Customer analytics

Direct-to-customer (DTC) personal care products provider

Identified high-spend customers based on 12-month revenue and analyzed the attitudinal and behavioral attributes driving the revenue, and the underlying unifying characteristics for these customers.

Personal care products provider need to improve customer LTR

Picture this…

You're looking for the creation of data models to study the customer behavioral attributes and provide actionable insights into underlying unifying characteristics of high value customers.

You turn to Accordion.

We partner with your team to identify high-spend customers based on 12-month revenue and analyze the attitudinal and behavioral attributes driving the revenue, and the underlying unifying characteristics, including:

1) Calculating the Life-time Revenue (LTR) of customers and segmenting them into high, medium and low spend customers based on their LTR and into subscribers, one-time purchasers and upgrade customers based on the purchase behavior

2) Analyzing the impact of acquisition characteristics – 'acquisition products', 'acquisition marketing channel' and 'acquisition discount' – on the LTR of customers along with analyzing how customer preferences affect LTR of the high spend customers

3) Analyzing the change in the product mix over time of high value customers and comparing it with rest of the customers. Also, analyzing time period of one-off customers upgrading to subscribers and the impact of the subscription frequency on the LTR

Your value is enhanced.

- You have custom email campaigns set up to urge customers to subscribing based on the findings: a greater number of customers upgrade from one-time purchaser to a subscriber in the second order or between 31 to 90 days of their first purchase. An upgraded customer has a significantly higher LTR than a one-time subscriber.

- You have improved the website UI to make it easier to add cross category products during checkout as the product mix of customer for not to change over time and customers who buy cross-category products in the first order, order a greater number of times than those who purchase from a single category.

- You have modified website UI to enable a customer to change the subscription frequency to improve LTR

