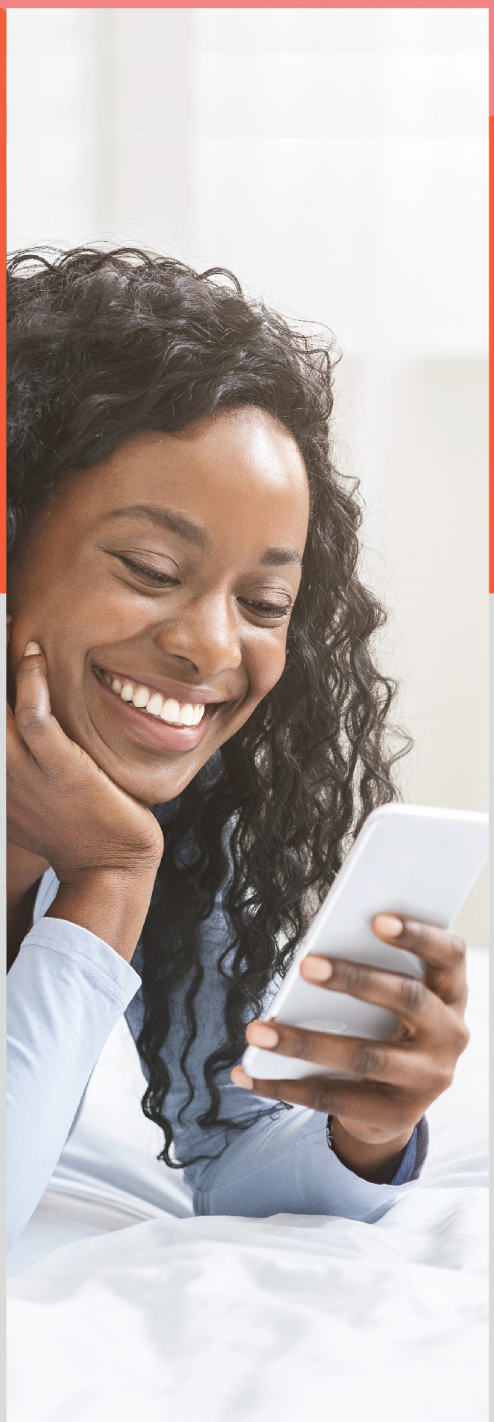
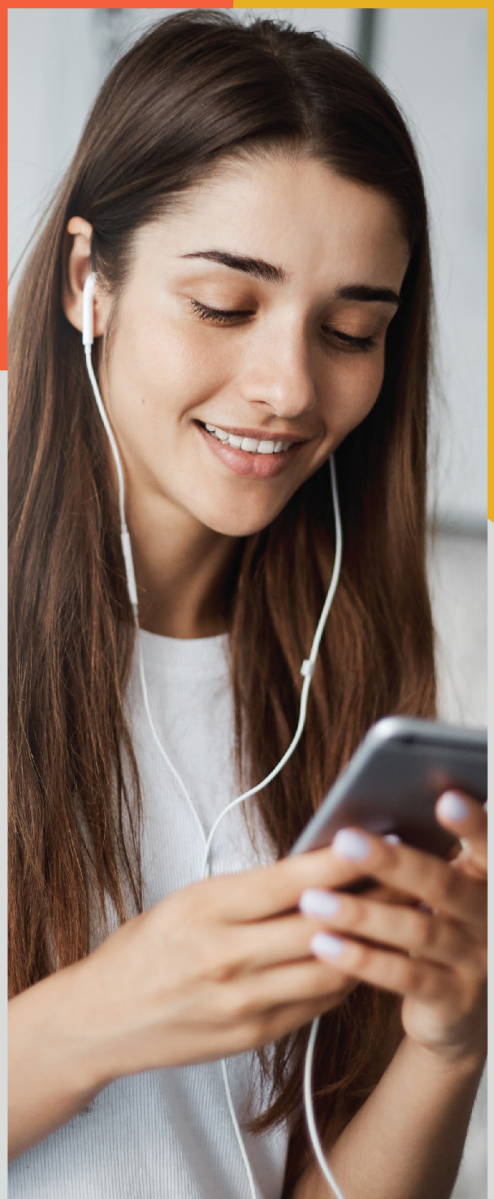
WebEngage

