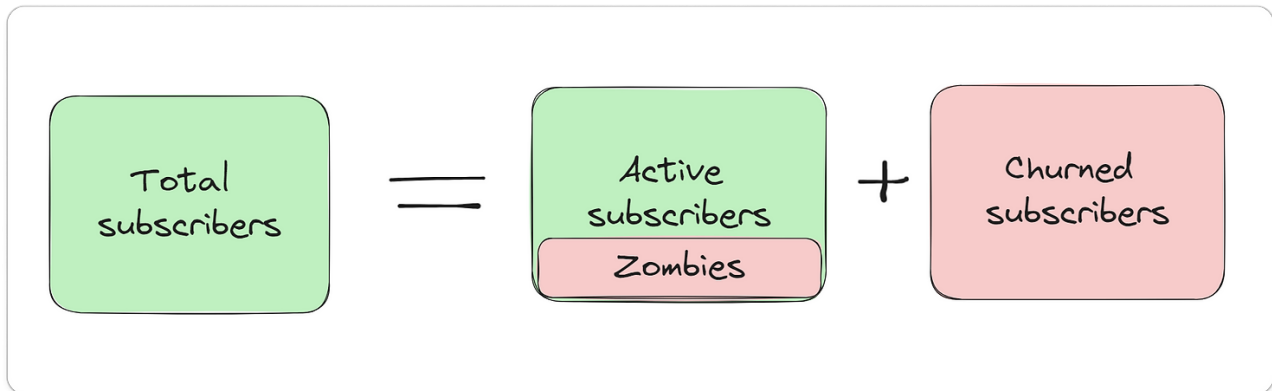# Ale, D2C Beverage Brand

Case Study

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Introduction

The objective of this analysis is to examine the behaviour of inactive users, also referred to as "zombies," for Ale, a direct-to-consumer (D2C) beverages brand. We aim to define zombies, assess their impact on the company, understand their behaviour, and propose strategies to reduce or win back these inactive users.

Definition of Zombie for Ale:
Since Ale is a D2C beverages brand selling through its own app, a zombie user could be defined as someone who has not made any transactions within a certain time frame, say 3 months or more, indicating inactivity.

Assumption : **A user is considered a zombie if they haven't made any transactions with the last 3 months.**

One thing to consider here could be : At some point, an inactive subscriber was interested in your company or product, so it stands to reason that you could encourage him or her to rejoin your active customers before you remove them from your list.

Assessment of Zombies as an Issue:
1. Analyse the proportion of zombie users in comparison to active users.
2. Evaluate the impact of zombie users on the company's revenue and profitability.
3. Calculate the churn rate of active users to identify the rate at which users become zombies over time.
4. Analyse the lifetime value of zombie users compared to active users to understand the impact on long-term revenue.

Insights on Zombie Behaviour:
- Explore patterns in zombie user behaviour such as -
  - Frequency of purchase before becoming a zombie.
  - Analyse time since last purchase before becoming a zombie.
  - Look for new competitors in market and their product proposition.
  - Demographic characteristics of zombie users (age, gender, location, income).
- Investigate any correlation between product taste, size or price with zombie behaviour.
- As some sessions have large number of party hosted like near Diwali in India, Christmas or new year where the sale could be high and analyse zombie behaviour in festive session
- Try to identify common factors among zombie users that may provide insights into why they become inactive
- Explore geographic trends in zombie behaviour to identify potential regional factors influencing user engagement.

Proposed Experiments/Strategies to Reduce/Win-back Zombies:
Implement targeted re-engagement campaigns:
- Email marketing re-engagement campaigns:
  - Email marketing campaigns offering personalised incentives based on past purchase behaviour.
  - In-app notification or push notification to remind zombie users about special offers or new products
- Try to analyse if any of these zombie users are opening are app or adding stuff in cart, if so at what stage they are going back
- Introduce Loyalty programs: Reward active users with points or discounts for frequent purchases. Offer exclusive perks or early access to new products for loyal customers
- Try to improve user experience :
  - Gather feedback asking for pain points in app or any of the purchase related flows
  - Encourage personalised recommendation like we see in Swiggy insta mart to encourage repeats.
- Reevaluate the pricing strategy.
- Implement A/B testing for different re-engagement strategies to identify the most effective approaches.
- Explore gamification elements to incentivise user activity and foster a sense of community among users.
- Reevaluating branding strategy, including the tagline and image, can indeed rejuvenate a brand's identity and resonate better with its target audience. Johnnie Walker's emphasis on premium quality and

perseverance with their "Keep Walking" campaign is a great example of effective branding evolution.

Listing some SQL Query to Analyse:

Frequency of Purchase Before Becoming a Zombie:

```
SELECT
    user_id,
    COUNT(*) AS num_purchases_before_zombie
FROM Transaction_Table
WHERE user_id IN (
    SELECT user_id
    FROM User_Table
    WHERE user_id NOT IN (
        SELECT DISTINCT user_id
        FROM Transaction_Table
        WHERE txn_timestamp >= CURDATE() - INTERVAL 3 MONTH
    )
)
GROUP BY user_id;
```

Time Since Last Purchase Before Becoming a Zombie:

```
SELECT
    user_id,
    DATEDIFF(CURDATE(), MAX(txn_timestamp)) AS
days_since_last_purchase
FROM Transaction_Table
WHERE user_id IN (
    SELECT user_id
    FROM User_Table
    WHERE user_id NOT IN (
        SELECT DISTINCT user_id
        FROM Transaction_Table
        WHERE txn_timestamp >= CURDATE() - INTERVAL 3 MONTH
    )
)
GROUP BY user_id;
```

Reference:

\>\> https://www.toption.org/post/zombie-users
\>\> https://www.campaignmonitor.com/blog/email-marketing/say-goodbye-inactive-subscribers/