CUSTOMER ANALYTICS

KEY RESULT

- Impact 1…
- Impact 2…

VALUE LEVERS PULLED

- Lifetime revenue (LTR) analysis
- Acquisition analysis
- Product mix analysis

Customer analytics for a personal care products provider

Situation

- Client noticed a revenue decline and decided to revamp their website UI to attract high-value customers, but was unable to identify the behavioral characteristics of their high-spend customers
- Partnered with the client to create data models to study the customer behavioral attributes and provided actionable insights into the underlying unifying characteristics of high value customers
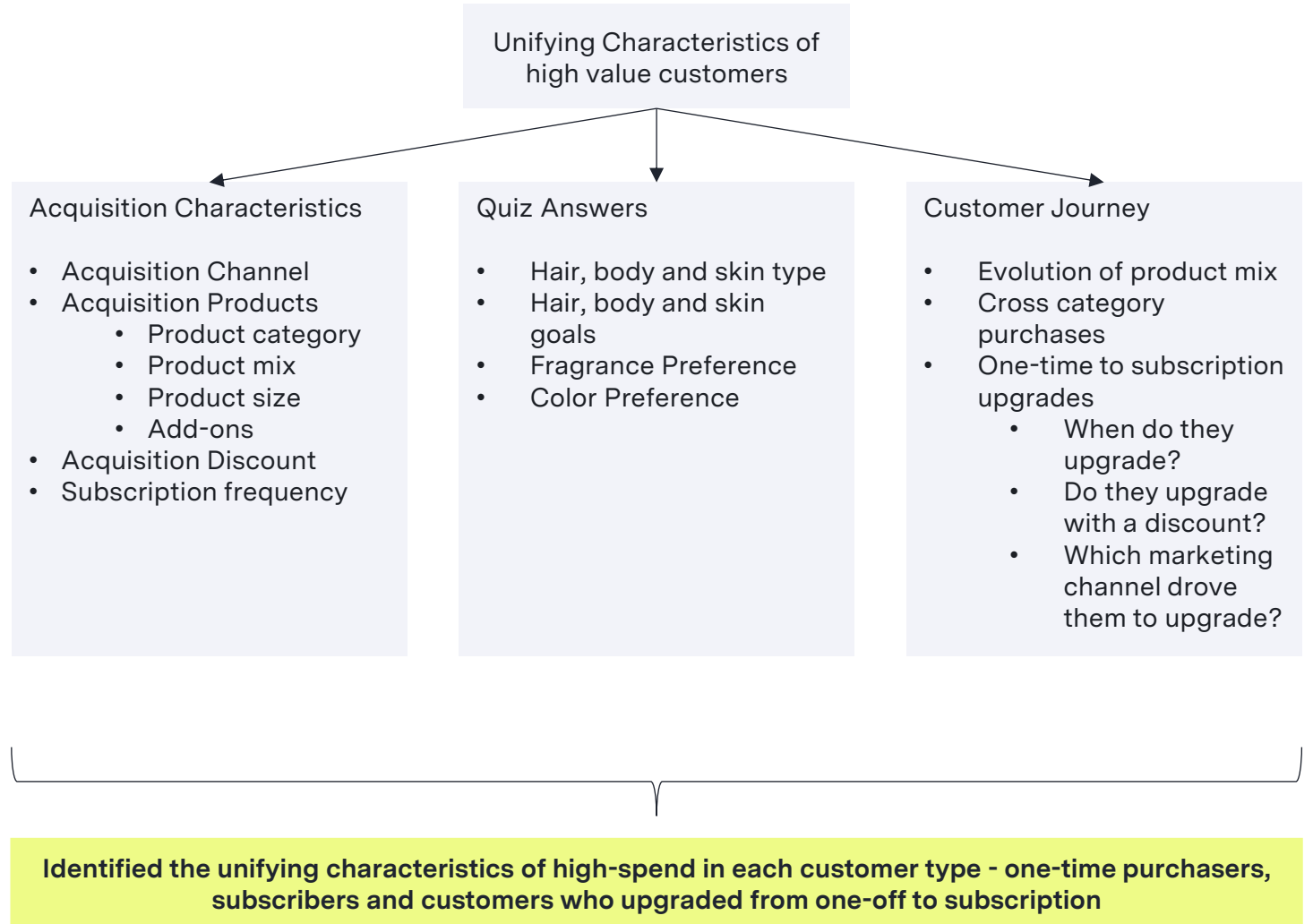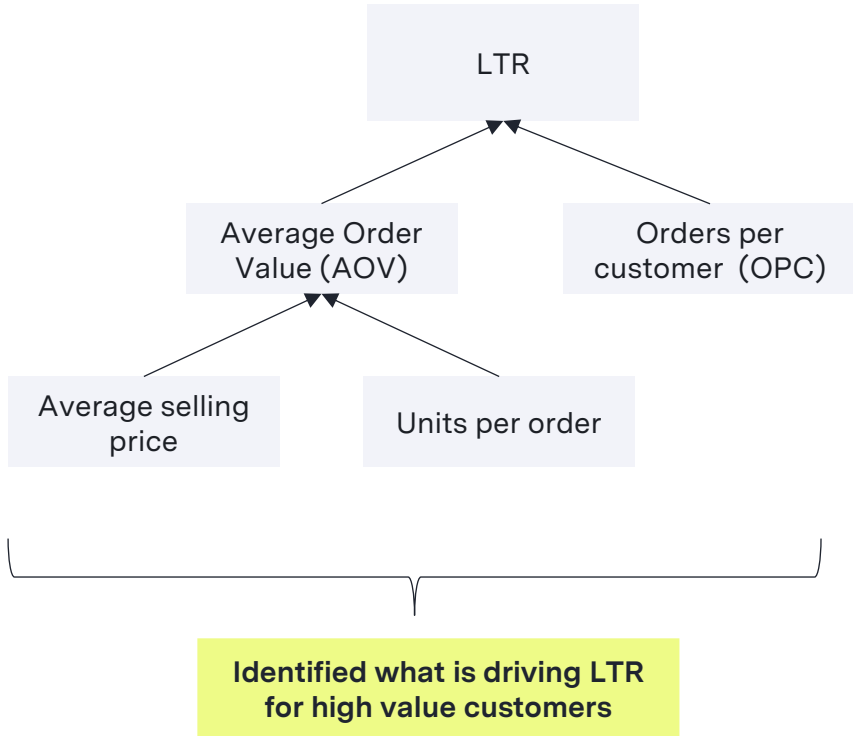
Accordion Value Add