A WHITEPAPER ON

RFE Analysis

for OTT & Media Businesses





Introduction

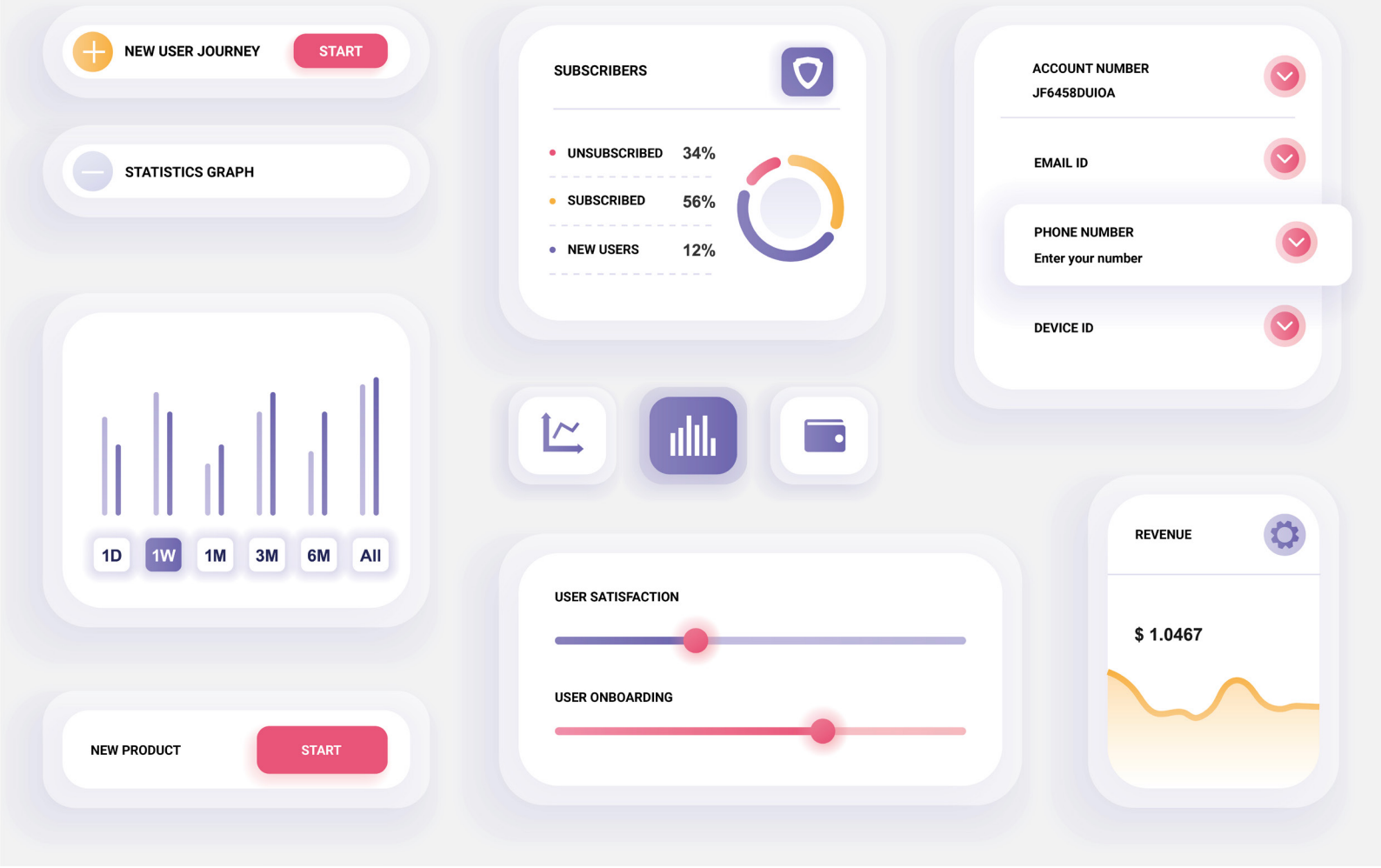
Over-The-Top (OTT) and New Media services heralded a change in how we consume content, bringing entertainment to the comfort of our couches. While at the frontend, they ensure an uninterrupted flow of new content, at the backend, there's an increasing amount of pressure on these platforms to innovate, experiment and explore every opportunity to stay ahead.

