

Optimal Investment Strategy

Using Segmentation and Scoring Mechanism

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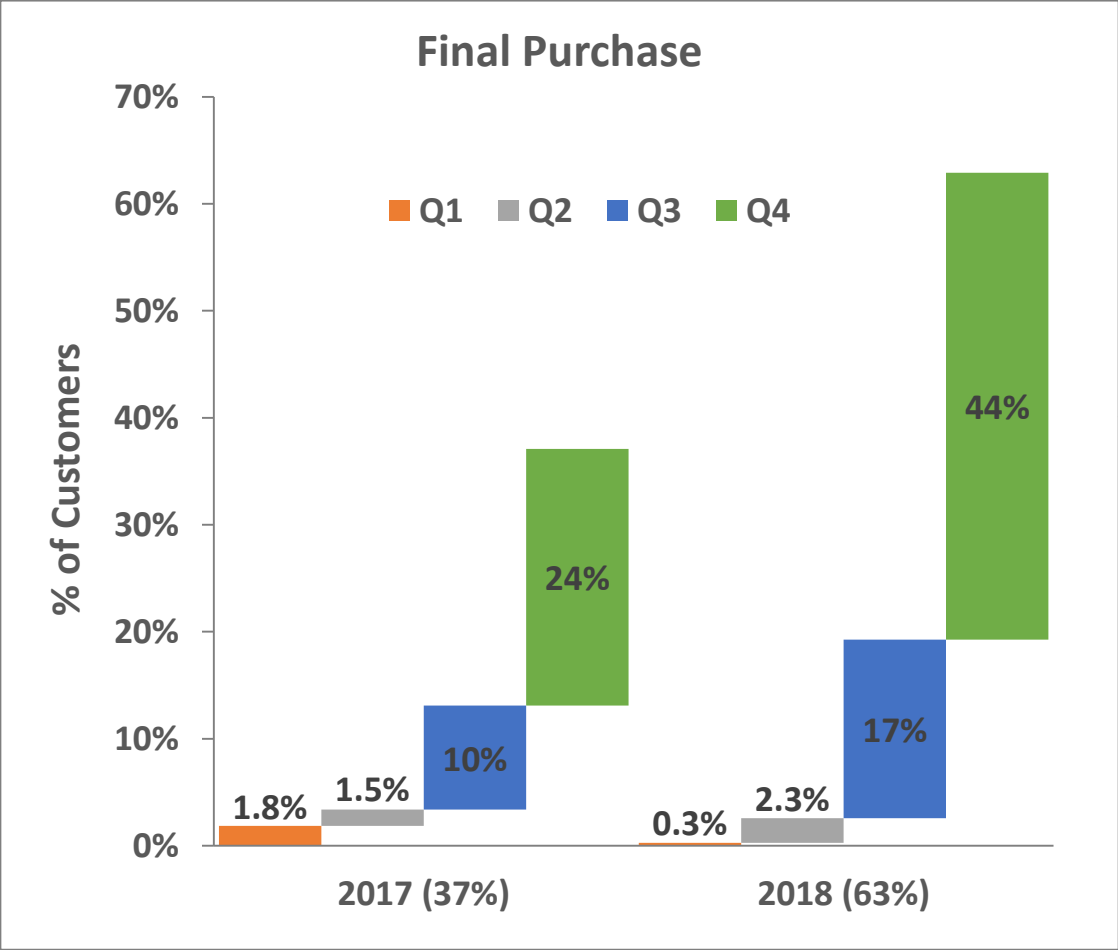
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In Association With