- Calculated the Life-time Revenue (LTR) of customers and segmented them into high, medium and low spend customers based on their LTR and into Subscribers, One-time purchasers and Upgrade customers based on their purchase behavior
- Analyzed the impact of acquisition characteristics – 'acquisition products', 'acquisition marketing channel' and 'acquisition discount' – on the LTR of customers. Additionally, analyzed how customer preferences affect LTR of the high spend customers
- Analyzed the change in the product mix over time of high value customers and compared it with rest of the customers. Also, analyzed time period of one-off customers upgrade to subscribers and the impact of subscription frequency on the LTR
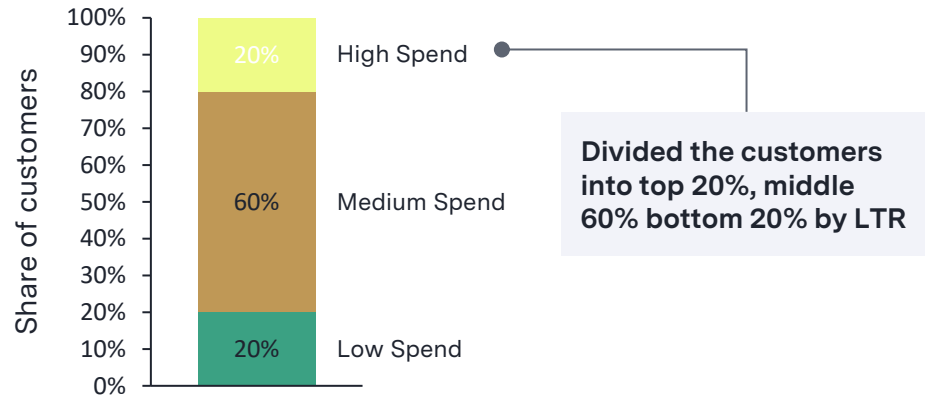
Impact

- Most customers who upgrade from one-time purchaser to a subscriber, upgrade in the second order or between 31 to 90 days of their first purchase. An upgraded customer has a significantly higher LTR than a one-time subscriber. Based on these findings, email campaigns were set up to urge customers to subscribe during this period
- The product mix of customers was found to not change over time and customers who buy cross-category products in the first order, order a greater number of times than those who purchase from a single category. Hence, the client decided to improve their website UI by making it easier to add cross category products during checkout
- Customers using the default subscription frequency had lower LTR. Hence, the client made it easier for a customer to change the frequency that suits them better through better website UI
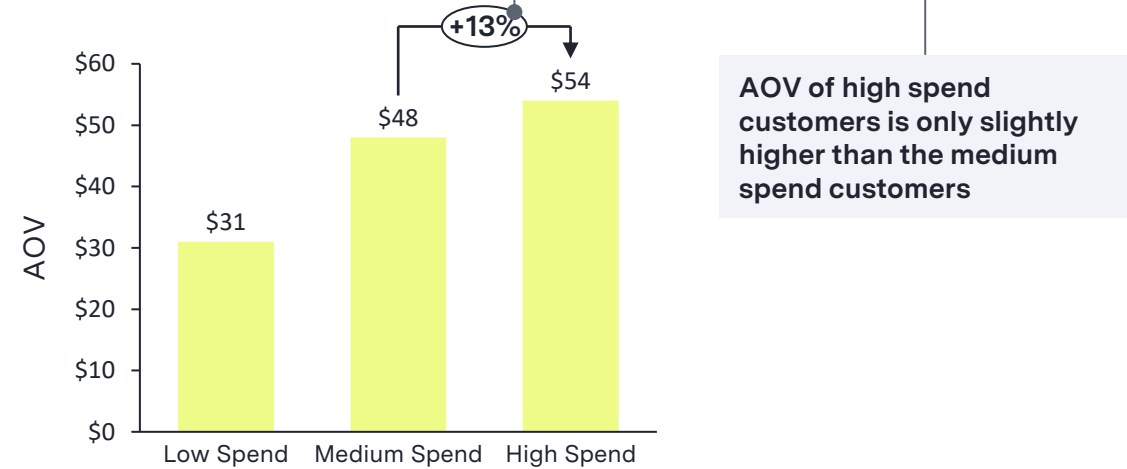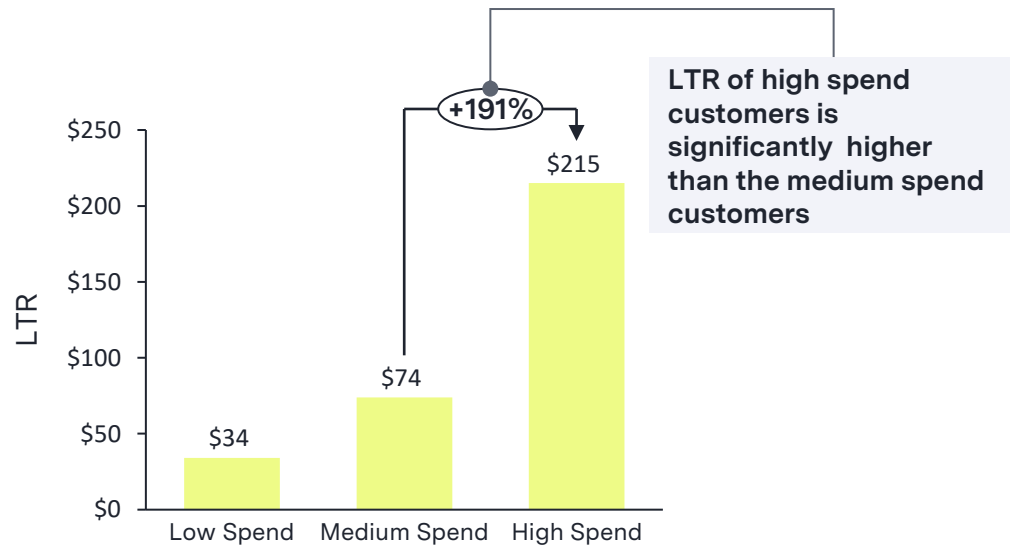
Methodology/ Approach