"User Analytics" —how users behave and consume content, is something OTT players have increasingly been relying upon, to not only create curated content but also differentiate and establish their overall positioning in the market.

But what really is the basis of User Analytics?

Segmentation through user attributes, demographics, custom or system-defined events, etc. Recency, Frequency & Engagement (RFE) segmentation, a variant of RFM (Recency, Frequency & Monetary) segmentation, is an important analysis tool for businesses that depend on "user attention" (readership or viewership) as a growth metric.

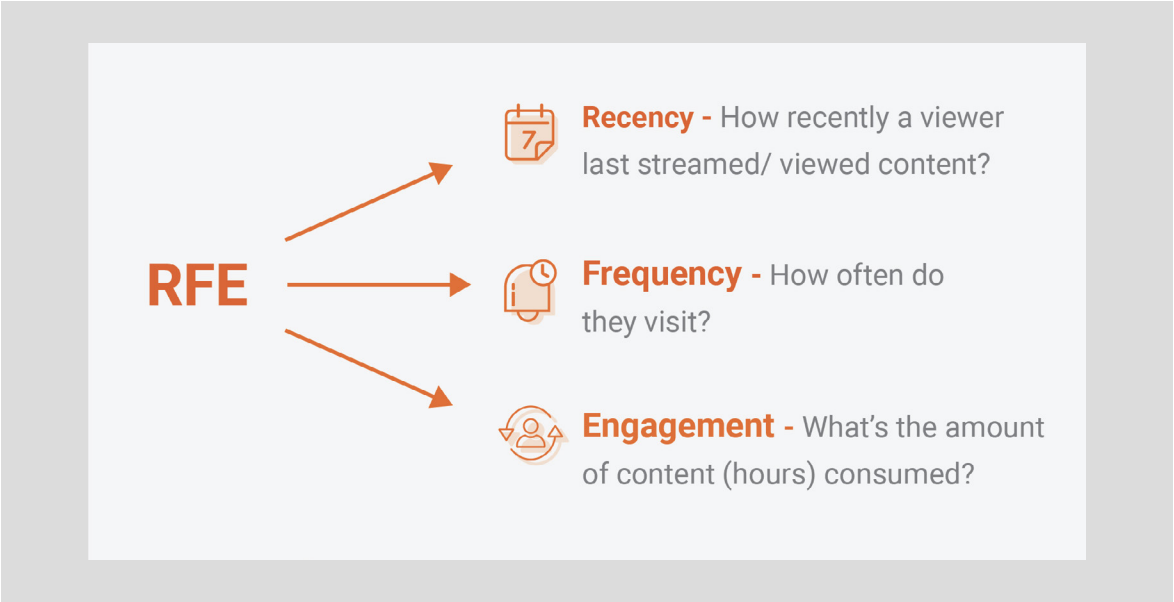
We'll look at a detailed walkthrough of what an RFE Analysis is and how to create a user targeting model based on it, to differentiate between the most and least engaged users.



The RFE framework works by grouping customers to answer questions such as:

1. Who are your biggest spenders?
2. Who are your loyal customers?
3. Which customers have the potential to be converted to more profitable customers?
4. Which customers are likely to churn?
5. Where do you need to allocate the most resources?

Answers to such questions will facilitate personalized targeting to increase subscriptions, watch-time, and log-ins. Once you understand how to construct the targeting model, you can start formulating retention and engagement strategies on the back of this model.



R = Recency.

