



FLATIRON SCHOOL CAPSTONE

DATA-DRIVEN MARKETING STRATEGY


By Allison Kelly





Topics of Interest

Market Segmentation
Analysis with the BG/NBD Model
Customer Lifetime Value





Market Segmentation

THE PRACTICE OF DIVIDING A CUSTOMER BASE INTO GROUPS OF INDIVIDUALS THAT ARE SIMILAR IN SPECIFIC WAYS RELEVANT TO MARKETING.

- ACCORDING TO SALESFORCE



Types of Segmentation

- Demographic
- Psychographic
- Geographic
- Behavioral



Google Merchandise Store Data

August 2016 - August 2017

700k Visitors

11.5k Transactions

205k Sales Revenue



THE RFM MODEL



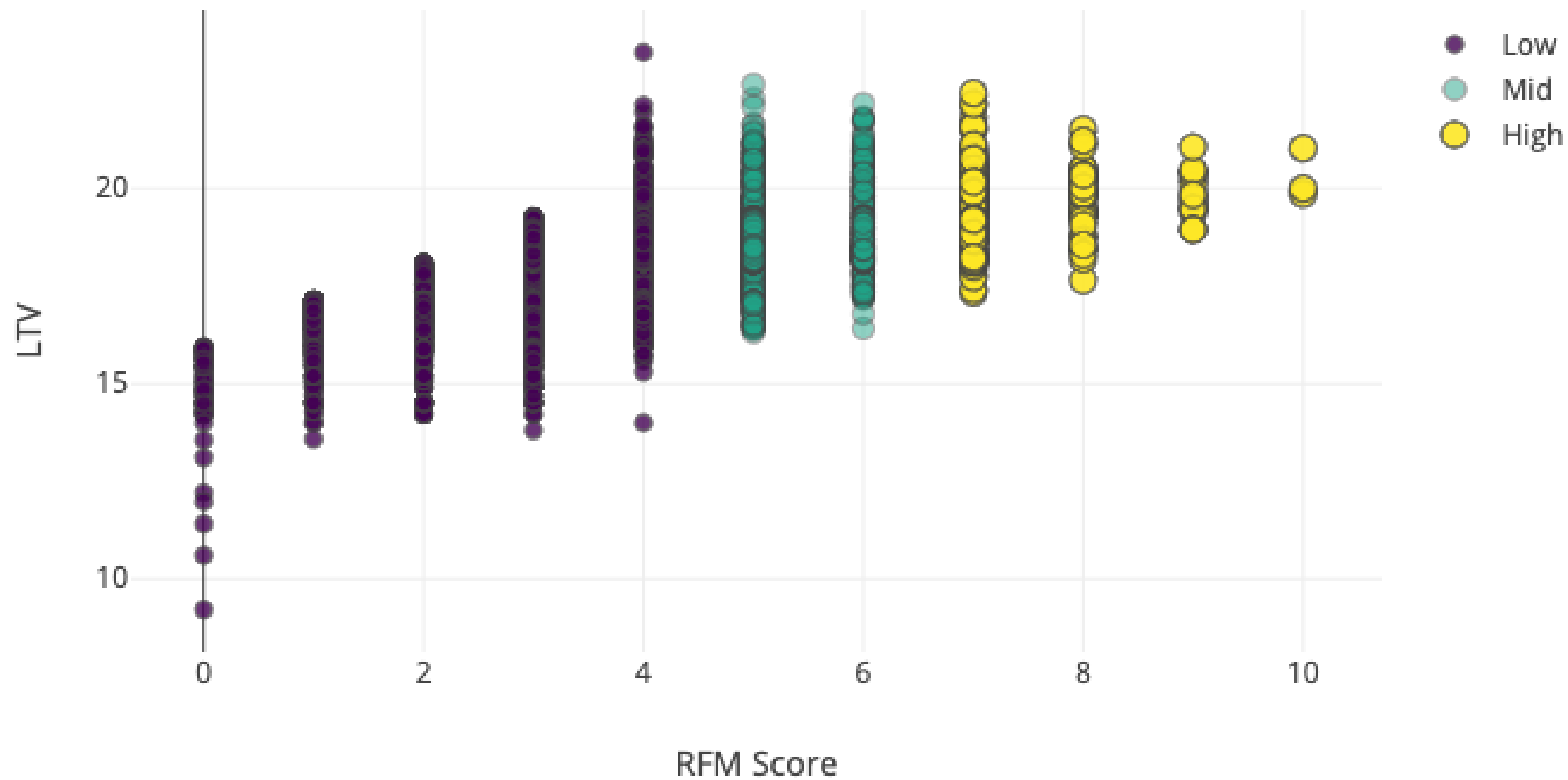
RECENCY

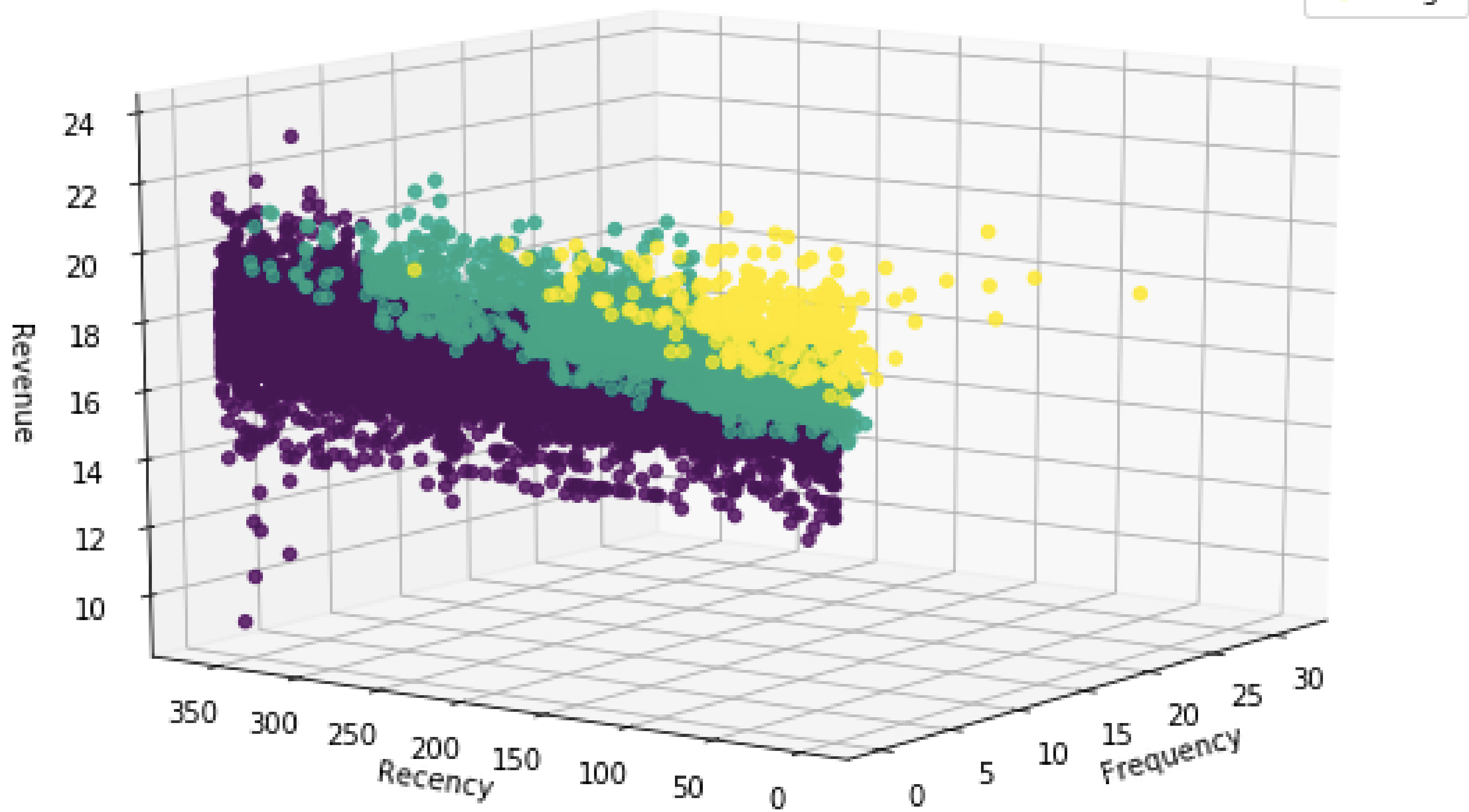
FREQUENCY

MONETARY
VALUE



Relationship between RFM and LTV







Customer Lifetime Value

RFM + T

Recency, Frequency, Monetary Value
plus Age of Customer (days)