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                    ┌─────────────┐
                    │     LTR     │
                    └─────────────┘
                       ▲       ▲
            ┌──────────┘        └──────────┐
   ┌──────────────────┐         ┌──────────────────┐
   │  Average Order   │         │   Orders per      │
   │  Value (AOV)     │         │  customer  (OPC)  │
   └──────────────────┘         └──────────────────┘
       ▲        ▲
  ┌────┘         └────┐
┌──────────────┐  ┌──────────────┐
│ Average      │  │ Units per    │
│ selling      │  │ order        │
│ price        │  │              │
└──────────────┘  └──────────────┘
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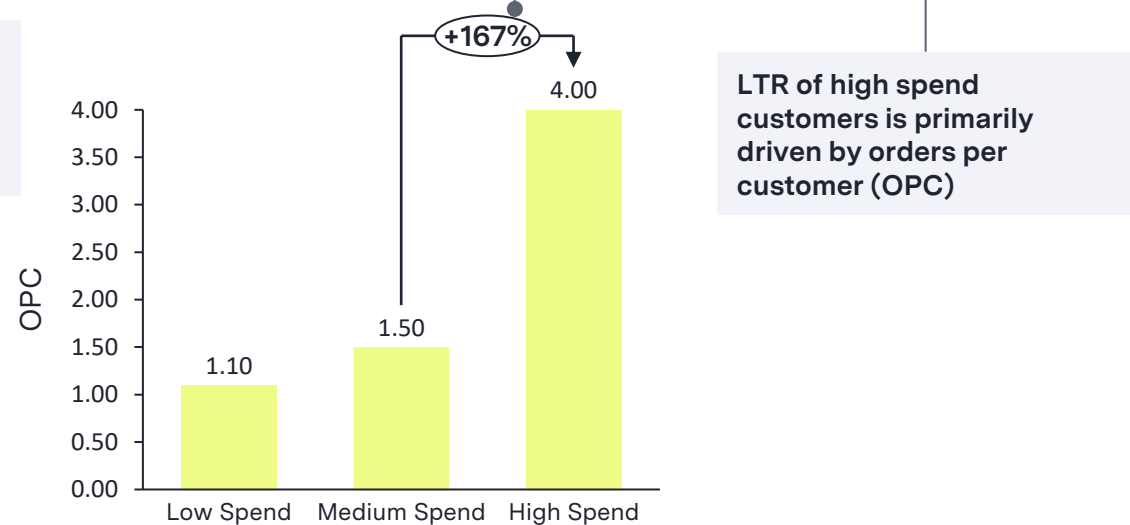
Identified what is driving LTR for high value customers

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              ┌──────────────────────────────┐
              │  Unifying Characteristics of │
              │     high value customers     │
              └──────────────────────────────┘
            ┌───────────────┬─────────────────┐
            ▼               ▼                 ▼
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Acquisition Characteristics	Quiz Answers	Customer Journey

• Acquisition Channel
• Acquisition Products
   • Product category
   • Product mix
   • Product size
   • Add-ons
• Acquisition Discount
• Subscription frequency
	• Hair, body and skin type
	• Hair, body and skin goals
	• Fragrance Preference
	• Color Preference
		• Evolution of product mix
		• Cross category purchases
		• One-time to subscription upgrades
		   • When do they upgrade?
		   • Do they upgrade with a discount?
		   • Which marketing channel drove them to upgrade?

