

Driving Lifelong Customer

Engagement:

Exploring the role of
shipping costs of a Food &
Beverage company

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- The dataset is obtained from a Food & Beverage company.
- Company is relatively new (max 5 years) with significant growth.
- Ships worldwide.
- Dataset includes client orders of the last 2 years, and was collected on March 2024.
- High priority on anonymizing the data for confidentiality.

**Most clients do not place
monthly orders.**

* However, the product is consumed on a monthly basis.

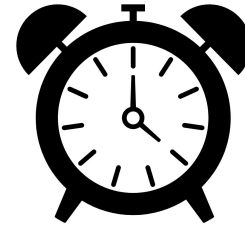
**How can the company cultivate
more lifelong clients?
Would lowering shipping costs
help achieve this?**

*Lifelong client definition for this company: A client that orders every month.



Although the data initially appeared clean, extensive cleaning was required.

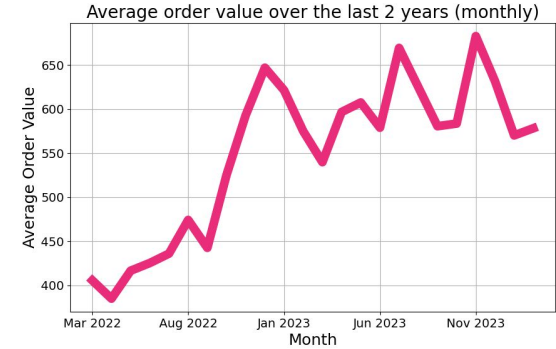
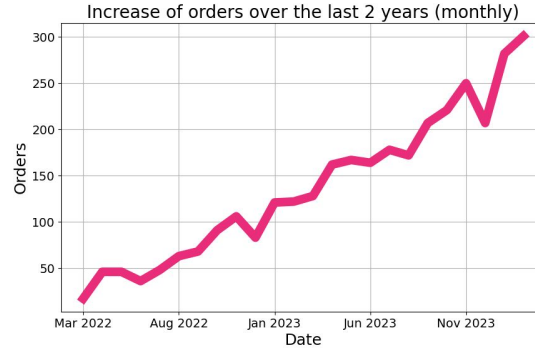
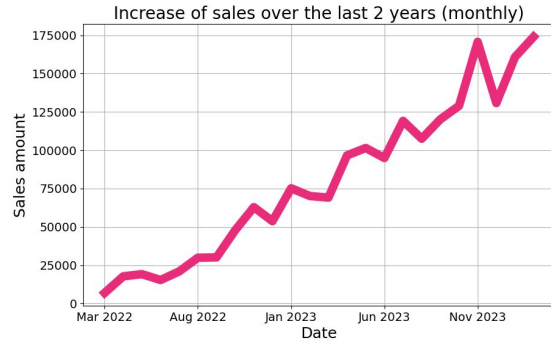
The main challenge was identifying individual clients, made more difficult by manual address entry and the possibility of multiple store locations.



Time, time, time!

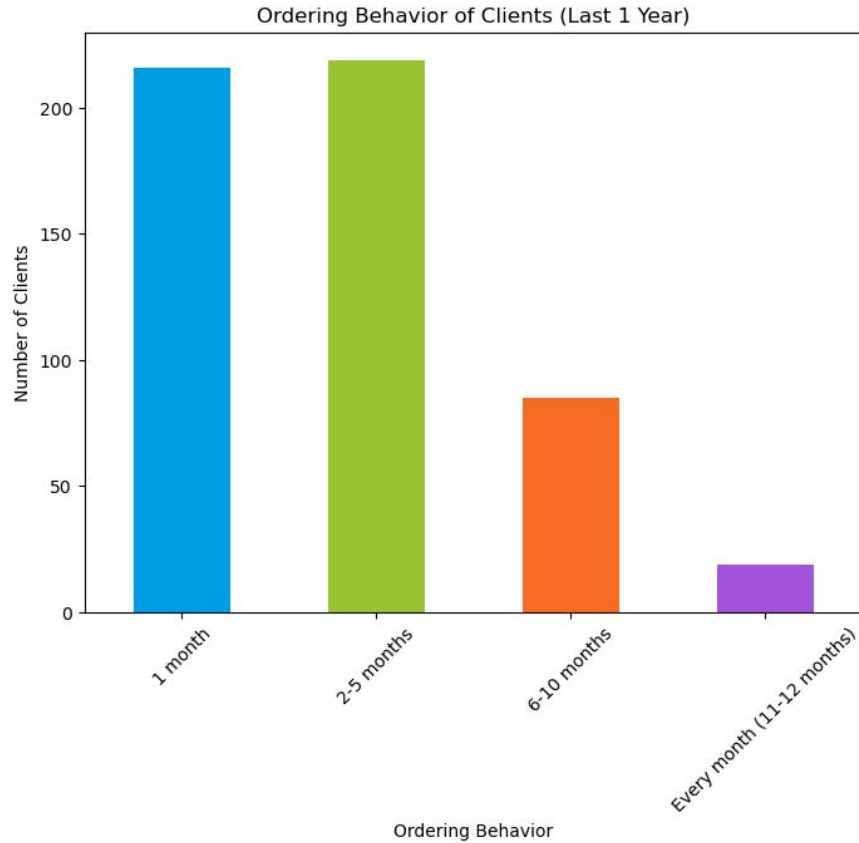
There are numerous analysis opportunities, possibilities to deepen the analysis with more variables.

