



BUSINESS CASES WITH DATA SCIENCE

Business Case 1 - Wonderful Wines of the World

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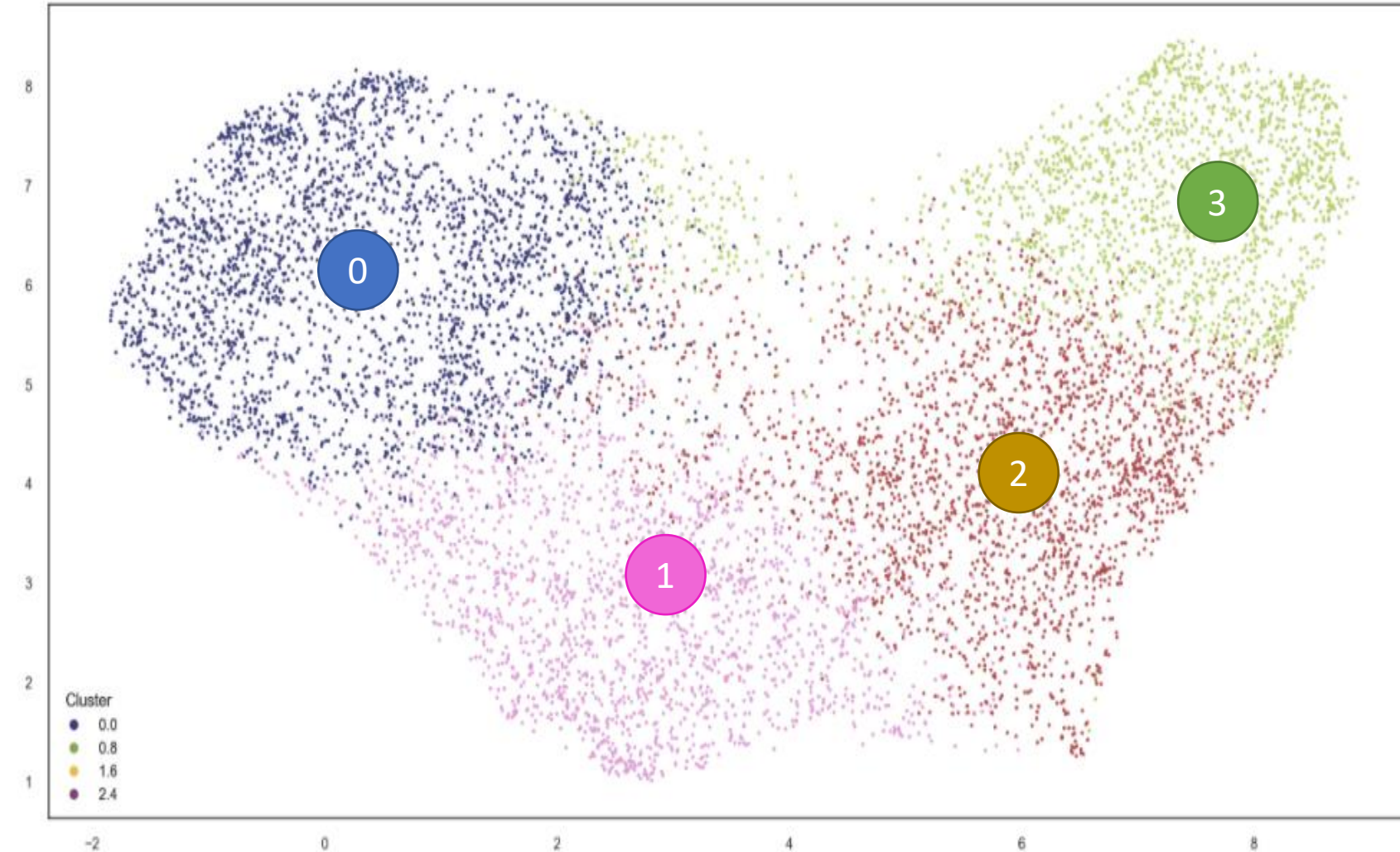
Busniess Objectives and Success Criterias

Objectives:

- Define the characteristics that best distinguish the customers;
- Define relevant customer segments;
- Define each group of customers according to their importance to the Business;
- Increase the Life Time Value (LTV) of our clients, with special concern for the clients with low or even negative LTV.