Identified the unifying characteristics of high-spend in each customer type - one-time purchasers, subscribers and customers who upgraded from one-off to subscription

LTR drivers

Share of customers by customer bucket

Divided the customers into top 20%, middle 60% bottom 20% by LTR

AOV by customer bucket

+13%

AOV of high spend customers is only slightly higher than the medium spend customers

LTR by customer bucket

+191%

LTR of high spend customers is significantly higher than the medium spend customers

OPC by customer bucket

+167%

LTR of high spend customers is primarily driven by orders per customer (OPC)

Acquisition discount

Share of customers by acquisition discount

Without Discount
25%
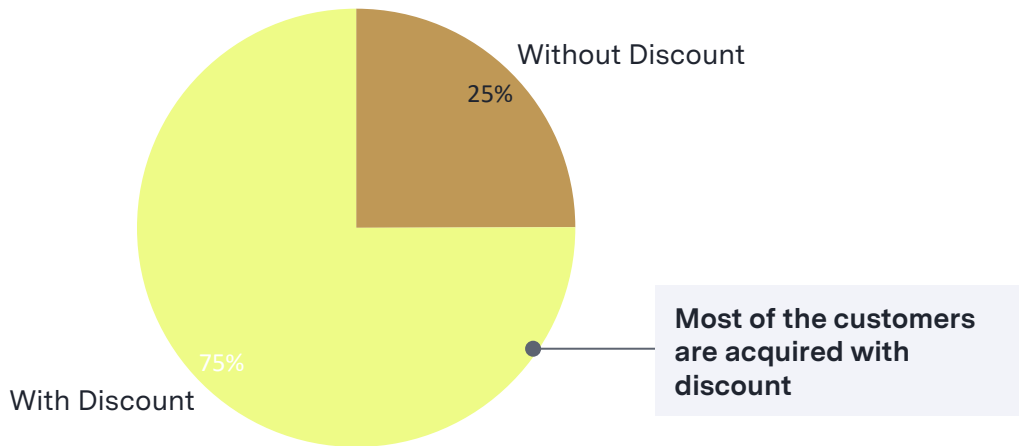
With Discount
75%

Most of the customers are acquired with discount

OPC by acquisition discount

-35%
-32%

Customers acquired with a discount have a lower 2nd order retention rate

Retention rate

■ Without Discount
■ With Discount

	1 Order	2 Orders	3 Orders	4 Orders	5 and Above
Without Discount	100%	69%	37%	20%	10%
With Discount	100%	65%	33%	16%	8%

LTR by acquisition discount

-13%

$121 / $105

Ltr

Without Discount / With Discount

LTR of customers acquired with discount is lower

Customers acquired without discount have higher OPC and AOV

OPC by acquisition discount

-7%

2.5 / 2.3

Opc

Without Discount / With Discount

AOV by acquisition discount

-6%

$49 / $46

Aov

Without Discount / With Discount

Acquisition category and add-ons
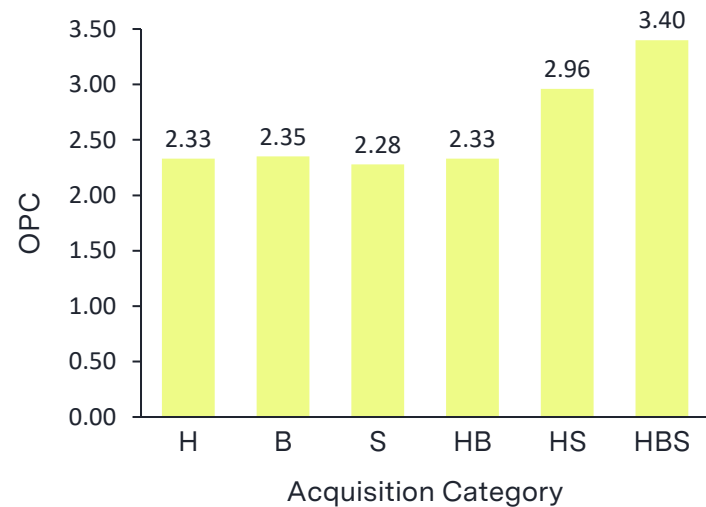
LTR by Acquisition Category
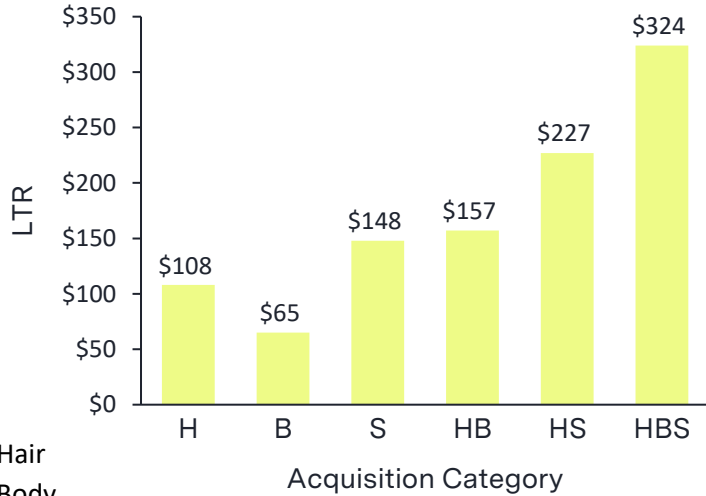
LTR by Acquisition of Add-Ons

