



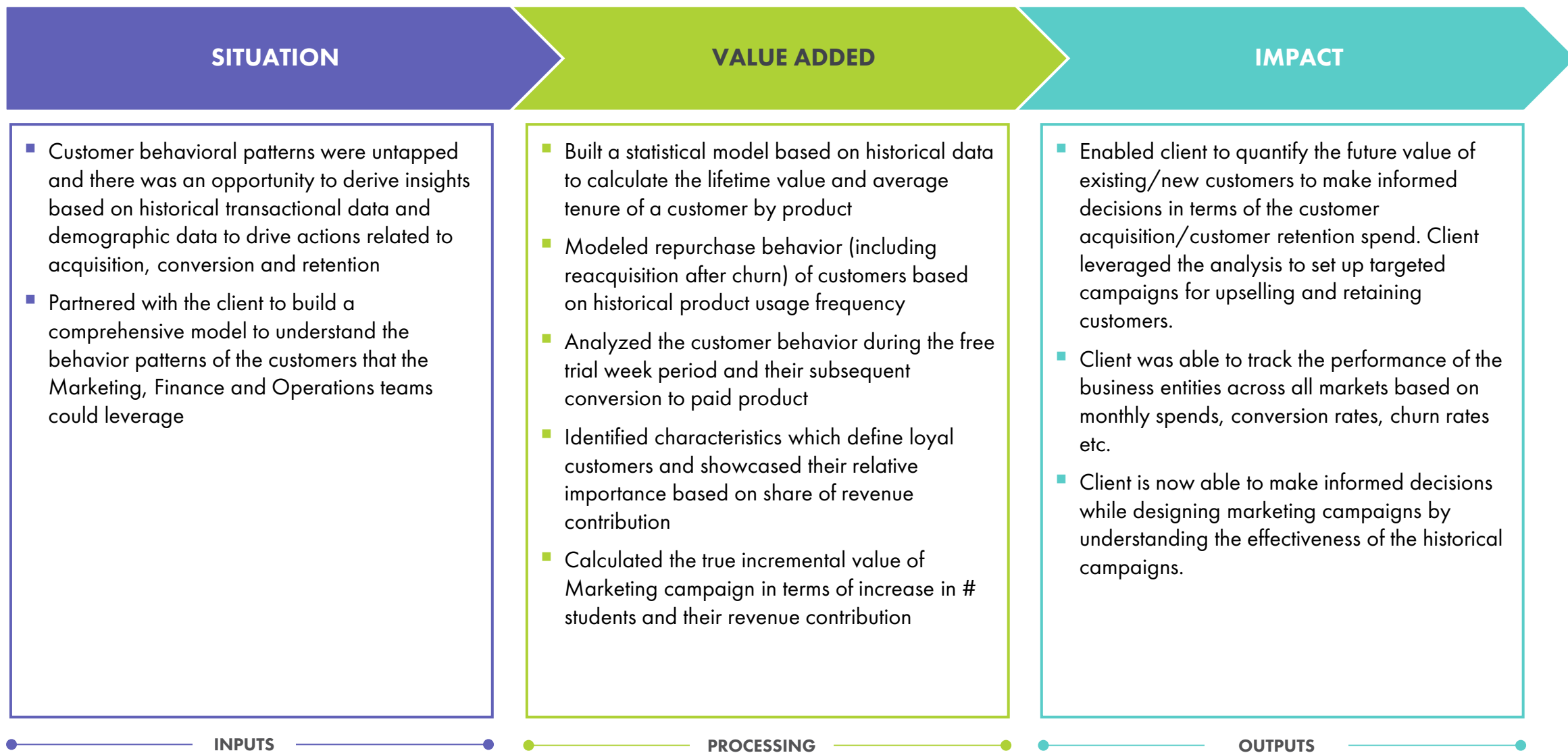
## **Customer Lifecycle Analysis**

(Yoga Fitness Chain)

The analysis is a comprehensive study to understand various aspects related to customer behavior such as life-time value, tenure, loyalty, behavior based on the usage patterns etc. Additionally, we evaluated the impact of an ongoing marketing campaign on the business.