Success Criterias:

- Have well defined and separated clusters.
- Be able withdraw insigths from each cluster that allow specific conclusions about marketing approaches to each cluster.
- Measure and Increase the overall LTV after applying the Marketing Mix
- Eradicate clients with a negative LTV, and significantly increase the LTV of clients near to zero.



Which and how
segments do we
in our database

- 4 Clusters
- Cluster 0: Cash C
- Cluster 1: Dogs
- Cluster 2: Questio
- Cluster 3: Stars



Which characteristics best distinguish our customers?



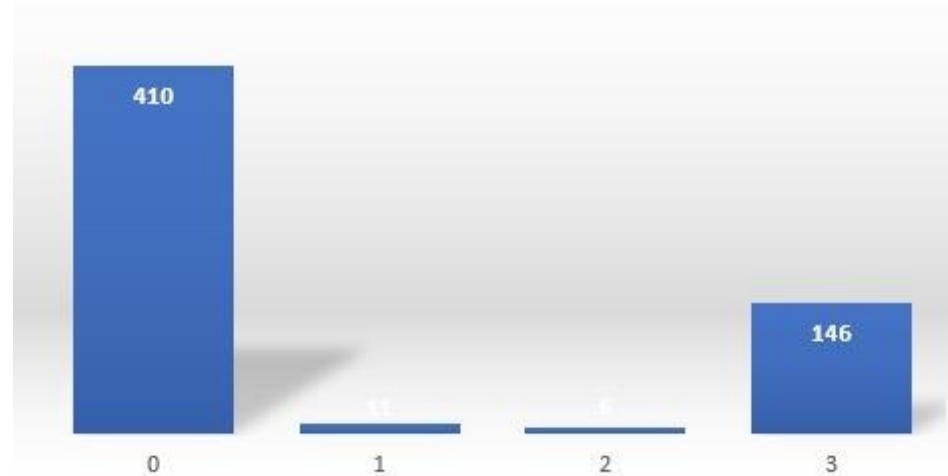
- Middle aged customers (37y average) and second to last lowest income
- Highest percentage of customers with kids (96%)
- Very prone to promotion



- Customers in their 50's with high income
- High Lifetime Value
- High percentage of customers with kids (92%)

Growth Rate

LTV



- Youngest of our clients (28y average) and lowest income
- Low Lifetime Value
- Highest promotion prone cluster
- Make the most purchases online and use online platforms the most



- Oldest of our clients (64y average) and highest income
- Highest Lifetime Value
- Not prone to promotions
- Do not make many purchases online nor use online

Market Share

CUSTOMER PROFILE



- Cluster 0 has the oldest and high paid customers
- Cluster 1 are the youngest and the lowest paid customers
- Clusters 1, 2, 3 are prone to have Children home
- Cluster 3 is the most Educated
- Clusters 1 and 2 have the highest rate of purchases on discount

ONLINE PRESENCE



- Cluster 0 is not prone to online services
- Other profiles engage a lot via Web
- Cluster 1 has highest Mail and Email response