Customers who make multi-category purchases and customers with more add-ons in their first purchase have higher LTR

H — Hair
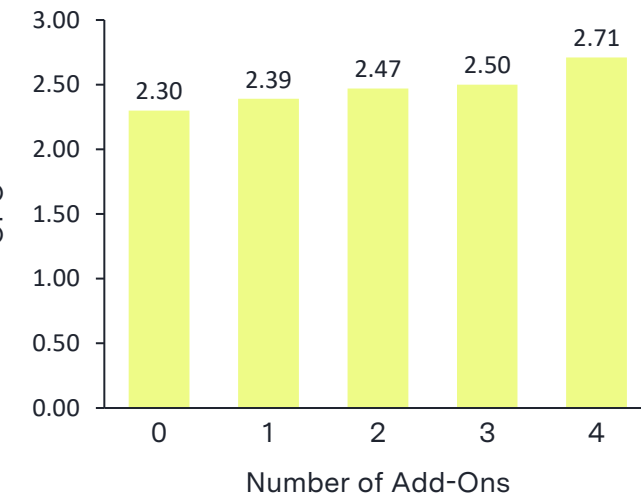B — Body
S — Skin
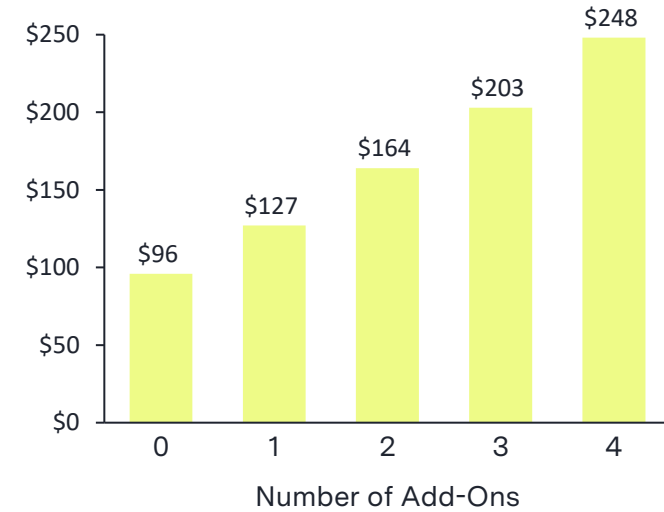
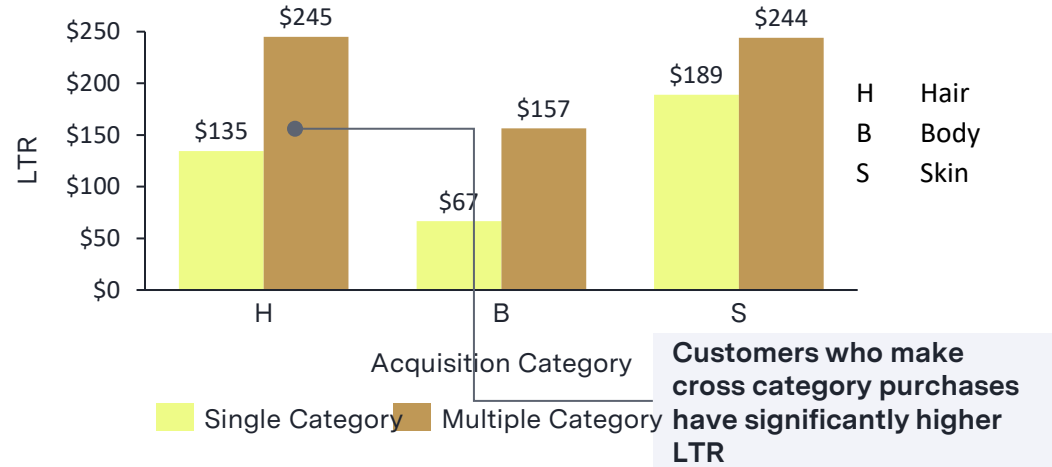### OPC by Acquisition Category

