



Growth and retention analytics

Beauty & Wellness company

Analyzed customer lifetime value and subscription models to assess the performance of the acquisition and retention strategies, and developed customer behavior decision tree model to help improve profitability and retention

Beauty and wellness company needs to “tone” its growth and retention strategy

Picture this...

You’re looking to optimize the customer acquisition and retention strategies to maximize the value from the customers. Currently, there is no visibility into the performance of the acquisition and retention strategies, and the lifetime value of the customers.

You turn to Accordion.

We partner with your team to analyze customer lifetime value and subscription models to assess the performance of the acquisition and retention strategies, and develop customer behavior decision tree model to help improve profitability and retention, including:

- 1) Improving efficiency of the customer acquisition ad-campaigns by building an “Allowable CAC model” for A/B testing, based on historical 12-month lifetime revenue (LTR)
- 2) Analyzing the LTR and performed a customer segmentation analysis to identify high-value customers. Identifying key factors driving LTR for these high-value customers such as average order value (AOV) and orders per customer (OPC), across various acquisition characteristics such as order type, product, etc.
- 3) Suggesting profitable retention strategies by analyzing customer journey and product affinity across order types and products to maximize lifetime value

Your value is enhanced.

You have an optimized acquisition and retention strategy resulting in a 11% QoQ revenue growth, based on the recommendations from the analysis . You also have visibility into customer behavior, across marketing channels, products and order types, thereby helping client design CAC optimized ad-campaigns to maximize customer profitability.

GROWTH AND RETENTION ANALYTICS

KEY RESULT

- 11% QoQ revenue growth

VALUE LEVERS PULLED

- Customer Lifetime Value (LTV) Analysis
- Subscription Analysis
- Product Basket Mix Analysis
- Acquisition and Retention Strategy

Growth and retention analytics for a beauty and wellness brand

Situation

- Client lacked visibility into the performance of the acquisition and retention strategies, and the lifetime value of the customers. So, there was a clear need to optimize the customer acquisition and retention strategies to maximize the value from the customers.
- Partnered with the client to develop customer lifetime value model (for subscription and one-time purchases) to assess the performance of the acquisition and retention strategies. Also, developed customer behavior decision tree model to help improve profitability and retention

