Apprentice Chef Case Study

Business Insights and Recommendations

Machine Learning - DAT-5303 - FMSBA3

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Growth opportunity with the engineering industry

With 22% professionals working within the technology sector account for the largest group of customers that have been identified based on their professional E-mail-domain. Interestingly for every additional customer from this industry Apprentice Chef's (AC) revenue would decrease by -$24.5. Unexpectedly, he highest decrease in revenue can be seen within the lifestyle sector with -$127 per additional customer. In fact, this scenario can be seen for almost every defined industry. Only additional customer from companies within engineering will increase revenue by $12.35. Thus, this and eventually affiliated industries may offer the biggest growth opportunity AC in terms of its revenue.

Masterclasses are a dangerous tool for customer engagement

The analysis reveals that the 47% of the customer base have never attended a cooking master class. 44% did it once and only 8% two or three times. Master classes can be regarded as an effective tool for customer engagement in increasing the revenue by for $92 for every additional class attended. However, analyzing the outlier and trend changes it comes evident that for every class attended after the second thee revenue might the revenue by -$672 per customer per annum. This ultimately means the loss of a customer and therefore needs mitigation by reviewing the course content and its value creation.

Recommendation

Focus on customer retention through individualized content and loyalty program leveraging customer insights ultimately reducing churn and thus maximizing revenue.

"Increasing customer retention rates by 5% increases profits by 25% to 95%" (HBR, 2000), therefore AC should introduce an E-loyalty program with different levels ranging from bronze to platinum, with unique benefits. Rewards consist of health benefits provided by a large portfolio of partners including gyms, insurances, spas beauty salons. This will help to strengthen the brand image to and build advocates amongst the customer base leading to more engagement and awareness (Ogba & Tan, 2009)

It's more than important to provide relevant content at the right time for sufficient customer engagement. In order to approach busy professionals, small bits of content have to be created and offered regularly throughout the app as primary channel for engagement activities (Strout, 2016). The content has to be highly personalized to keep customer entertained and consists of gamification, education or raffles. In order to personalize the content, AC can define detailed personas based on the industries their customer work in, which also allows more details about potential consumer behavior (Bracher, 2019). Combined with existing engagement activities such as masterclasses, this will ensure revenue from over one-year customer.

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