# ► Customer Lifecycle Analysis

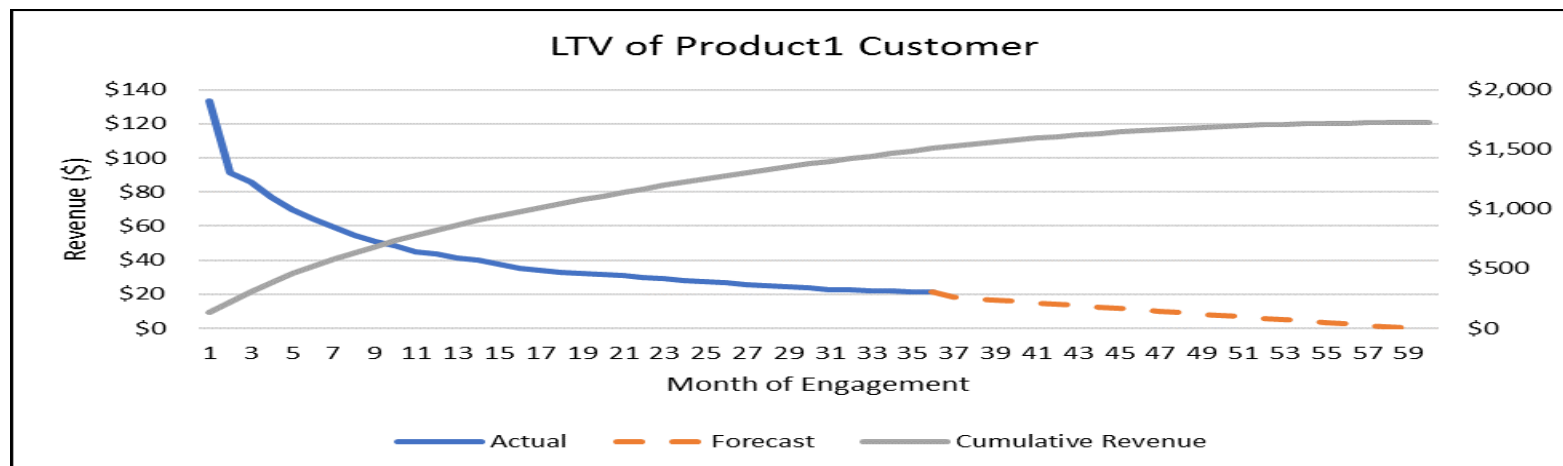
ABOUT THE CLIENT: Client is a PE-owned fast-growing yoga studio chain across the U.S



## ► Approach & Methodology - LTV

Calculated the LTV and Tenure using multiple approaches such as:

- By extrapolating the 36-month revenue data and tenure data for future months using exponential smoothing techniques



- By evaluating the spends of clients who churned in X years post onboarding.
- This way we have visibility into LTV of customers as per their tenure

	Cumulative Revenue (\$'000)											
	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Year 1	\$7,000	\$4,000	\$3,000	\$1,000	\$9,000	\$6,000	\$5,000	\$2,000	\$9,000	\$6,000	\$4,000	\$2,000
Year 2	\$12,000	\$9,000	\$9,000	\$7,000	\$15,000	\$12,000	\$12,000	\$10,000	\$15,000	\$11,000	\$12,000	\$10,000
Year 3	\$16,000	\$12,000	\$13,000	\$11,000	\$20,000	\$16,000	\$18,000	\$15,000				
Year 4	\$19,000	\$15,000	\$16,000	\$15,000								

- By evaluating the customer retention rates for cohorts, based on their first purchase date, over several years.

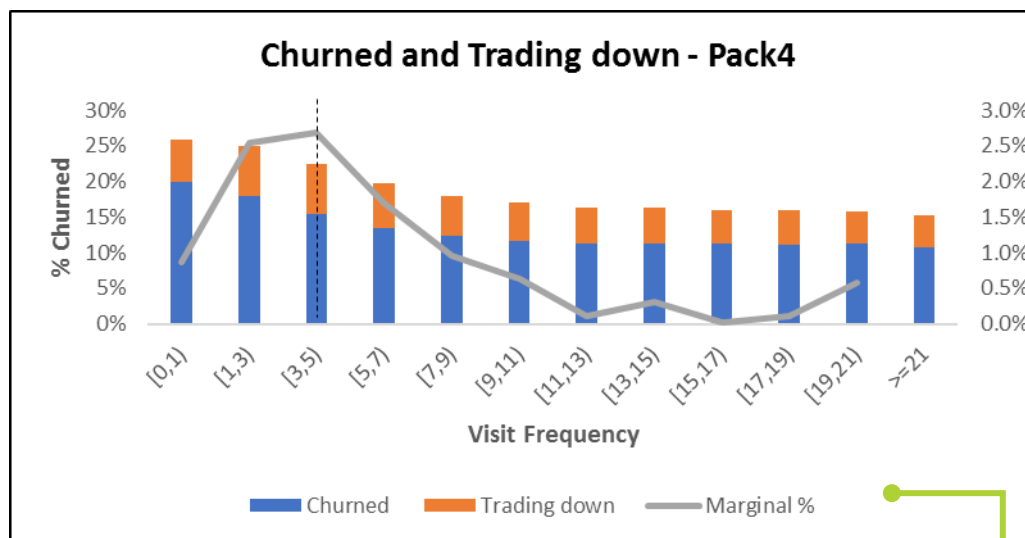
	Student Retention by Cohort				
	2015	2016	2017	2018	2019
Year 1	100%	100%	100%	100%	100%
Year 2	26%	25%	23%	25%	-
Year 3	18%	17%	17%	-	-
Year 4	14%	14%	-	-	-
Year 5	13%	-	-	-	-