This is when a viewer last streamed/ viewed content on the app/ website. The recency of a customer's core activity (watched or read in this case) on your platform highlights the importance of the brand in the customer's eyes. Standalone however, it does not reveal if this is a repeat or one-time user; an important factor for OTT & Media brands where competition is high.

F = Frequency.

This is how often a viewer streams or views something, after logging-in. Standalone however, this measure does not identify the last time the user viewed anything. Reason being, they may have played five songs last year or one song every day for the last 5 days. The only way to know if a customer can really be considered engaged is by pairing the above recency with frequency.

E = Engagement.

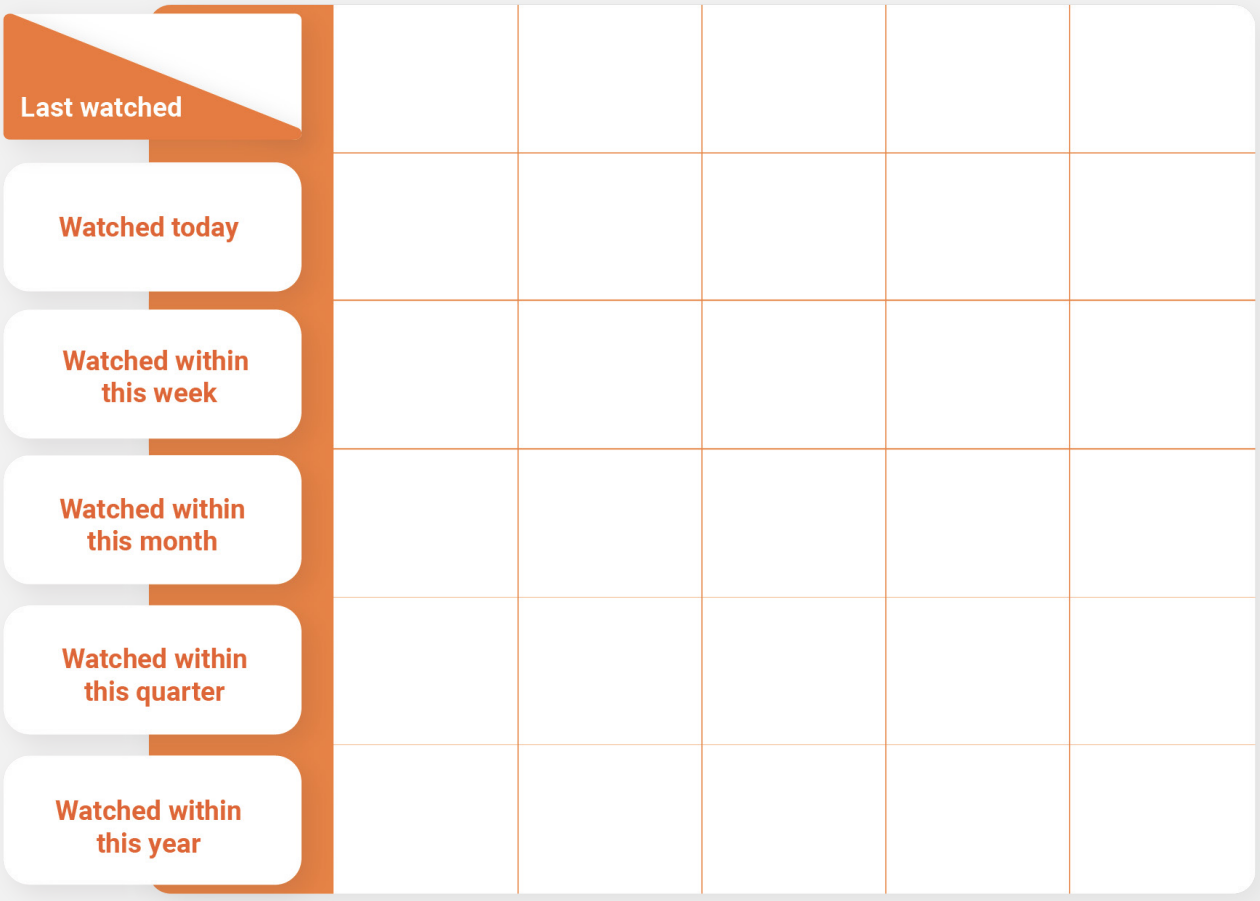
This pertains to platform usage and measures content consumption via either the number of articles read or hours of content consumed/ streamed. Some platforms also measure engagement through a combination of metrics. A common example will be a Spotify user sharing her playlist with 5 of her friends. Standalone however, it's not much useful as you'd want to know how recent the content consumption is and is it a repeat or a one-time user.

