PYTHON LOGISTICS CASE STUDY

Python Logistics is a trucking company that provides logistics support to supermarkets. Its larger trucks transport goods from warehouses to retail stores, while smaller trucks handle home deliveries for online orders. The company manages both perishable items (e.g. vegetables, meat, milk) and non-perishable items (e.g. paper towels, coffee, personal care items). However, with a limited number of trucks, Python Logistics needs to:

- Identify its most valuable supermarket customers.
- Allocate resources efficiently.
- Treat each customer differently when planning marketing strategies and allocating resources.

So, it has to decide the most valuable customers (here supermarkets) to allocate trucks optimally, at any point of time. Also, it is more than likely that once the valuable customer(s) are identified, each partner needs to be treated differently with respect to how much marketing resources need to be allocated and how they should be targeted.

1. Suggest and justify a basic RFM Model-based Scoring Criteria by which Python Logistics can choose the most valuable supermarket chain(s).
2. Depending on the possible outcome of the RFM-model based valuation, recommend a more granular approach using choice models that can identify the most profitable customers and facilitate targeting.
3. Explain how Python Logistics can use a transition matrix and discount rates to track customer evolution and calculate lifetime valuation.