

AE7

In analyzing the order data for Hubspot, two segments seem to be quite lucrative in terms of Customer Lifetime Value (CLV). For buyers who have ordered between 31-60 days and 61-90 days (could be viewed as one large segment spanning two months), the Customer Lifetime Value compared to Customer Acquisition Cost (CAC) is quite high, which implies that the profit made on this segment of customers is quite high. The CAC remains steady as frequency of purchases increase (maybe due to business model) but CLV increases over 5x from 2 purchases to over 5. The largest sub-group in this segment last placed an order between 31-60 days ago, and bought between 3-5 items.

There are other lucrative segments as well, with high profit margins, but seem to have few customers. Should there be a surge in remote work in the future, it would be highly profitable to double down on the 31-60 day group, buying more than 2 products. This specific recommendation is due to the volume of customers involved, as well as the recency, frequency and average monetary value of the orders. Hubspot could potentially cater to the groups in the 61-90 day range by providing incentives to reduce time between orders placed, but that time gap could be due to other factors affecting the buyer's purchasing behavior.

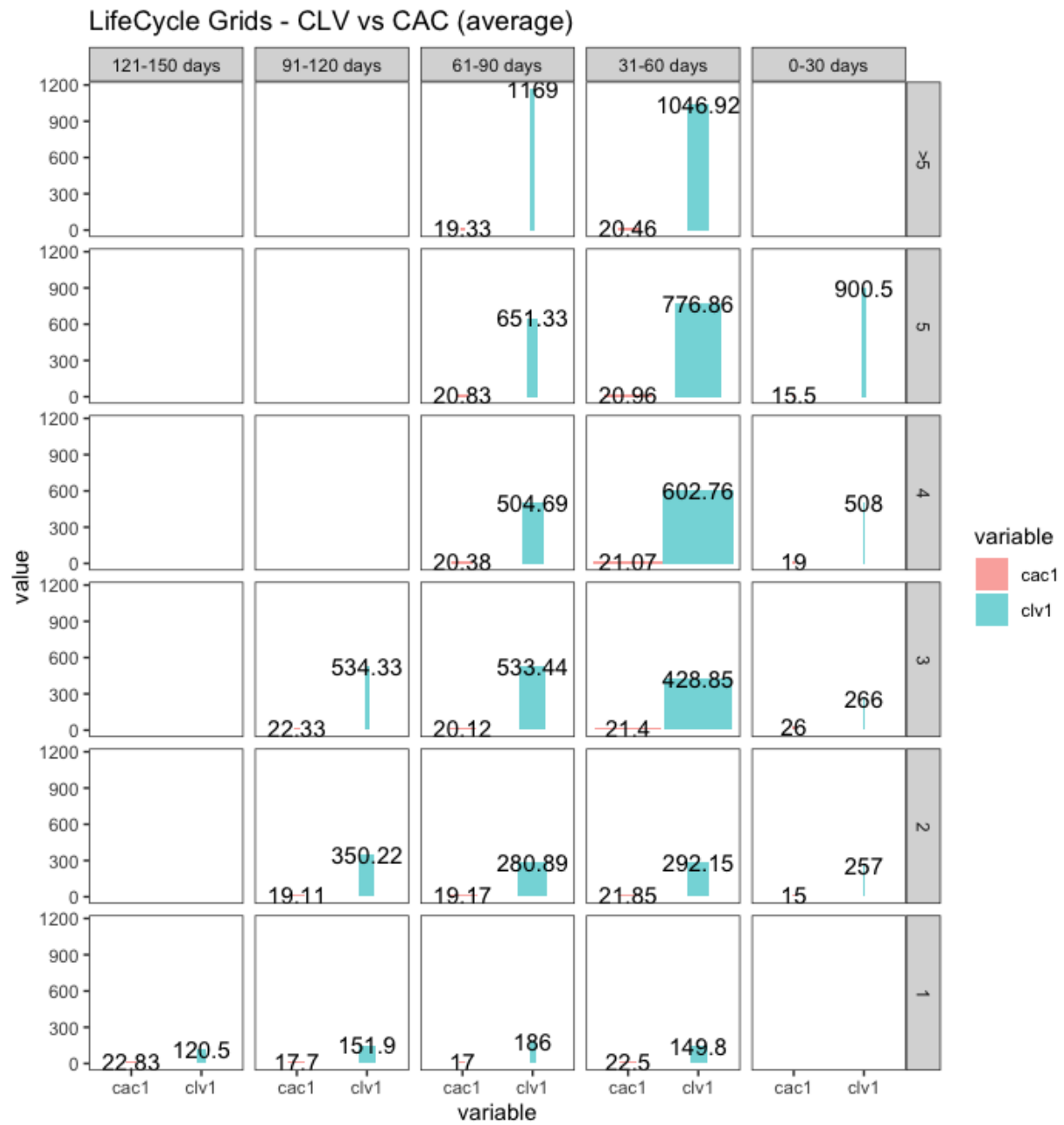


Chart 1