Build your RFE Model

We'll start with the "R" of Recency to build our targeting model.

Taking an example of a user of an OTT service,

Recency activity chart can be categorised as,



After plotting the activity recency on the Y axis, the next thing to consider is the frequency. If a user has watched something today then has he done that once or more than once. In short, how frequent he has been, in logging on the platform to watch something. And to understand that, we'll be,

Plotting frequency on the X axis of the above table,

No. of times watched / Last watched	5X or more	4X	3X	2X	1X
Watched today					
Watched within this week					
Watched within this month					
Watched within this quarter					
Watched within this year					

Now, this is an oversimplified representation of mapping out Recency and Frequency of your users of just 25 blocks. In actuality, this number, on a minimum side, can be around 100, reaching a maximum of even 1000 in some cases, depending on your business model.

The next step in the process is to put specific customer names or IDs in each of these blocks, as per the qualification criteria.

For example, users who logged in today more than 5 times to watch some content during every login, will be put in the very first block. We'll call this group A. Extrapolating on the same, this is how the chart will appear next, with different user sets according to the criteria qualification. (since one user will not fall under more than one block, we'll be using the English alphabets for easy understanding)

User groups qualification based on their recency and frequency behavior

Last watched \ No. of times watched	5X or more	4X	3X	2X	1X
Watched today	A	B	C	D	E
Watched within this week	F	G	H	I	J
Watched within this month	K	L	M	N	O
Watched within this quarter	P	Q	R	S	T
Watched within this year	U	V	W	X	Y

From the above chart, users who logged in thrice to watch something this week were put under group H while users who were active on the platform only once in the entire year fell under the Y group.

Through a combination of Recency and Frequency, you can easily determine the behavior of your most, borderline and least valuable customers, and run a whole variety of different campaigns to meet different objectives for the different user groups.

Some of the campaign examples that you can run basis this chart are,

1. Re-engagement campaigns for users who logged in only once this quarter.
2. Reactivation campaigns for users who last logged in more than 5 times but did so not this year.
3. Referral campaigns for users who log in every day thrice.