OPC by Acquisition Add-Ons

Customers who make multi-category purchases and customers with more add-ons in their first purchase make more purchases in their lifetime
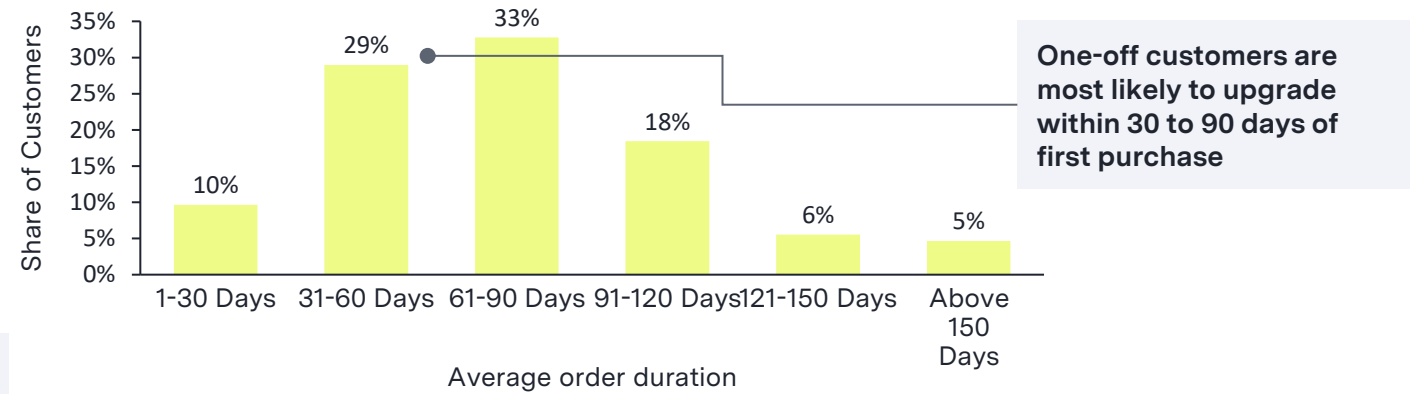
Customer journey – Migration and upgrade period