FORWARD THINKING

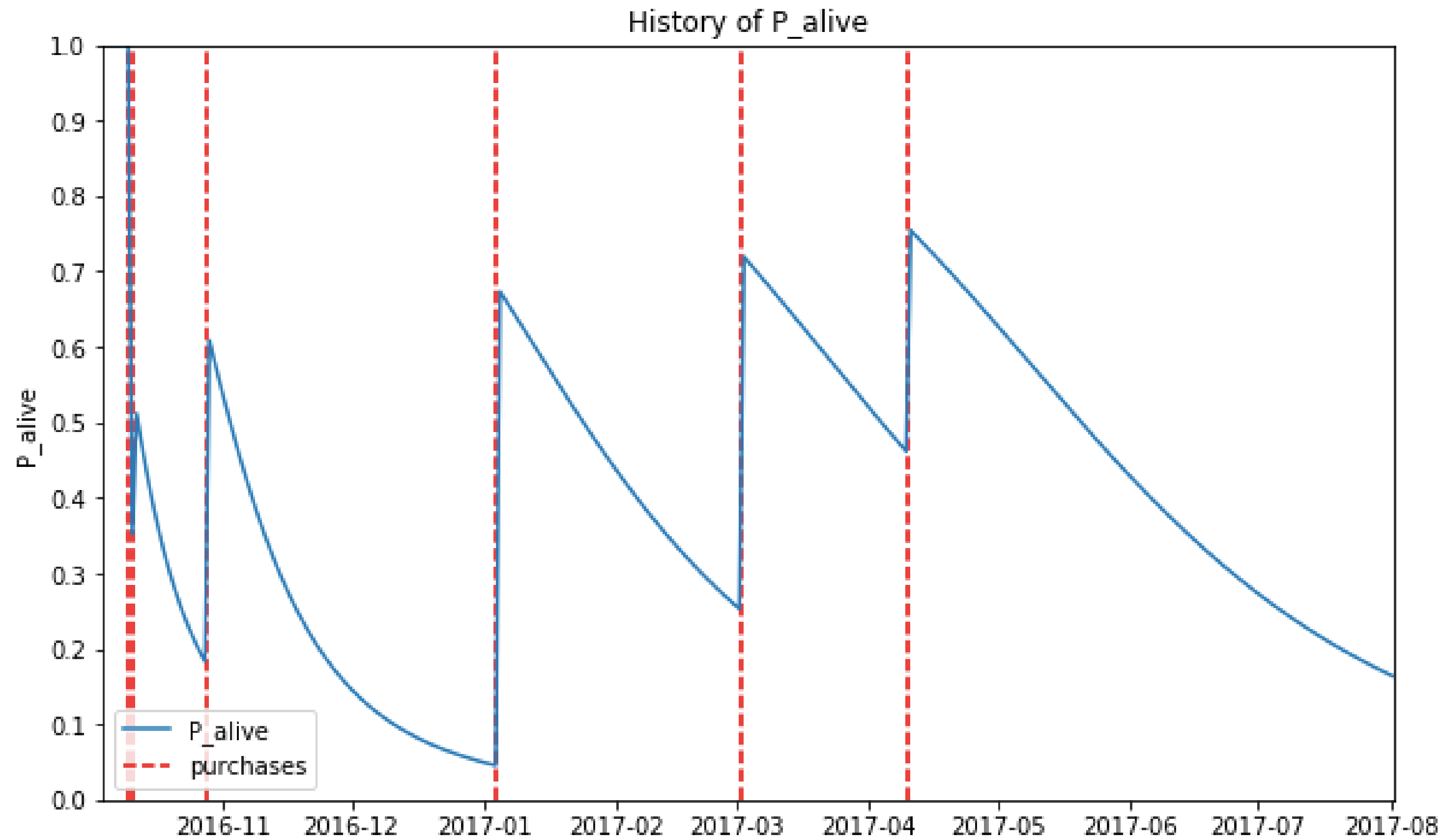
Prediction, NOT calculation

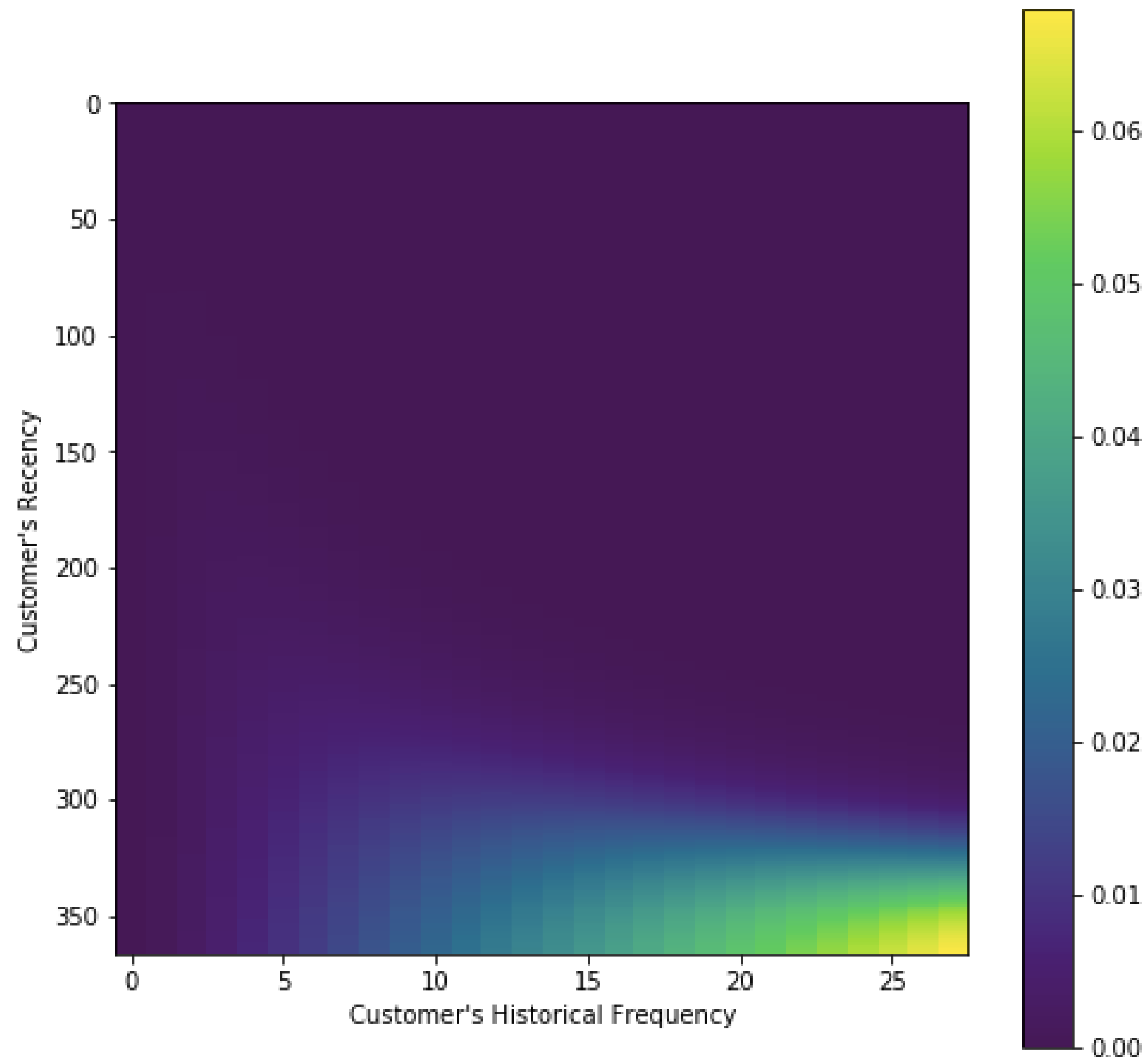
UNIQUE

Each customer has their own CLV



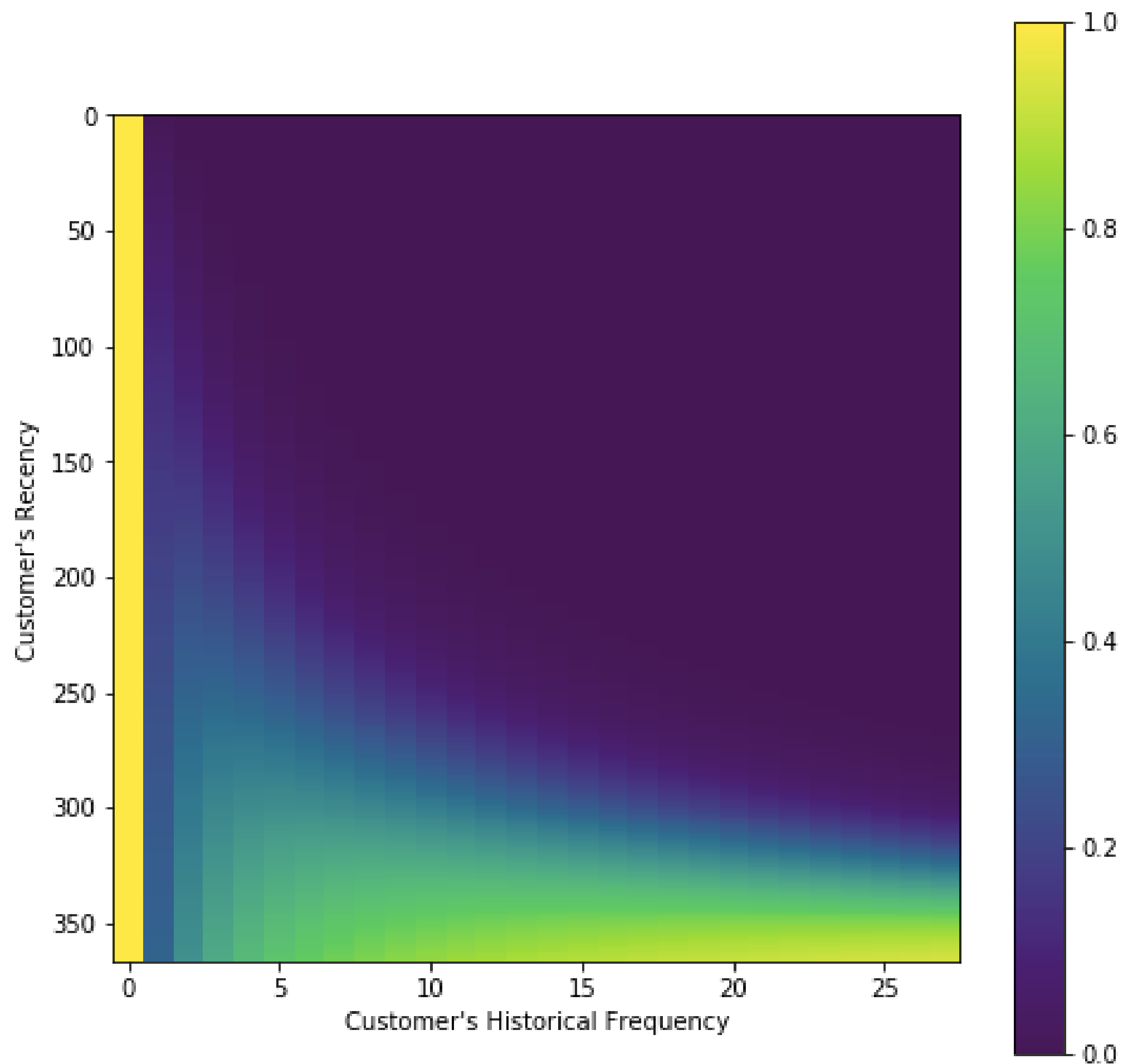
The BCG/NBD Model