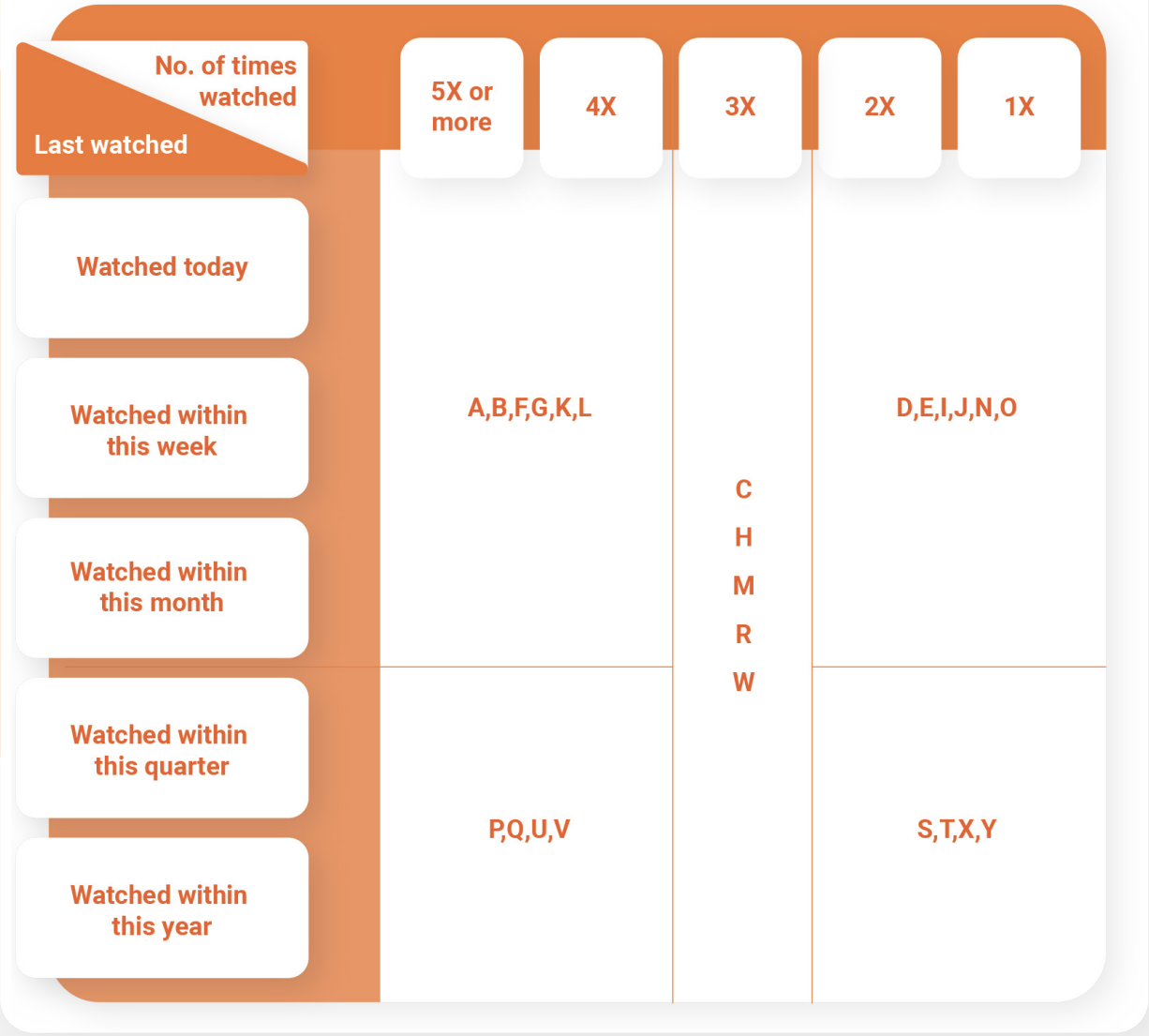
Do remember that it's not a manual process and in reality a software system will be keeping track of all this data for you.

Speaking of figuring out the most and least valuable users, let's further simplify our table for identifying the different cohorts.

Let's assume that for our OTT service here, a user who logs in 4 times or more on the platform, anytime in the entire month, is considered an engaged user (one who sticks to the platform for a longer duration). Likewise, a user who has logged in less than 4 times within a month will fall further down on the engagement scale.

Similarly, you can establish more user groups based on their engagement levels on your platform.

Simplifying user groups into smaller cohorts



From this table, user groups A, B, F, G, K and L can be considered as your valuable or “good” users while user groups S, T, X and Y can be labelled as non-valuable or “bad” users. The other user groups in the remaining two cohorts can be considered as a subset of your valuable and non-valuable users, as per your own definitions.

Similar to the above assumption, there’s also not much difference between people who watched today or anytime within this week. Say for example, a user who works a 6-day job, and only gets time to watch his favourite shows on Sunday while being home.
As long as there’s consistency in the watch intervals of users, over the 30 days duration, they all can be considered engaged.

Hence, further simplifying the above table, we get

Last watched \ No. of times watched	5X or more	3X	1X or 2X
Watched within this month	A,B,F,G,K,L	C H M R W	D,E,I,J,N,O
Watched anytime within this quarter to within this year	P,Q,U,V		S,T,X,Y

This table very well shows how easy it is to start cohorting users by considering the Recency and Frequency of their activities on the platform, which then makes the job of implementing targeted campaigns far easier and fruitful.