## ► Approach & Methodology – Re-purchase

- Segmented the customers based on visit frequencies.
- Evaluated purchase activities for each segment to estimate metrics like Trade-up, Trade-down, churn and retention.
- Using the marginal % change in churn we identified the segments of customers to be focused on for marketing purposes.



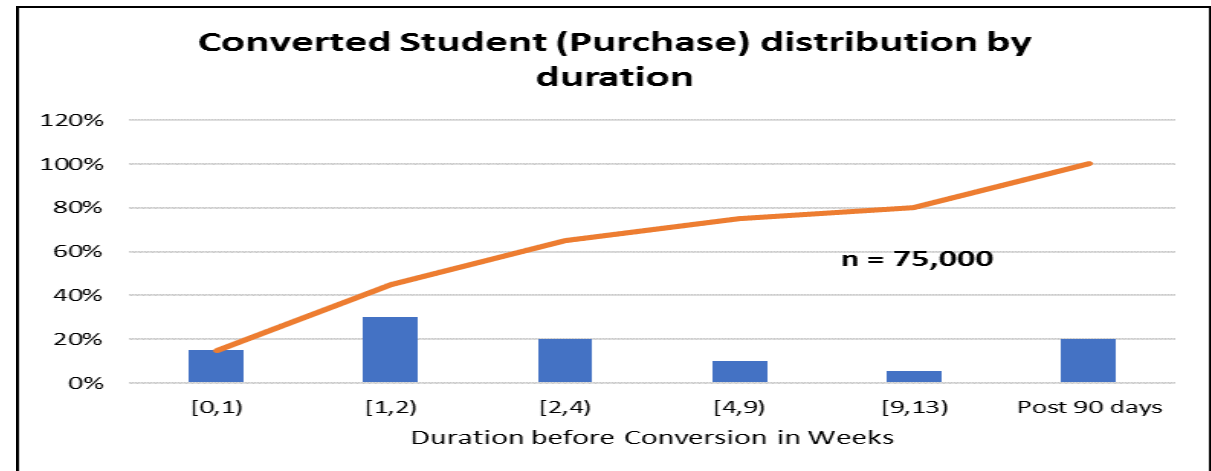
Low Value Product client trading up to other high value packs						
Visit Frequency (Preceding 3 Months)	# Instances	% Share trading up to High Value Pack 1	High Value Pack 2	High Value Pack 3	High Value Pack 4	Total % trading up
[0,1)	24,000	3%	4%	0%	4%	12%
[1,2)	50,000	3%	4%	0%	5%	11%
[2,3)	20,000	4%	6%	0%	7%	17%
[3,4)	8,000	5%	8%	1%	8%	22%
[4,5)	3,000	6%	9%	1%	10%	25%
[5,6)	1,000	6%	9%	1%	15%	31%
[6,7)	600	6%	11%	0%	18%	36%
[7,8)	200	5%	14%	1%	17%	36%
[8,9)	100	7%	8%	4%	24%	42%
[9,10)	50	5%	8%	4%	20%	36%
>=10	100	6%	12%	5%	26%	49%



