SEAMLESS MERGE: ADVANCED CLIENT BEHAVIOUR ANALYSIS ACROSS BRANDS WITH A SMART MARKETING ACTION PLAN – PHH CASE STUDY

ANALYTICAL ALLEY
TANEL REBANE
CEO
TANEL@ANALYTICALALLEY.COM

VLADYSLAV SOLOVIOV
DATA SCIENCE TECHNICAL LEAD

PHH GROUP
MARIEL ELISTE
HEAD OF BRAND MARKETING

MARIKA KALA
MARKETING MANAGER

DESCRIPTION

PHH Group needed a smart, data-driven solution to move Hansapost customers to Kaup24.With Analytical Alley's help, they used customer segmentation, purchasing insights, and real-time data-models on hundreds of thousands clients and millions of transactions to fulfil it. This strategy boosted Kaup24's loyal base by 16% and reduced overlapping customers by 50%.

WHAT WAS THE PURPOSE OF THE WORK?

A loyal customer base is like air to a large e-commerce marketplace. When a company acquires a similar competitor, it's crucial to merge the customer bases without creating unnecessary competition. PHH Group acquired Hansapost in 2021 and needed a comprehensive plan to encourage Hansapost customers to switch their preferred marketplace to Kaup24.

PHH Group ordered a thorough analysis to get a complete understanding of both businesses. The main goal was to identify Hansapost's customers and convert them into Kaup24 clients.

Before the project started, nearly 20% of customers used both Hansapost and Kaup24. The aim was to reduce that number, retain all customers, and grow the total client base in the process.

STAGES OF WORK

A project of this scale required a tailor-made solution. PHH Group shared anonymised first-party data with Analytical Alley, who then developed an analysis ecosystem. To understand customer behaviour across both stores, we used cluster analysis followed by recency-frequency-monetary (RFM) analysis. This helped us identify which users preferred Kaup24, Hansapost, or both.

Next, we leveled up and went into detail, exploring purchasing patterns for each customer category. By analysing product preferences, payment methods, and delivery options, we developed a detailed profile of Hansapost's loyal customers. This resulted in a dashboard solution that integrated the various analysis systems, making it easy to access data and track changes with every update.

With a clear understanding of customer behaviour, PHH Group created an action plan to help Hansapost customers transition smoothly to Kaup24.

WHAT WERE THE PROJECT RESULTS? WERE THE GOALS ACHIEVED?

At the time of the merger, Kaup24 had about 60% of the total customer base, with Hansapost clients making up the rest. Roughly 20% of customers used both platforms, which was a significant overlap for Hansapost.

From November 2023 to August 2024, Kaup24's loyal customer base grew by over 16%. During the same period, the percentage of customers using both platforms dropped by 50%, from 20% to 11%. The number of customers switching from Hansapost to Kaup24 increased by 26%.
These results show the project's success in moving customers from Hansapost to Kaup24. Currently, the number of customers shopping on both platforms exceeds those who shop exclusively on Hansapost.

Throughout the project, we tracked a group over 90,000 customers that had switched to fully Kaup24 in the last year, a figure that matches Kaup24's loyal customer base. This group is one of the most important groups as these are customers that have started to change their purchase behaviour towards the intended goal of brining them fully to Kaup24. In addition, this group has been growing the whole project period and is still growing. This proves that PHH Group is redirecting the majority of Hansapost's churn into Kaup24 clients.

We also created a system that provides real-time feedback on PHH Group's marketing activities. The impact of any campaign, discount, or promotion was immediately reflected in purchasing patterns. For example, we identified postal services as a preferred delivery method for Hansapost customers due to their location. This led Kaup24 to introduce free delivery to parcel machines and post offices, which we monitored monthly. We saw a near-total switch from pickup points to parcel machines, confirming the effectiveness of this change.

WHAT WAS THERE ABOUT THE WORK THAT DESERVES TO BE HIGHLIGHTED IN TERMS OF CREATIVITY AND INNOVATION?

Most companies in a situation like this would go for a simple, off-the-shelf solution. PHH Group took a different approach, recognising that in a smaller market like Estonia, where each customer is incredibly valuable, a more innovative and data-driven strategy was essential.

A key innovation was the solution we developed to merge separate datasets from Kaup24 and Hansapost, which identified overlapping customers even when they used different emails or phone numbers. This privacy-first solution didn't reveal personal data, but still allowed us to create accurate cross-references between customer profiles. What made this system truly innovative was its ability to continuously update and improve as new data came in, ensuring customer segmentation was refined and stayed relevant.

We also used RFM (Recency-Frequency-Monetary) analysis combined with purchasing insights to group customers by their shopping habits and how likely they were to switch stores. This let PHH Group focus on the high-value customers, cut down on churn, and make sure Hansapost's loyal shoppers have a seamless move to Kaup24. By focusing on these key segments, PHH Group is keeping the frequent spenders engaged and adjusting Kaup24's offerings to suit those who valued Hansapost's more niche products/features.

Finally, our monthly updates gave PHH Group a holistic view of their business. We tracked shifts in the customer base, identifying new, switching, and churned clients. Each month, we provided a detailed overview of changes in purchasing habits, delivery preferences, and payment methods across various product categories. We also produced seasonal demand curves for each category, helping PHH Group time their discounts and special offers with precision.