Expected Number of Future
Purchases by Recency and
Frequency

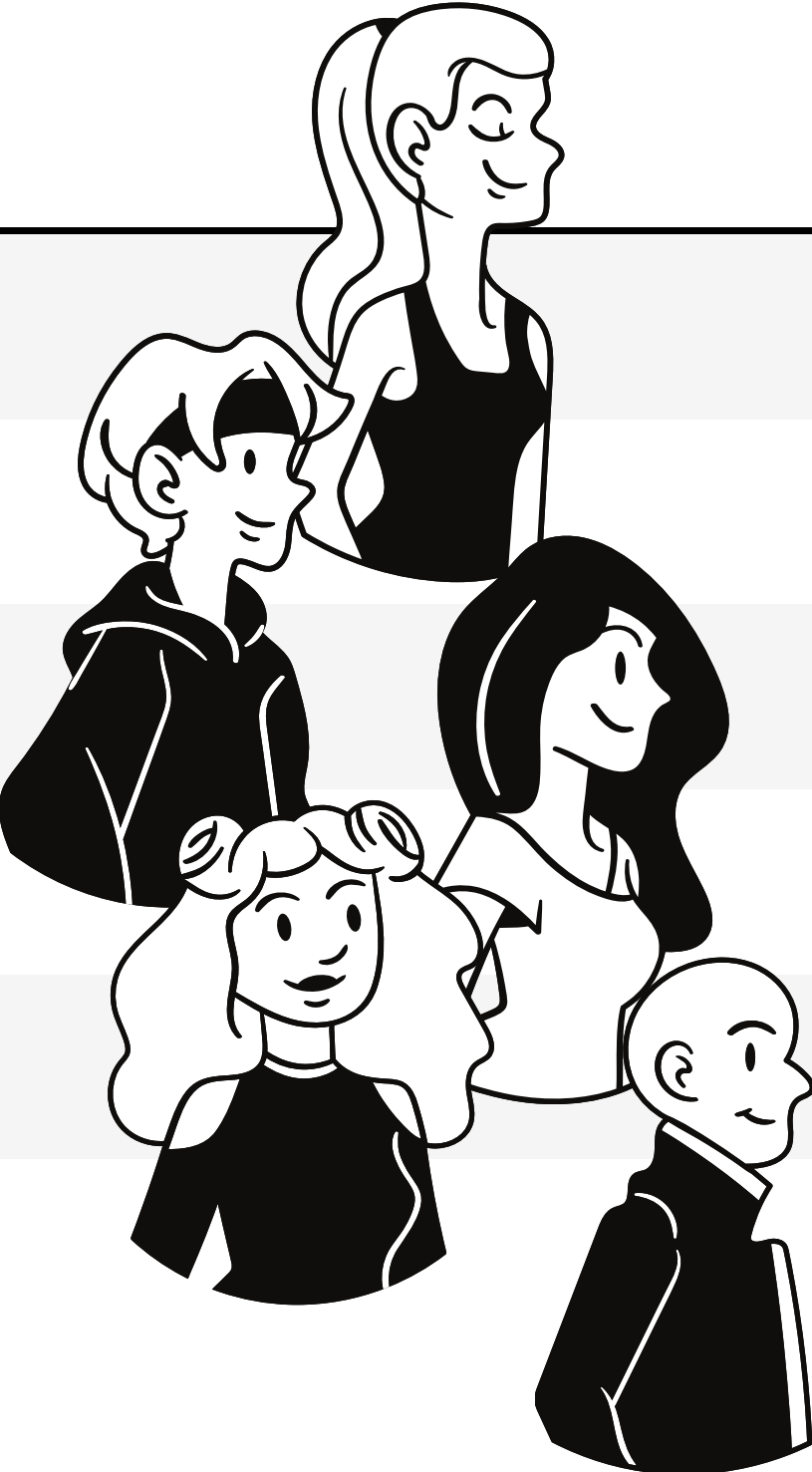




Probability that the
Customer is Active by
Recency and Frequency

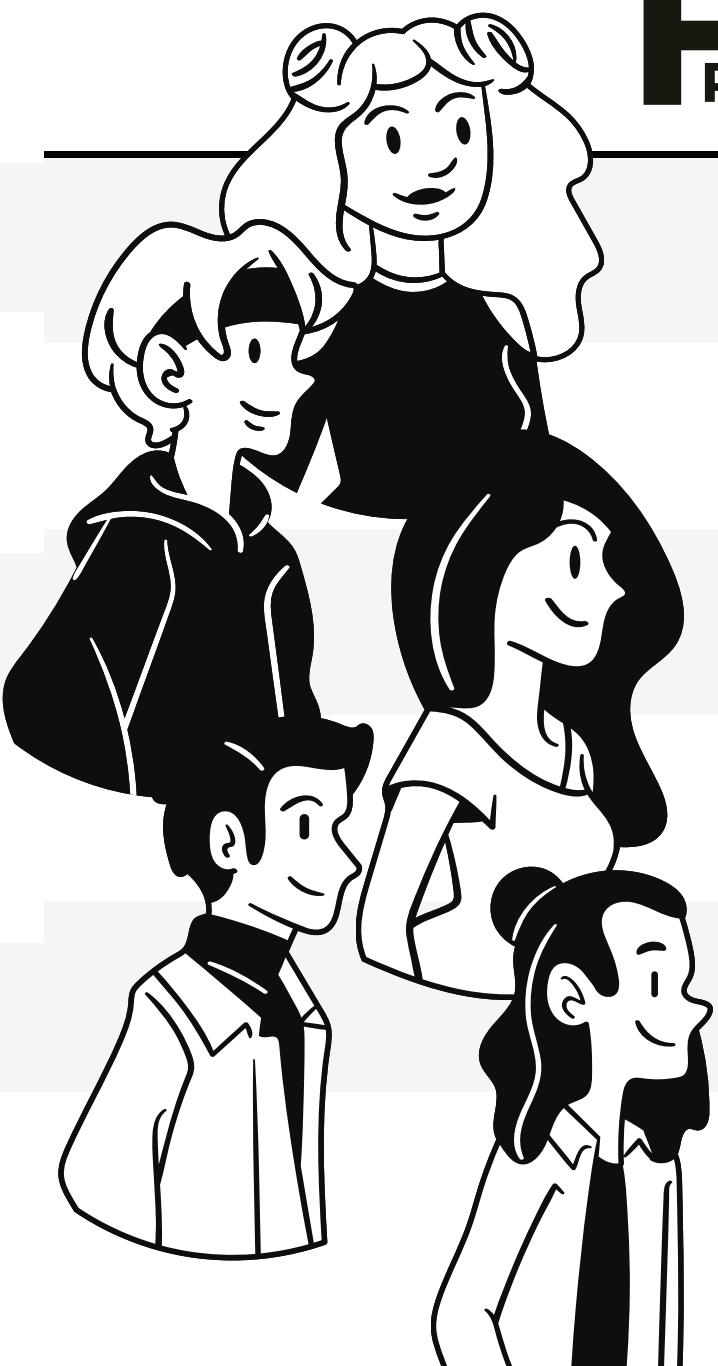


TOP 5 CUSTOMERS BY PURCHASE PREDICTION

	F _{REQUENCY}	R _{ECENCY}	T	M _{ONETARY VALUE}	P _{REDICTED PURCHASES}
	2.0	26.0	27.0	18.540675	0.603248
	11.0	261.0	266.0	20.797058	0.923668
	11.0	264.0	265.0	20.164759	0.952218
	15.0	288.0	294.0	19.851406	1.186878
	4.0	15.0	20.0	20.918673	1.214540



TOP 5 CUSTOMERS BY CUSTOMER LIFETIME VALUE



F	R	T	M	P	P	CLV
REQUENCY	ECENCY		ONETARY VALUE	REDICTED	URCHASES	
15.0	288.0	294.0	19.851406	1.186878	142.27	
11.0	261.0	266.0	20.797058	0.923668	113.31	
11.0	264.0	265.0	20.164759	0.952218	113.20	
8.0	291.0	293.0	20.414131	0.598385	76.97	
13.0	136.0	169.0	24.077981	0.598490	68.12	



 Future work



Google Search

I'm Feeling Lucky

- **Marketing Campaign Strategy**
- **Website Audit**
- **Advertising Budget/Cost per Acquisition**



THANK YOU