Company growth - Data relevance

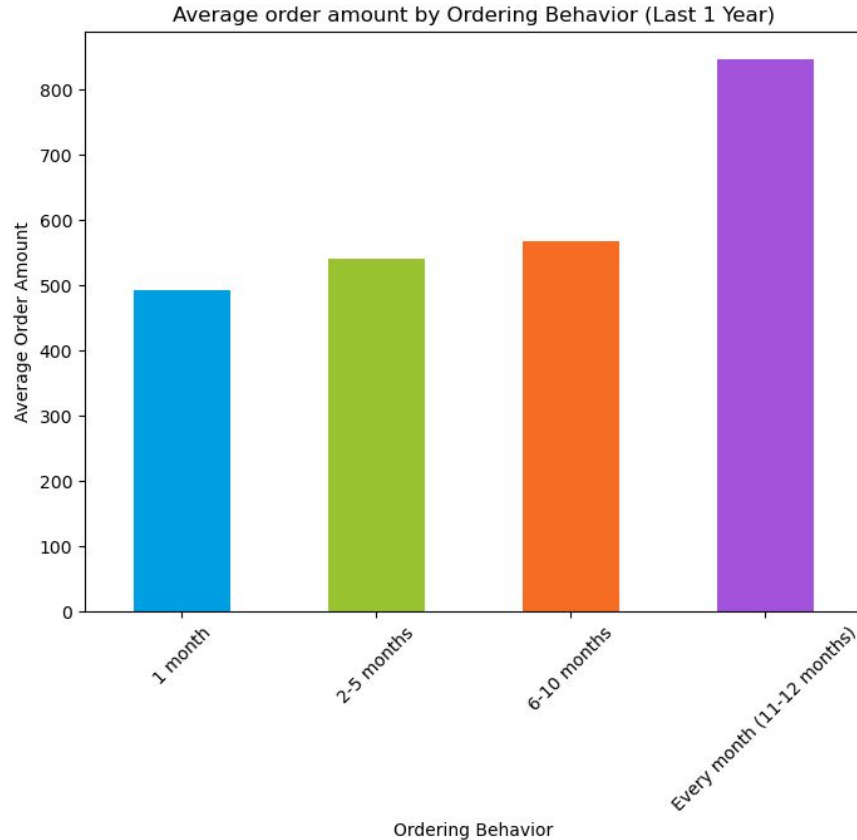


In the last two years, the company has grown a lot, evident in both monthly sales and total orders. While the average order value has risen, it appears to have remained quite steady over the past 1.5 years.

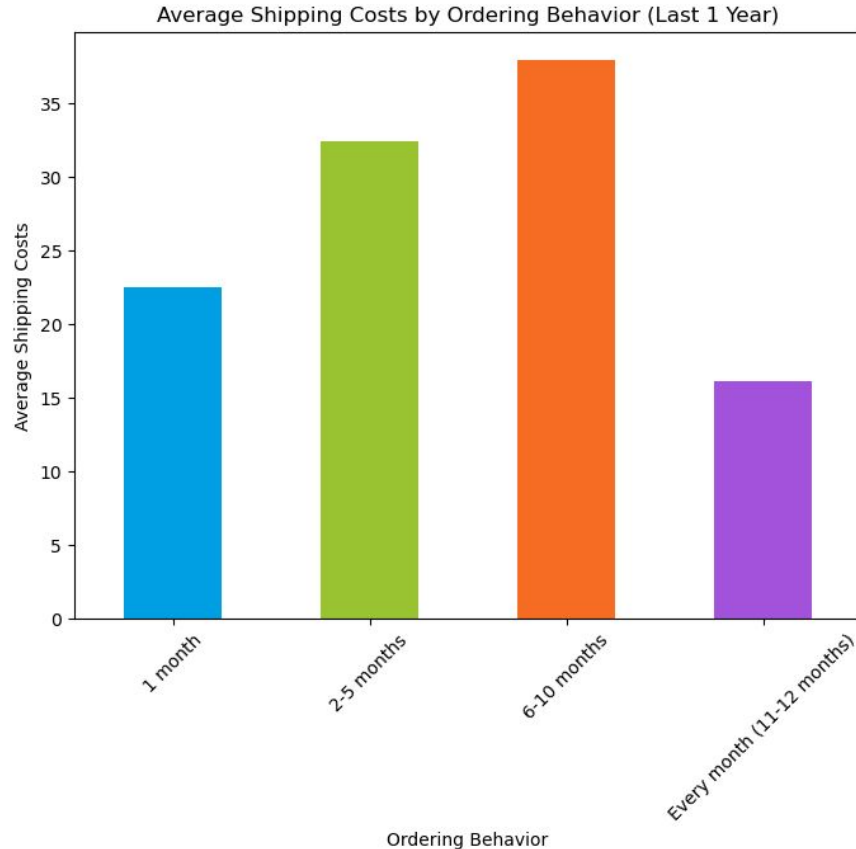
Considering these trends, I've chosen to focus on the data from the past year to ensure its relevance.