LTR of customers by category migration
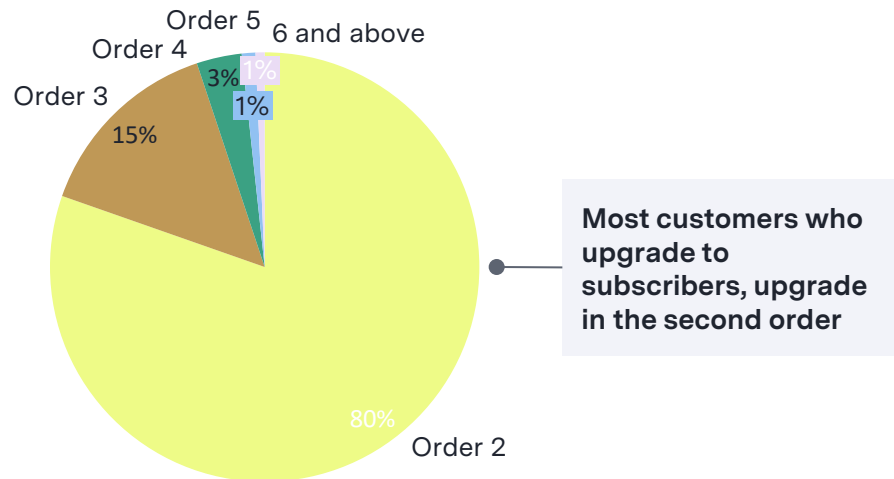

H — Hair
B — Body
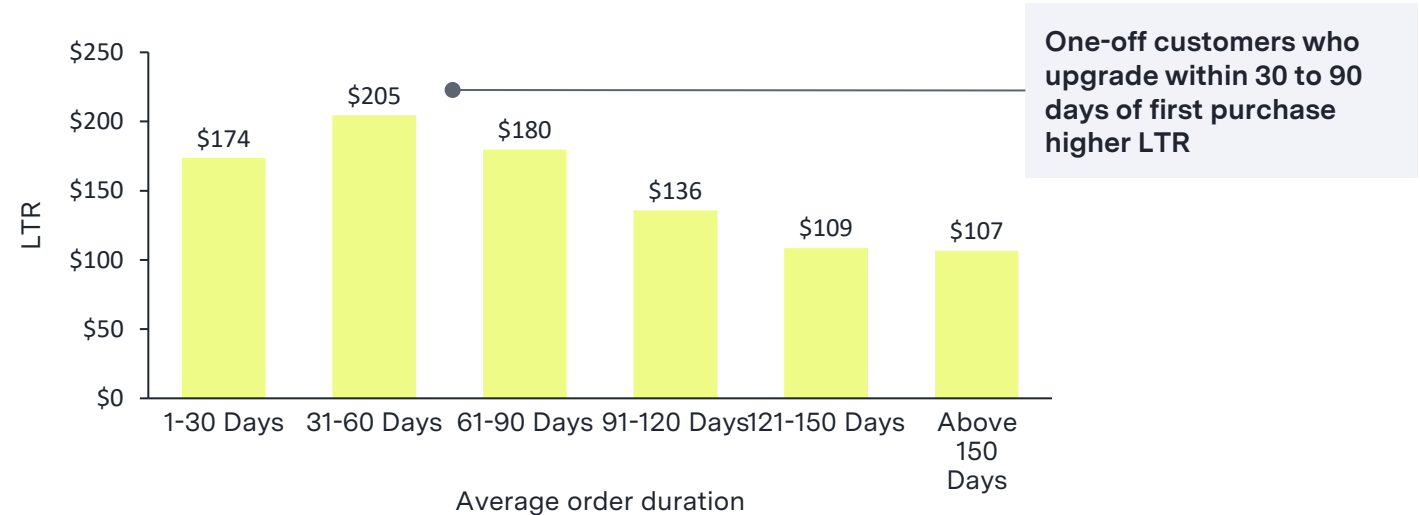S — Skin

Single Category | Multiple Category

Acquisition Category

Customers who make cross category purchases have significantly higher LTR

Share of 2nd order upgrade customers by order duration

One-off customers are most likely to upgrade within 30 to 90 days of first purchase

Share of customers by upgrade order

Order 2 — 80%
Order 3 — 15%
Order 4 — 3%
Order 5 — 1%
6 and above — 1%

Most customers who upgrade to subscribers, upgrade in the second order

LTR of 2nd order upgrade customers by order duration

One-off customers who upgrade within 30 to 90 days of first purchase higher LTR

Customer characteristics

LTR by acquisition body moisture

(Ltr)

- dry: $251
- oily: $266
- balance: $263
- combination: $310

LTR by acquisition skin sensitivity

(Ltr)

- always: $299
- sometimes: $287
- rarely: $269
- never: $241

LTR by acquisition skin makeup

(Ltr)

- full: $312
- decent: $259
- little: $288
- none: $283

Share of customers by acquisition body moisture

(Share of customers)

- dry: 25%
- oily: 15%
- balanced: 11%
- combination: 49%

Share of customers by acquisition skin sensitivity

(Share of customers)

- always: 25%
- sometimes: 43%
- rarely: 30%
- never: 2%
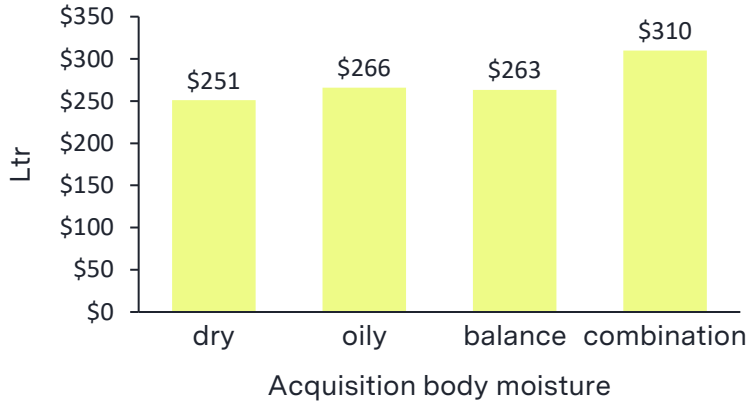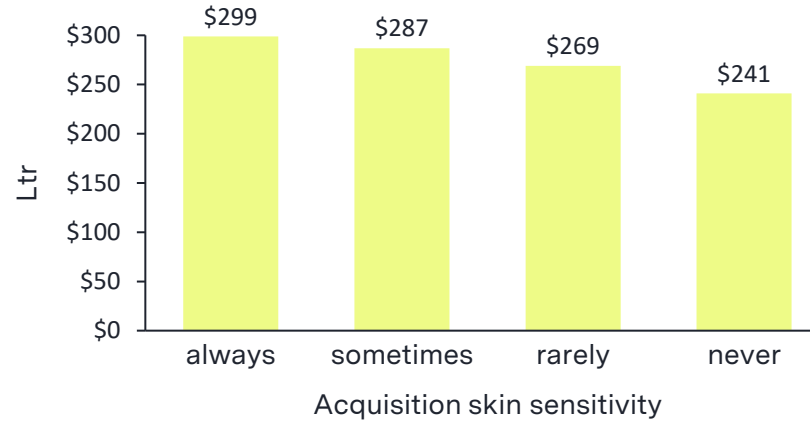
Share of customers by acquisition skin makeup

(Share of customers)

- full: 9%
- decent: 16%
- little: 36%
- none: 39%