Case Study: StyleForward Retail
Optimizing Customer Acquisition Across Channels
Company Background

StyleForward is a mid-sized fashion retailer operating 47 stores across the Western United States, with an e-commerce platform launched three years ago. The company targets millennials and Gen Z consumers with trendy, affordable fashion. Annual revenue is $185 million, with 70% from physical stores and 30% from digital channels. The company has experienced flat same-store sales for the past 18 months while digital growth has slowed from 45% to 12% year-over-year.

The Problem

StyleForward's leadership team is concerned about rising customer acquisition costs and declining conversion rates across all channels. The marketing team spends $8.2 million annually across social media, search engine marketing, email, influencer partnerships, and traditional advertising. However, there's limited visibility into which channels drive profitable customer acquisition and how customers move between online and offline touchpoints.

Recent observations indicate significant friction in the customer journey:
- 62% of online shopping carts are abandoned
- Store associates report customers frequently leave to "check prices online"
- The mobile app has a 1.8-star rating with complaints about inventory accuracy
- Email campaigns show declining open rates (down to 14% from 22% last year)
- Store foot traffic has decreased 15% year-over-year, but conversion rates in-store remain unclear

The company recently discovered that their point-of-sale system, e-commerce platform, and customer relationship management system don't share data effectively. This creates blind spots in understanding customer behavior and makes it impossible to track customers across channels. For instance, if a customer browses online but purchases in-store, this journey isn't captured or attributed correctly.

Current State Challenges

Data Fragmentation: Customer data exists in five different systems with no unified view. The e-commerce platform tracks online behavior, the POS system captures in-store transactions, the email platform holds engagement metrics, the mobile app has its own analytics, and social media insights remain in platform-specific dashboards.

Attribution Complexity: Marketing spend is allocated based on last-click attribution, which overvalues search and undervalues social media and email. The company suspects many customers discover products on Instagram, research on the website, then purchase in-store - but cannot prove this journey or optimize for it.

Inventory Visibility: Online inventory shows real-time availability for the warehouse only, not store inventory. Customers cannot check store availability online or reserve items for in-store pickup. Store associates cannot access online inventory to save sales when items are out of stock locally.

Inconsistent Experience: Pricing, promotions, and product information vary between channels. Online-exclusive sales frustrate in-store shoppers, while store-only clearance items disappoint digital customers. The loyalty program works differently online versus in-store, creating confusion.

Key Business Questions to Answer

To address these challenges and optimize operations, StyleForward needs data-driven answers to the following critical questions:

Customer Acquisition & Value

1. **What is the true customer acquisition cost by channel**, accounting for both direct marketing spend and indirect costs (staff time, technology, returns processing)?
2. **Which customer segments generate the highest lifetime value**, and which acquisition channels are most effective at attracting these valuable segments?
3. **How do customer lifetime values differ** between single-channel shoppers versus omnichannel (i.e., multiple channel) customers?

Channel Performance & Attribution

4. **What are the most common customer journey paths** from initial awareness to purchase, and how many touchpoints typically occur?
5. **What percentage of revenue should be attributed to each marketing channel** when considering assisted conversions, not just last-click?
6. **Which channels drive store foot traffic** even if the discovery happened online?

Operational Efficiency

7. **What would be the revenue impact of implementing** buy-online-pickup-in-store (BOPIS) and ship-from-store capabilities?
8. **How much revenue is lost due to stockouts**, both online and in-store, that could be prevented with unified inventory?
9. **What is the optimal allocation of inventory** between the central warehouse and individual stores based on local demand patterns?

Customer Experience Optimization

10. **Where are the critical friction points** in the customer journey that cause abandonment, and what is the potential revenue recovery from addressing each?

Success Metrics

The leadership team has established the following targets for Year 1 post-implementation of solutions:

- Reduce blended customer acquisition cost by 25%
- Increase customer lifetime value by 30%
- Improve online-to-offline conversion rate by 10 percentage points
- Increase percentage of omnichannel customers from 18% to 35%
- Achieve 20% of online orders fulfilled through BOPIS or ship-from-store

Decision Requirements

StyleForward's leadership team will also decide between three potential approaches:

1. **Incremental Integration:** Connect existing systems with middleware (6-month timeline, $450K investment)
2. **Platform Consolidation:** Migrate to a unified commerce platform (12-month timeline, $1.8M investment)
3. **Best-of-Breed Assembly:** Implement specialized solutions for each capability with API integration (9-month timeline, $1.2M investment)

The decision will consider more than the technical capabilities but also the impact on customer experience, employee training requirements, and the ability to answer the critical business questions identified above. The solution should position StyleForward to compete effectively against both pure-play digital retailers and traditional department stores while maintaining the brand's unique market position.

Team Assignment

The team will choose one of the following three areas to focus their attention: Customer Acquisition and Value, Channel Performance and Attribution or Operational Efficiency. Customer Experience has been contracted to an outside organization. The goal of the team's project is to use available data to establish baseline metrics for the questions in their selected area and identify gaps that prevent complete analysis. This will help leadership make the necessary decisions. The team is expected to: develop a data pipeline supporting all required analysis, provide real-time visibility (i.e., a dashboard) into customer behavior, and conduct a detailed diagnostic analysis to explain why the situation exists as it is.