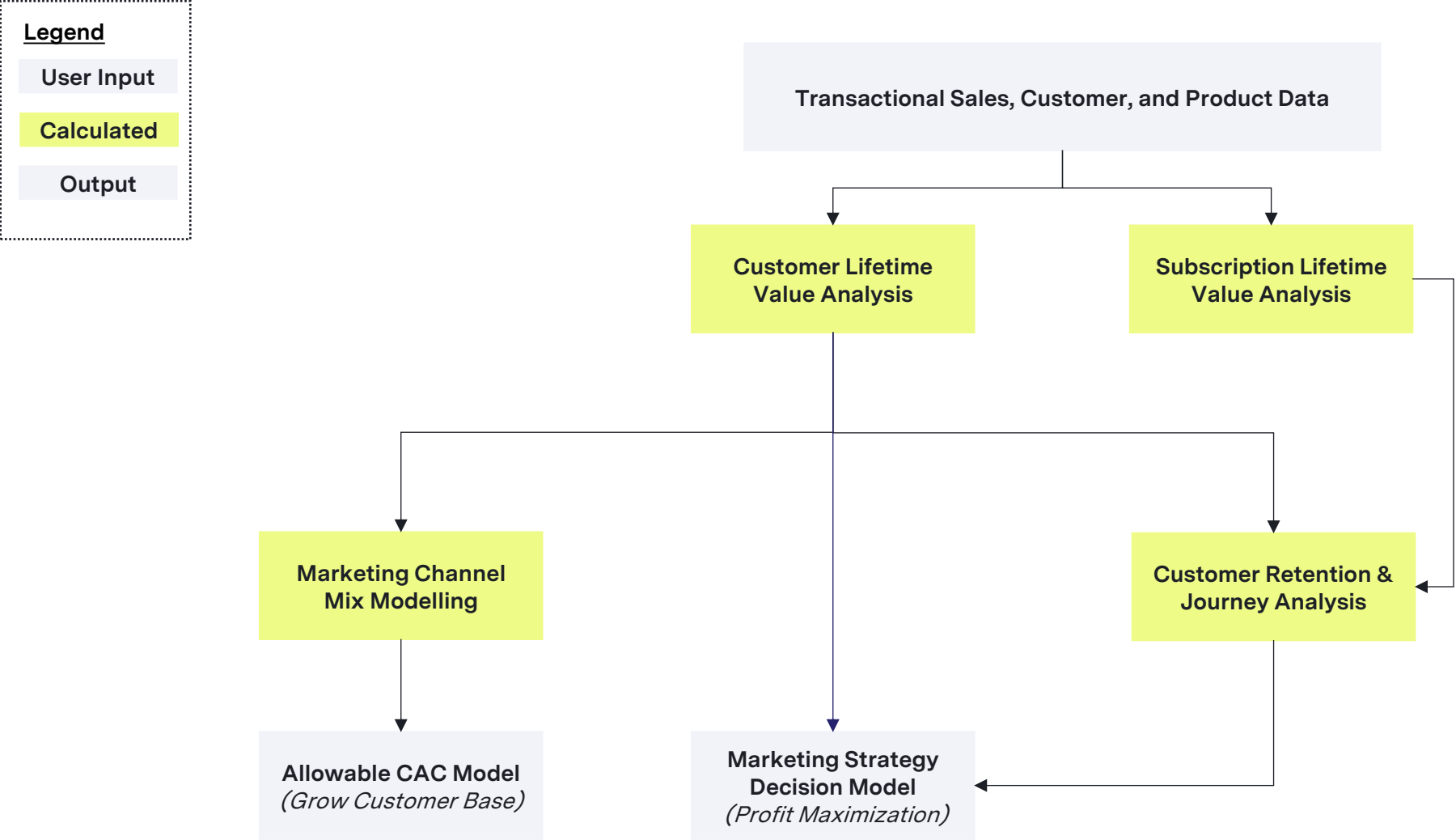
Accordion Value Add

- Improved efficiency of the customer acquisition ad-campaigns by building an “Allowable CAC model” for A/B testing, based on historical 12-month lifetime revenue (LTR)
- Analyzed the LTR and performed a customer segmentation analysis to identify high-value customers. Identified key factors driving LTR for these high-value customers such as average order value (AOV) and orders per customer (OPC), across various acquisition characteristics such as order type, product, etc. to identify opportunities to increase customer lifetime value
- Suggested profitable retention strategies by analyzing customer journey and product affinity across order types and products to maximize lifetime value

