

COMARCH BI

oriflame
natural swedish cosmetics



ORIFLAME

CASE STUDY COMARCH BUSINESS INTELLIGENCE

ABOUT ORIFLAME

Oriflame is a global company specialized in production and distribution of cosmetics and other accompanying accessories. Company was established in 1967 in Sweden and currently operates in 65 countries. On the Polish market Oriflame is present since 1991. Company business model is based on a system of direct sales using multi-level marketing strategy (MLM). Oriflame products are distributed through an extensive network of consultants working in the commission system. Sellers can create their own sales structure and acquire new collaborators. They can count on additional bonuses after reaching appropriate sales value and thereby joining the process of earned margin distribution.

ABOUT PROJECT

The goal of the project was to perform consultants segmentation process based on information about more than 180.000 consultants operating on Polish market, starting from basic personal facts to more complex, like their sales orders or built sales network. The priority was to build the most universal segments that could bring the greatest business value and improve communication with consultants.

Main objective was to provide the possibility of applying individualized communication strategy and adapting it to each segment to increase the overall revenues across the whole network. Properly conducted analysis and correct consultants assignment to the homogeneous groups influenced the definition of set with most perspective sellers or consultants who are focused mainly on developing its own sales network or those making purchases only for own use.

Segmentation enabled improved and more accurate addressing of product offers, allowed making a discounts or commissions calculation and also caused better understanding of consultants behaviour. It could create an opportunity to strengthen relationships with them and increase effectiveness of sales within the segments. Delivered platform provides possibility of conducting additional analyses and visualization of advanced statistics about consultants potential, classifying to the special groups, checking activity and ongoing monitoring and comparing KPI's of each segment.

CUSTOMER PERSPECTIVE

The whole segmentation process was designed and conducted in a way which gives the best specificity of everyday operational activities. We created a model which on one hand ensures the compliance with statistical segmentation methodology and on other fully coincides with our expectations and business rules that we have encountered on the market. Thanks to close cooperation of Comarch and Oriflame project teams it was possible to create universal solution. This universality will help to satisfy different realities on those markets, therefore such a process should not cause any major difficulties.



TECHNOLOGIES USED

Oracle database platform and advanced statistical tools for tasks related to process of consultants segmentation were used in solution for Oriflame. The environment used for statistical calculations was SPSS Modeler supported by R language scripts. Project's biggest challenge appeared to be a selection of attributes set that was most suitable for the distinction of as homogenous group of consultants as possible. Also important at this point was to define those groups so that the best heterogeneity between obtained clusters was achieved. The initial set of over 500 different indicators after business analysis and statistical verification was reduced to about 50 most important attributes which became the starting point for advanced segmentation algorithms (e.g. Two Steps Cluster).

PROJECT CHALLENGES

This is a pilot project of the whole group performed on the Polish market, with the possibility of extension to other countries where the company operates. A particular emphasis was put on making the solution maximally universal to implement, in case of its future rollout in other countries. It means possibility - after minor adjustment - to its implementation both in mature markets, dynamic economies and of the needs of realities of developing countries. From the very beginning we lay great emphasis on taking care of the highest quality of processed data. It was extremely important because of complicated process of data cleansing (which is a part of ETL process) and an enormous amount of business rules used for data verification. A particularly valuable achievement was a creation of synthetic set of examined parameters and construction of such segments which would be particularly valuable for client businesswise.

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ABOUT COMARCH

Comarch Spółka Akcyjna with its registered office in Kraków, ul. Aleja Jana Pawła II 39a, registered in the National Court Register conducted by the District Court of Kraków - Śródmieście in Kraków, XI Economic Division of the National Court Register under KRS number KRS 0000057567.

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