



## Trade Me Increases Response Rate by 166% with 11Ants Customer Response Analyzer

### 11ANTS ANALYTICS CASE STUDY

**CLIENT:** Trade Me (Fairfax Media)

**INDUSTRY:** E-commerce

Trade Me is New Zealand's foremost e-commerce company as well as an iconic New Zealand brand. After resoundingly beating eBay at its own game, it is firmly entrenched as the leading online marketplace and classifieds business in New Zealand. Trade Me has 2.8 million members and more than 1.8 million listings. Trade Me was purchased by Fairfax Media in 2006 for \$700 million.

### SITUATION

Trade Me's Analytics Manager Megan Farr said predictive analytics had been identified as a tool that could help the company continue to grow.

"We've been in the fortunate position of growing through the acquisition of new users. But as this organic growth eases, we're looking at using our data in smart ways to fuel growth."

As is the case at many organisations, it soon became apparent that recognizing the usefulness of predictive analytics, and actually deploying it were two very different things. Megan elaborates: "We've known we need to get better at making more out of the huge amount of data we already have – but finding a workable solution was not easy."

### SOLUTION

After considering a number of solutions including industry heavy-weight SAS,

Microsoft SQL Server Analysis Services and open source solution R, Trade Me decided on a suite of solutions from 11Ants Analytics consisting of 11Ants Customer Response Analyzer, 11Ants Customer Churn Analyzer and 11Ants Model Builder.

When asked why 11Ants Analytics' solutions made the cut, Trade Me Analyst Suhel Mangera identified several factors.

"Deployment speed was one – how quickly could we have it all up and running out of the box and in use? Self-sufficiency was another – we wanted a tool we could run in our Analytics team and not have to rope in the Tech guys every time we wanted to do a piece of work. The third was accessibility – we needed something that didn't require us to become total experts in data mining and algorithms. 11Ants does the thinking for you."

Suhel adds: "The four step modelling approach is very intuitive and easy to use. It's basically a zero learning curve, which amazed us when we looked at how complex many of the other solutions were. All the others seemed to demand steep learning and more resources."

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The culture at Trade Me is one of making things better, and the culture Megan is creating for the Analytics team is all about being proactive and taking ideas to the business – rather than being in response mode.

Megan says: “We work in this strange position where requests for work come to us from all over Trade Me to support their initiatives. 11Ants’ solutions are good in that they allow us to have a voice and identify opportunities for our teams that they haven’t thought of. We were coming from a situation where we didn’t have a huge amount of resource, and we didn’t have extensive predictive analytics knowledge so the solutions have been very helpful. It’s allowed us to drive ideas of our own too”

## BENEFITS

Rapidly, Trade Me put 11Ants Customer Response Analyzer to work with very satisfying results. The initial initiative was to identify which of Trade Me’s 2.8 million users would be most interested in Trade Me’s ‘Pay Now’ service. Suhel explains: “We wanted to use this tool to model the existing Pay Now sellers and their attributes. Not just demographics such as gender, but to consider factors such as the type of items they were selling, the values of the transactions, what kind of shipping options they offered, the sell-through rate, how quickly items were selling, number of listings per week, and the number of items they were actually selling. A simple segmentation could never accommodate something as complicated as what we were after. We wanted to build a model and then apply it to our database and identify other customers that ‘looked like’ existing Pay Now customers – so we could provide them with info about Pay Now.”

Megan says: “Community is key for us - nothing is more important than our relationship with our members. It’s dumb to promote new services to those unlikely to be interested in them, so we want to ensure we’re talking to the right people. The 11Ants model ensured we could nail this aspect.”

**Those users identified by the model responded a staggering 166% more than the control group.**

Relevant information about existing Pay Now customers was loaded into 11Ants Customer Response Analyzer along with an equal number of non-Pay Now customers. In order to evaluate the effectiveness of the model, a fully controlled experiment was run.

Two groups of 3,000 members were selected – one at random, and one consisting of those “most likely” to respond (as identified by the model). Both groups were sent identical information about Pay Now and given the opportunity to sign up. Members identified via the model responded a staggering 166% more than the control group!

This is a great example of predictive analytics at work, both in terms of slashing marketing costs, but even more importantly of helping to shield customers from irrelevant information.

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