Impact

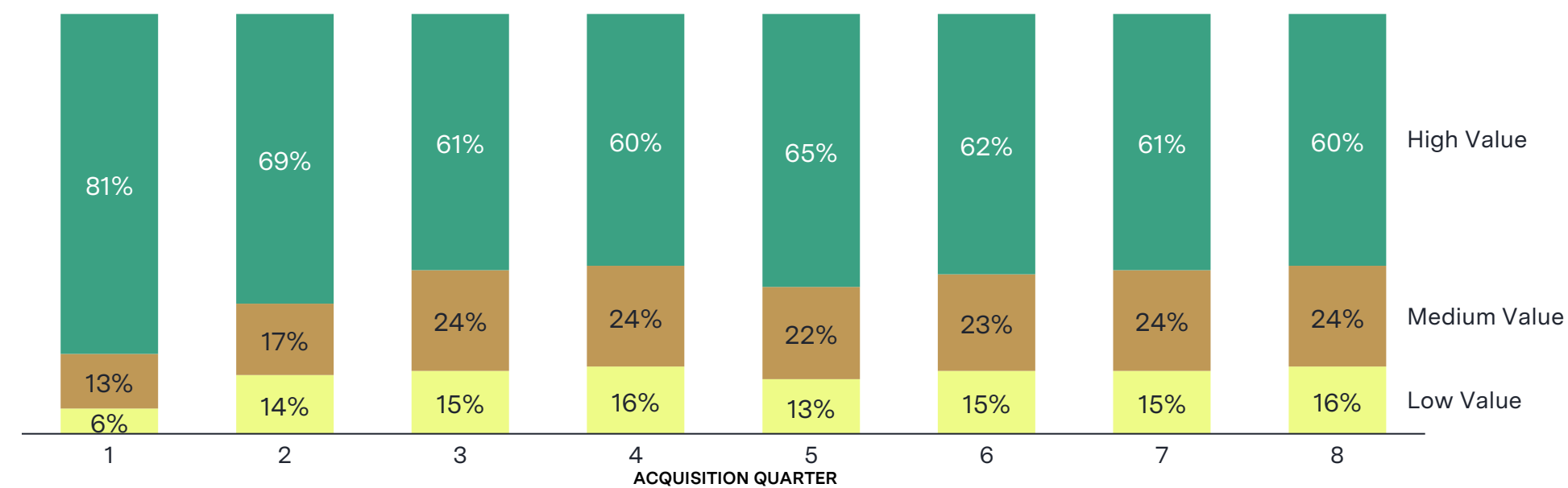
- Client was able to optimize acquisition and retention strategy resulting in a 11% QoQ revenue growth, based on the recommendations from the analysis
- Provided visibility into customer behavior, across marketing channels, products and order types, thereby helping client design CAC optimized ad-campaigns to maximize customer profitability

