the system and a sales feed ticker, updated every few minutes, displays a live tally of orders and revenue for the watched campaign(s).
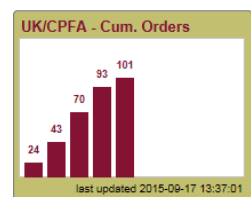
For week-on-week analysis, the system takes a complete snapshot of inputs and forecasts every weekend, allowing users to see exactly what has changed from one week to the next. The same mechanism automatically takes a snapshot of campaign details one week before the start date to represent the 'plan' against which it is compared.

'Our partnership with Golden Orb has enabled us to have much greater oversight of our marketing spend. By helping us to identify profitable and unprofitable activities, GMS allows us to focus our resources where they can deliver the greatest ROI.'
- **David Thatcher**, Global Chief Executive, Direct Wines