Now, the problem is this is where a lot of marketers stop without going to the third element of the RFE model. i.e., Engagement.

The reason it's important is, a user might be coming to your platform very frequently and might be scoring high on the recency chart too; but if the user isn't spending a lot of time (isn't consuming enough), then he will always be likely to churn. And understanding the consumption patterns will directly help you infer which users are finding value in your platform to stick around and ultimately, have a higher Lifetime Value (LTV).

For Engagement (E), we will first plot its standalone graph where we'll categorise the user based on highly, moderately and lowly engaged, and the basis for it will be content consumption hours. The marketing objective here will be to determine steps to push the lowly engaged players to moderately engaged and the moderately engaged to highly engaged.

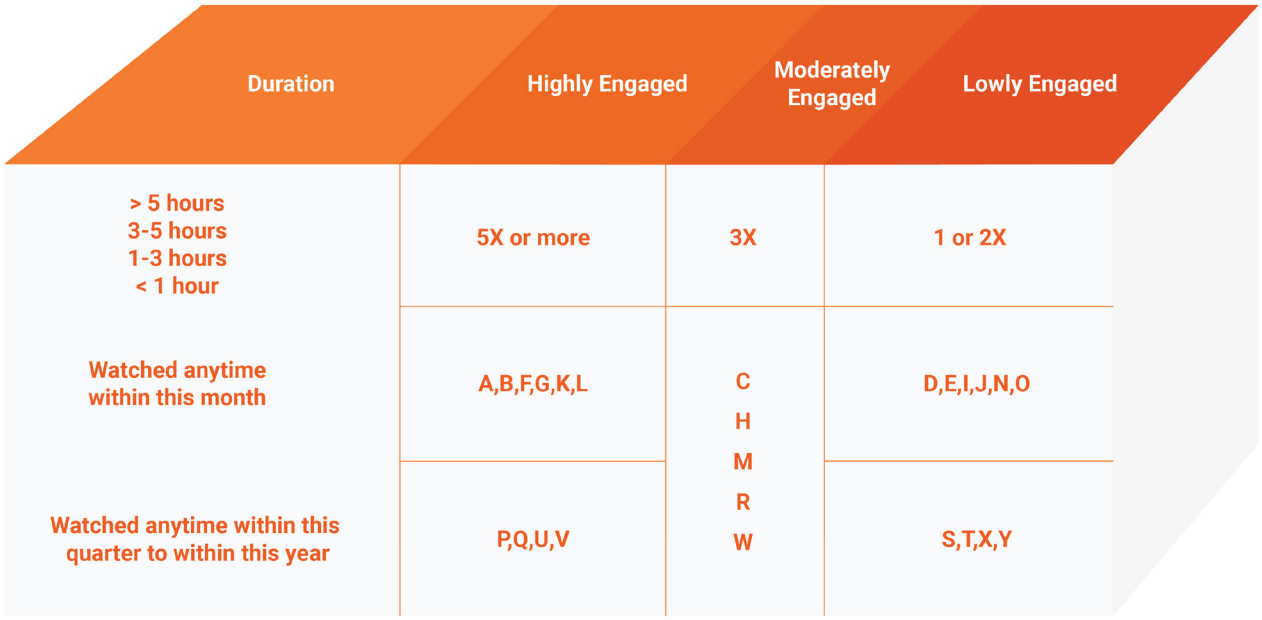
User groups qualification based on their engagement behavior

Duration \ Engagement	Highly Engaged	Moderately Engaged	Lowly Engaged
> 5 hours	A		
3-5 hours		B	
1-3 hours			
< 1 hour			C

In block A, all the users are already consuming enough so no movement is necessary; however, the challenge here will be retaining these users. In the B block, users must not only be retained but also moved one level up to become highly engaged users. And in C block the users must be retained as well as moved first to moderately engaging and then to highly engaging.