ACCESSORIES



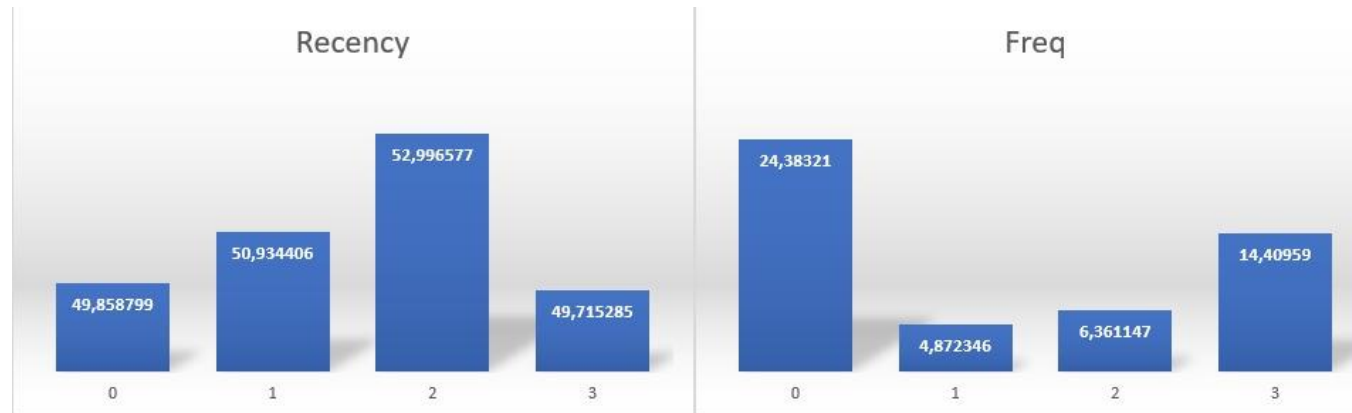
- Cluster 0 usually buys as accessories the Wine Cellar Humidifier and the Silver Plated Cork Extractor
- Cluster 1 has a huge interest in the Small Wine Rack
- Cluster 2 doesn't buy any kind of Accessories
- Cluster 3 usually buys the Large Wine Rack and displays a slight interest in the wine bucket

WINE TYPES



- Cluster 0 has a preference for Dry Reds and Dry Whites
- Cluster 1 has a very diversified wine taste with a special preference for exotic and Sweetened wines
- Cluster 2, like cluster 1, has a clear preference for Dry Reds and Dry Whites
- Cluster 3 has a clear preference for Dry Reds.

RFM



- All Clusters have approximately the same Recency
- Cluster 0 has the highest Frequency and Monetary Value of purchase in the last 18 months
- Cluster 1 has the lowest Frequency and Monetary Value of purchase in the last 18 months
- Cluster 2 has also low values for Frequency and Monetary

How can we reach new and existing customers and which ones to prioritize?

First order of business: Explore e-commerce

Except our Cash Cows (Cluster 0), all other segments present high engagement with online platforms

Trend explained in “younger” clusters by the increase of online commerce subsequent adoption of these new ways to do business on more recent generations

Do not dismiss physical shops since the majority of our current cash flow is supported through this channel

How can we reach new and existing customers and which ones to prioritize?



Main approach: “If it ain’t broke, don’t fix it”

Product:

Keep clients happy – Maintain quality on the classics Dry Red/Dry White

Possible exploration - Do some subtle signalling to nudge customers into a wider variety of wines (almost 10% of exotic wine consumption)

Price:

No money problems – Keep the prices up to par or even increase the price due to price inelasticity (possible case of perfect inelasticity)

Promotion:

Loyalty - Fidelity program to enable even more engagement and offer value to loyal customers

Placement:

Physical shopping - Bolster on store customer experience and engagement between loyal customers, boosting sense of community

How can we reach new and existing customers and which ones to prioritize?



Main approach: “Too much for too little”

Product:

Diversity – Offer new and different wines, quantity over quality

Price:

Low costing – Keep the prices low or offer lower quality products in the catalog

Promotion:

High Promotion Sensitivity – Up the frequency of promotion and cut on the percentage of discounting

Placement:

Go online – Give higher importance to the e-commerce and upgrade delivery systems

How can we reach new and existing customers and which ones to prioritize?



Main approach: “High risk, high reward”

Product:

Breadwinner – Focus on Dry Reds and Whites

Price:

Steady – Focus on upping purchase frequency by keep prices fair and offer some low cost options

Promotion:

Discounts – Good target for sharp discounts on the breadwinners

Placement:

Go online – Give higher importance to the e-commerce and integrate the promotion plans into this platform

How can we reach new and existing customers and which ones to prioritize?



Main approach: “Wonderful World of Opportunity”

Product:

Exponentiation – Focus on on the staple products and bundle accessories for perceived value

Price:

Balancing act – Keep prices the same or up the price a bit...

Promotion:

Balancing act – ...but offer discounts as well

Placement:

Go online – Give higher importance to the e-commerce but also explore the need for the on store experience

NOVA

IMS

Information
Management
School



Thank You!