Methodology/ Approach



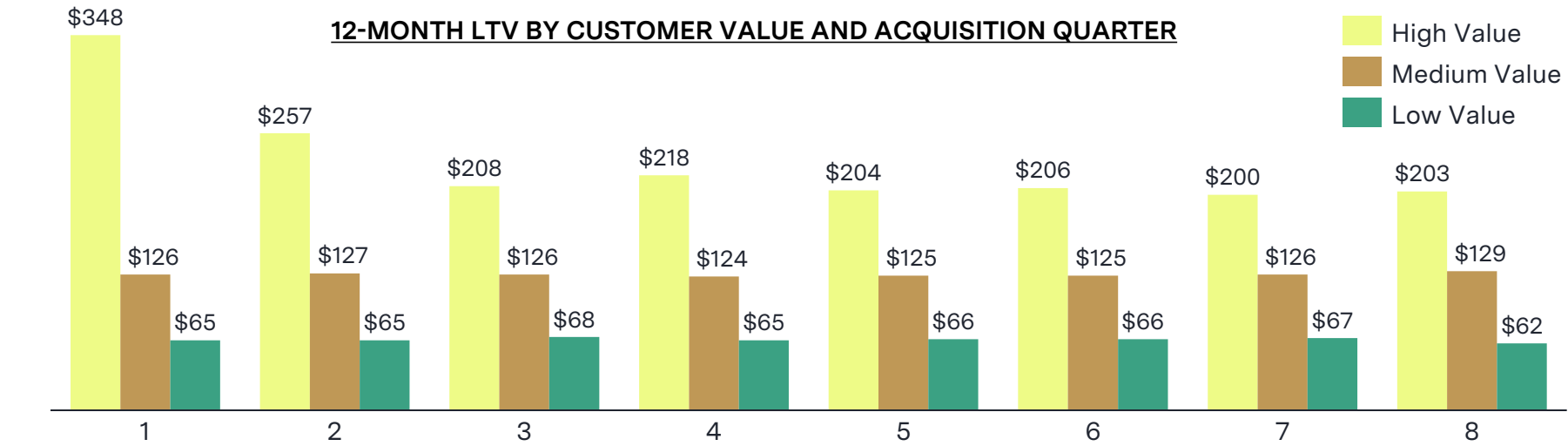
LTV analysis by customer value

12-MONTH NET REVENUE DISTRIBUTION BY CUSTOMER VALUE AND ACQUISITION QUARTER



High and Medium LTV customers drive more than 80% of 12-month cohort new revenue

12-MONTH LTV BY CUSTOMER VALUE AND ACQUISITION QUARTER



Customer acquisition cost model

Color Coding	
	User Input
	Result
	Assumption

Payback Months	Expected 12-month LTV	Acceptable CAC
5	\$125	\$105

* User input range is 0 - 12 months

Enter payback months here

No-of Bottles	Current customer %	User Change	Final Customer %
1	32%	0%	32%
3	51%	0%	51%
6	18%	0%	18%
Total Final Customer %			100%

Select Acquisition Channel	
ACQ_Marketing_Ch...	
Facebook	
Google	

Product Name	
XXXXX	

CAC MODEL FOR XXXXX Product								
No-of Bottles	ACQ_Order_Type	Subscription/OTP %	Subscription % User increment/decrement	Final Subscription/OTP (%)	Cohort size %	ASP	ASP User Increment/Decrement	Final ASP
1	OTP	100%		100%	32%	\$ 70.00	\$ -	\$ 70.00
	Subscription	0%	0%	0%	0%	\$ 42.00	\$ -	\$ 42.00
3	OTP	85%		85%	43%	\$ 67.00	\$ -	\$ 67.00
	Subscription	15%	0%	15%	7%	\$ 80.00	\$ -	\$ 80.00
6	OTP	100%		100%	18%	\$ 46.00	\$ -	\$ 46.00
	Subscription	0%	0%	0%	0%	\$ 34.00	\$ -	\$ 34.00

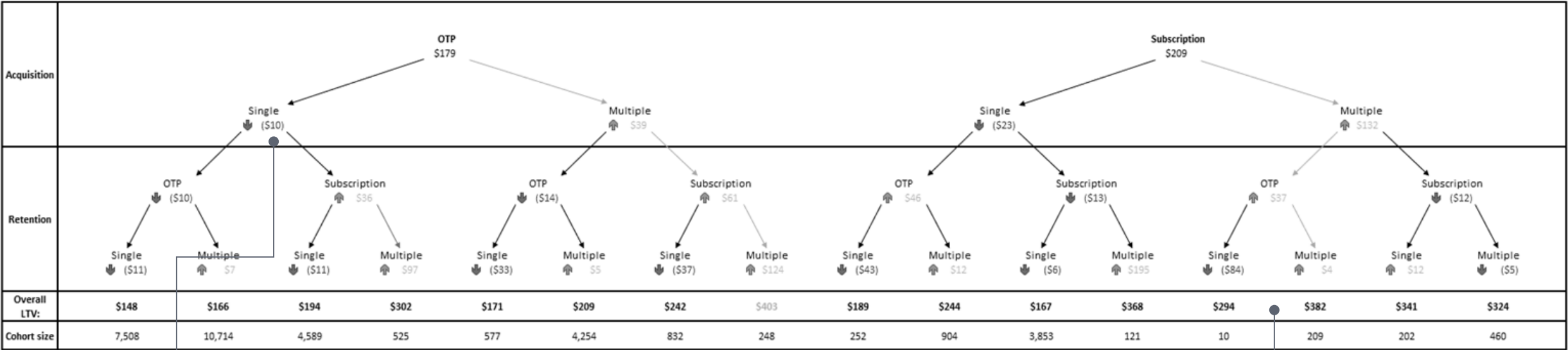
Acceptable CAC Output

Customer Acquisition distribution input

Acquisition order type by product input

The CAC model provides the acceptable CAC (to break-even with lifetime value – LTV) for a given payback period based on historical LTV with flexibility to adjust acquisition characteristics

Strategy decision model



Incremental 12-Month LTV

Final 12-Month LTV of each customer path

The Strategy decision model provides the incremental LTV across customer journey by product count and order type to decide the strategy that maximizes overall profitability