



# Business Problem Statement

## Swire Coca-Cola Capstone Project

IS 6813-001 Spring 2025 | Group 3 | January 31, 2025

### Business Problem

Regional beverage bottler Swire Coca-Cola (SCCU) relies on two business models: 1) “Red Truck”, which features high-volume customers serviced personally by Swire, and 2) “White Truck” or “Alternate Route to Market”, which entails smaller customers serviced by a third-party distributor.

Swire’s current segmenting strategy has led to misallocation of resources, inflated expenses, and missed opportunities from clients with high-growth potential. Swire aims to better align their customers with the business proposition of these models by identifying customer characteristics and ordering behavior that better determines the right business model for the long-term relationship.

### Benefit of Solution

Swire’s “Red Truck” business model is uniquely tuned for servicing high-volume customers and growing those businesses with high-growth potential. Early identification of the right business model for a customer will benefit the company across multiple dimensions:

- Swire will be empowered to capture and nurture high-growth opportunities from new or established customers, yielding greater annual order volume
- Proper white truck identification allows for unnecessary transportation and operational cost to be minimized
- By migrating appropriate customers to “White Truck”, Swire may dedicate full suite of resources exclusively to the support of “Red Truck”, including dedicated sales representatives, tailored growth forecasting, and strategic recommendations
- Will foster organizational clarity and inform more effective prospecting efforts



## Success Metrics

Evaluating success for the proposed solution may include the following metrics, each benchmarked against the existing segmentation strategy (“White Truck” is <400 gallons ordered annually):

### 1. Annual Gallon Volume:

- Volume of gallons ordered annually from high-growth customers retained in the “Red Truck” model (e.g. “50K gallons annually are available to Swire by retaining 10 high-growth customers”)

### 2. Opportunity Cost of White Truck Gallons:

- The volume of gallons ordered annually from customers moved to “White Truck” or “Alternative Route to Market” (e.g., “Only 2K gallons annually are lost from 50 customers moved to ARTM”)

### 3. Delivery Cost Savings:

- Reduction in delivery costs by transitioning low-potential customers to ARTM (e.g. “By moving 50 customers to ARTM, \$100K of annual delivery costs are saved”)

### 4. Time Savings from Early Identification:

- An estimate of labor hours (Sales, Customer Service, etc.) that may be reallocated to support current or prospective “Red Truck” customers (e.g. “By moving 50 customers to ARTM, 20K hours of labor annually may be reallocated”)
- Measure efficiency gained by identifying high-growth customers earlier, enabling sales teams to focus on nurturing them

### 5. Framework Accuracy:

- The accuracy of classifying customers to Swire’s business models given customer attributes and ordering behavior
- Evaluate the framework’s ability to classify customers accurately within the Swire Business Model



## 6. Benchmarking Against the 400-Gallon Threshold:

- Assess improvements over the existing threshold to ensure better cost and growth outcomes

## Analytics Approach

### 1. Clustering and Grouping:

- Identify natural groups that would indicate a framework for segmenting Swire customers
- Use clustering techniques

### 2. Cost Savings Analysis:

- Quantify cost savings and opportunity costs from transitioning low-potential customers to ARTM
- Use of causal inference, forecasting, etc.

### 3. Temporal Analysis:

- Analyze onboarding dates, first order timelines, and growth trajectories, controlling for variables like store size and location
- Use of forecasting and other time series analysis


### 4. Spatial Analysis:

- Analyze the geographic patterns for insights about delivery, customer density, distribution, etc.

## Scope

### In Scope:

- Develop a framework for classifying customers, including clear identifiers and attributes for sub-groups
- Create a concise theory for distinguishing high- and low-growth customers, guiding decisions on "red" vs. "white" truck assignments

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- Demonstrate why this framework is an improvement over the current 400-gallon threshold
  - Highlight the value added through improved efficiency, resource allocation, and revenue growth

**Out of Scope:**

- Delivering a fully developed predictive model or statistical approach
- Proposing a new "rule of thumb" without leveraging data-driven insights

## Details

- **Team:** University of Utah Capstone Team 3, in collaboration with SCCU.
- **Members:**
  1. Georgia Christodoulou
  2. Tyler Swanson
  3. Zac Mendenhall
  4. Adam Bushman
- **Timeline:** Final recommendations due by May 2025.
- **Milestones:**
  1. **EDA:** February 16, 2025.
  2. **Predictive Model Development and Testing:** March 9, 2025.
  3. **Practice Presentation:** April 6, 2025.
  4. **Final Presentation:** April 9, 2025.