Marginal % change is difference in churn % of consecutive visit based segments

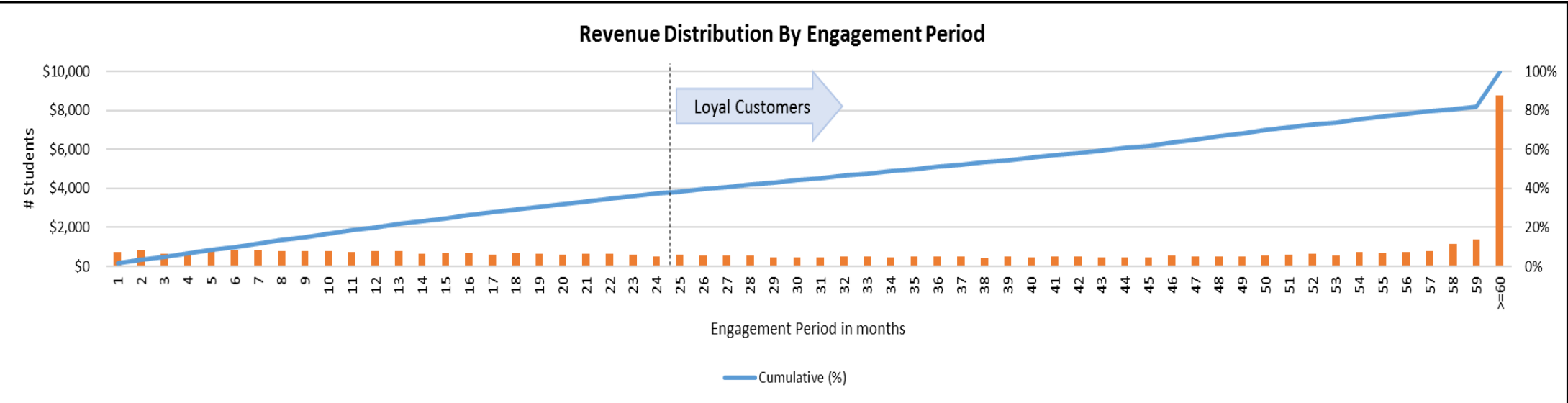
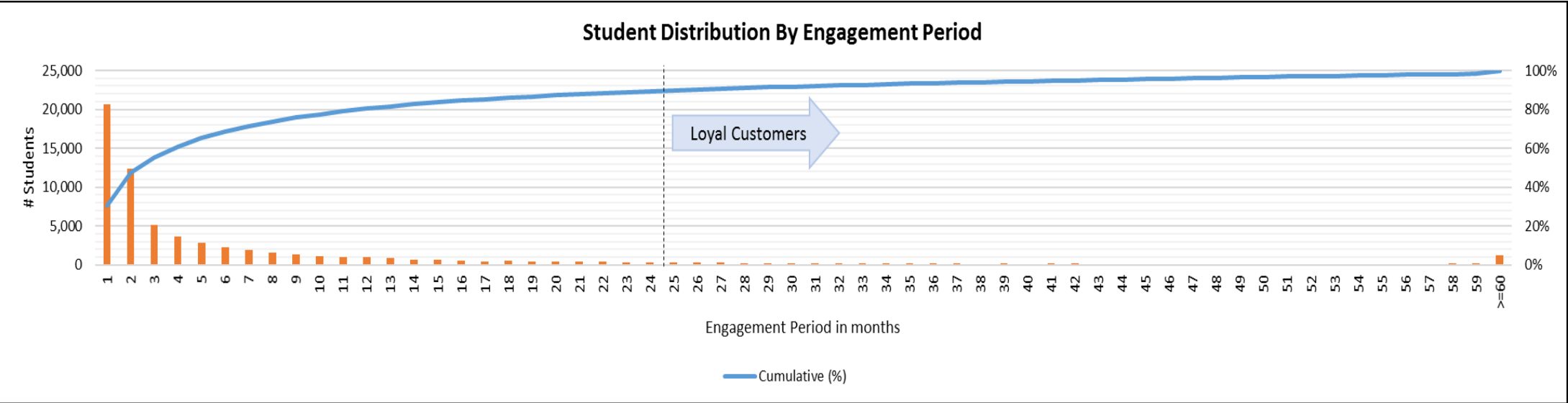
## ► Approach & Methodology – Customer Conversion

- Customer leads are segmented based on their # of free week visits.
- Identified a cutoff visits/ week to narrow down on leads which are likely to convert.
- Identified a cut off duration post free week to narrow down on leads which are likely to convert. The chart also highlights the period within which maximum conversions occurred.



► **Approach & Methodology – Customer Loyalty**

- Using the distribution of students by engagement, identified the loyal students and calculated their revenue contribution



## ► Approach & Methodology – Campaign Evaluation

- Behavior of campaign and non-campaign students are compared using the churn rates of the both sets over their initial 6-month period.
- Calculated the true incremental value of campaign based on incremental students & revenue based on projections using historical data.