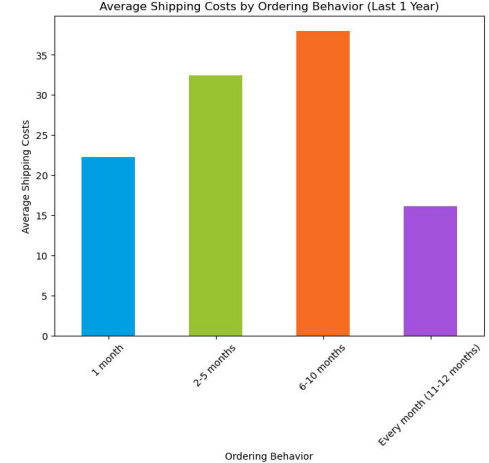
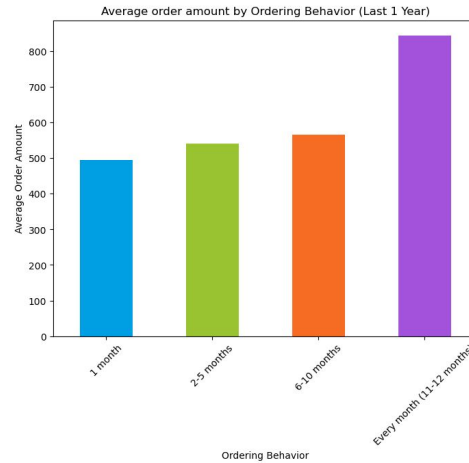
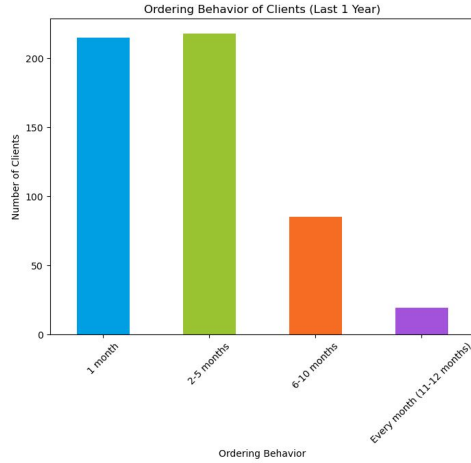
**Most clients don't
order monthly...**



...those who order monthly have the highest average order value...



...but those who order more sporadically face the highest shipping costs!



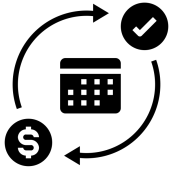
The analysis indicates that **shipping costs have a notable impact on customer ordering patterns**, particularly influenced by the distance from the company's base. Despite facing higher shipping fees, clients who order sporadically throughout the year, ranging from a few to several months, remain significant contributors to the company's profit.

This insight underscores an **opportunity to enhance ordering frequency** and cultivate more lifelong customers through targeted actions.



- **Global vs. Local Focus?**

The decision to target a global audience or focus on local customers will significantly impact the business strategies. Geographical segmentation can be key in customizing marketing strategies and shipping policies.



- **Subscription Model with Tiered Pricing**

Potential to introduce tiered subscriptions based on distance. Offering different discounts at all levels, unlocking perks as clients progress, and encouraging frequent ordering with annual subscription option. Customers from farther away can have premium tiers, with slightly higher fees but with greater perks to offset shipping.



- **Personalized Recommendations**

Utilizing data analytics to personalize product recommendations based on customer preferences, location, and purchase history.



- **A/B Testing**

Explore conducting additional tests (A/B testing) on selected customer groups to evaluate the impact of potential changes on ordering behavior.

Thank you!

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