Now, if we superimpose this model onto the “R” and “F” chart from above, we should be able to quickly see that a user who consumes the most content and has recently been active, and logs-in often, is the very best user.

Likewise, the user who consumes the least amount of content, has only been active once, and has not logged-in in the past year, is the worst customer. Everyone else falls somewhere in between in this framework.



RFE model for an OTT service

Pairing all the 3 elements together will give you the RFE model for every user as shown above. Courtesy of this, a media or an OTT player can run highly targeted campaigns and outlay offers for users based on the cohort they fall under.

Conclusion

RFE models, while slightly difficult to implement at the start, are of huge significance in finding out if your users are deriving value from your platform. But remember that all the three elements are together required to form a useful hypothesis. As we've shown, in isolation, they will only contribute to partial insights and wasted resources.

And the best part is today there are software solutions that can help you automate the building of such RFE models for your users, where it can continue to feed your systems with valuable insights and help you direct your resources at the right places.

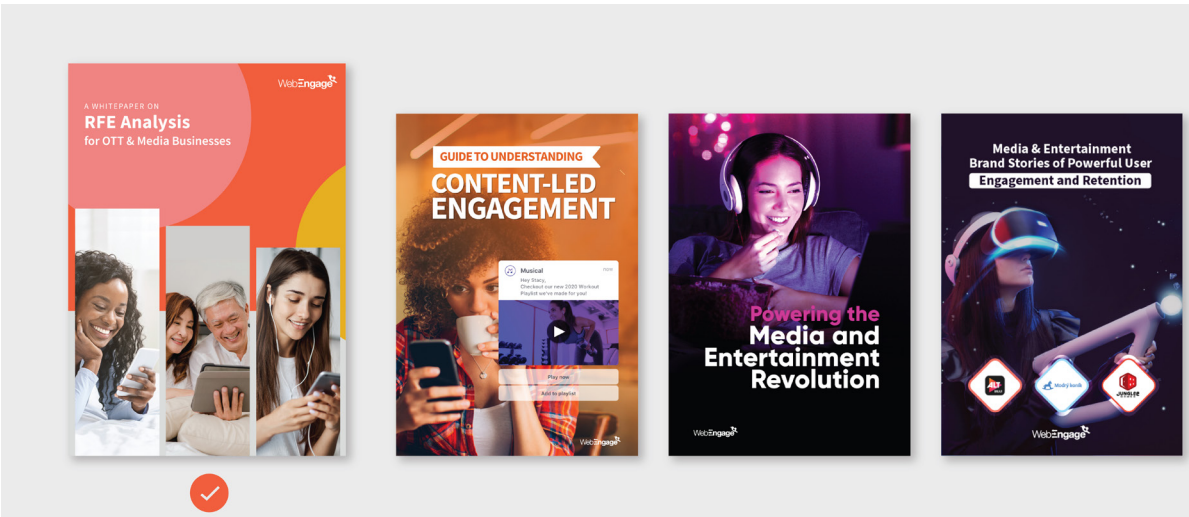
One such tool is WebEngage which can build RFE models for your streaming business with ease. With WebEngage, it is easier to draw on the engagement patterns of your viewers (or listeners) to build multiple targeting models for them, helping you run acutely targeted campaigns and get better ROI for your dollars.

As part of our RFE Analysis feature, you'll be able to,

• Visualize the number of users in each RFE segment and their reachability on different channels.

• Visualize the flow of users from one RFE segment to another.

We can't wait to help you analyze the health of your user base, and run engagement campaigns to target specific user segments that need improvement.



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WebEngage

WebEngage is a full-stack marketing cloud which gives a 360° view of your users & your marketing efforts (& everything else in between). Loaded with cross platform & cross channel analytics, the suite makes it possible to drive user engagement & retention with data driven, personalized campaigns through multiple channels, including the revolutionary Journey Designer.

Thousands of online consumer businesses use WebEngage everyday to improve their user engagement and retention. Why are you still hesitant?

TALK TO US TODAY

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