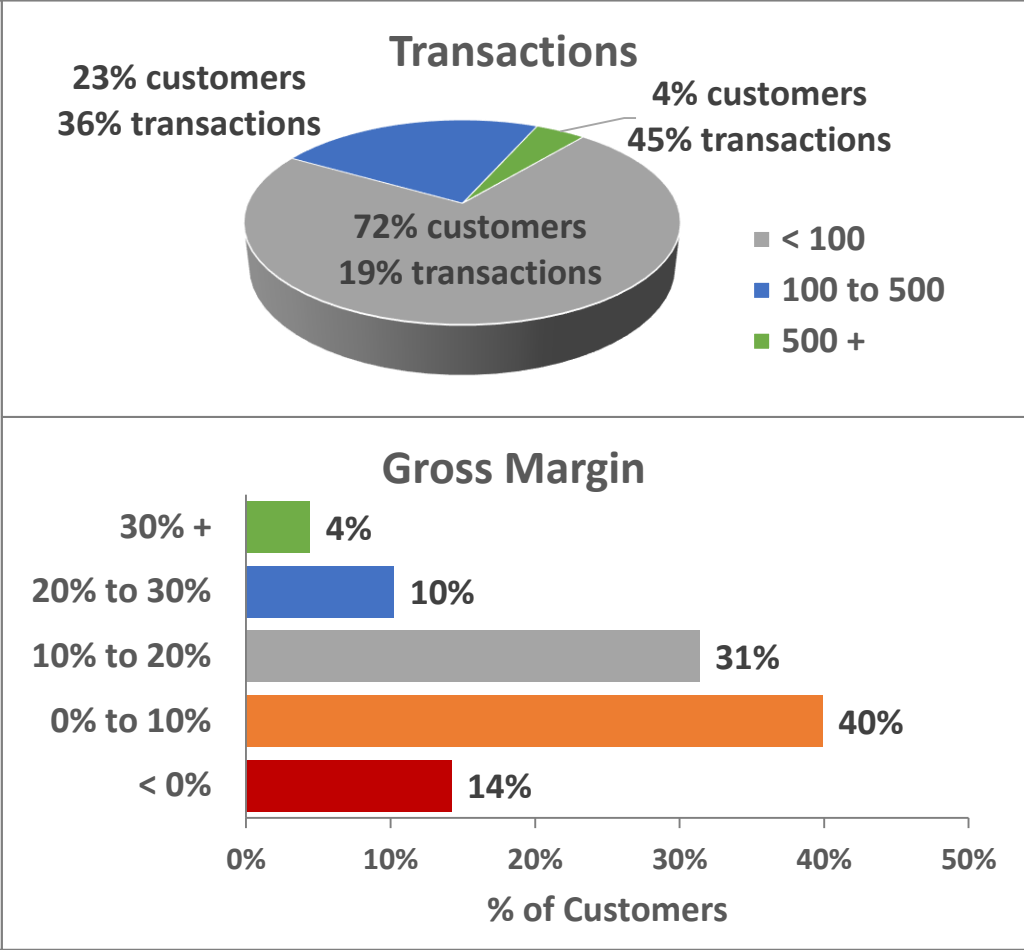


Customer Analysis



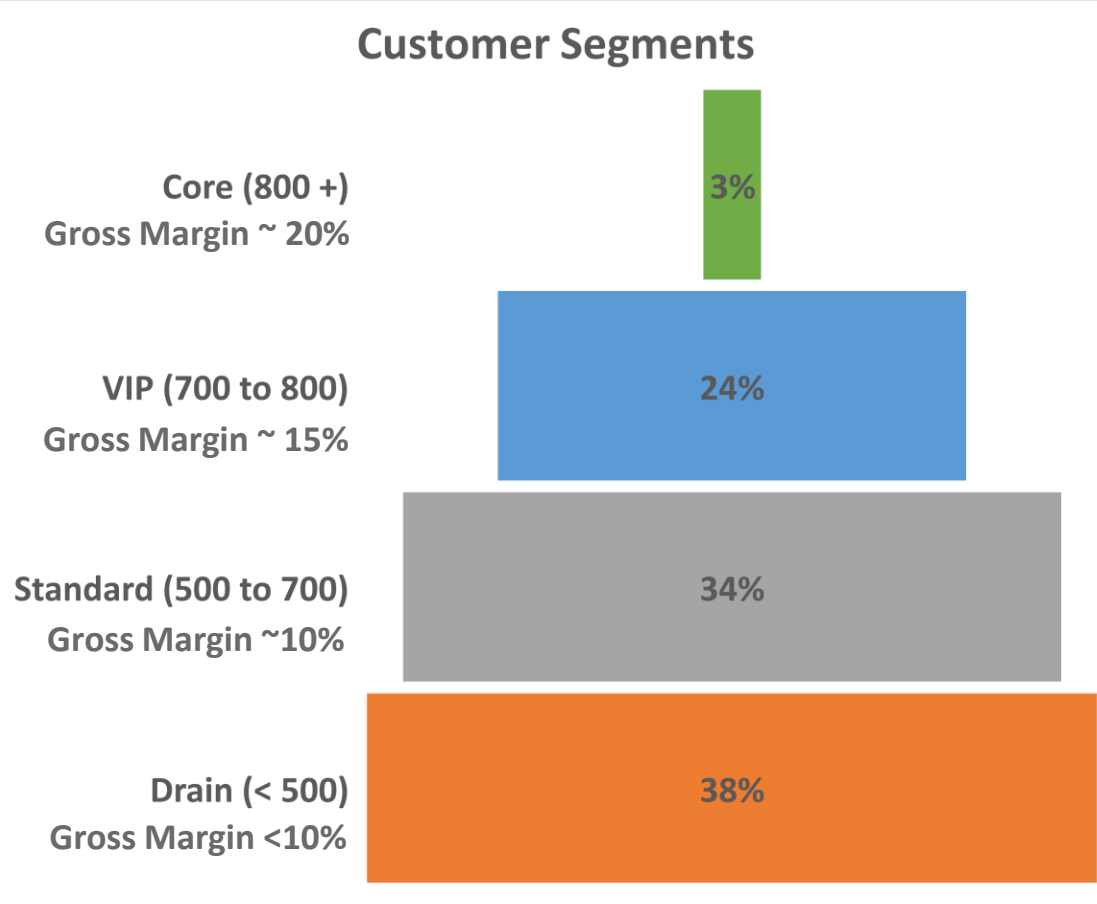
37% of customers did not return to buy after 2017

27% of customers did 80% of transactions

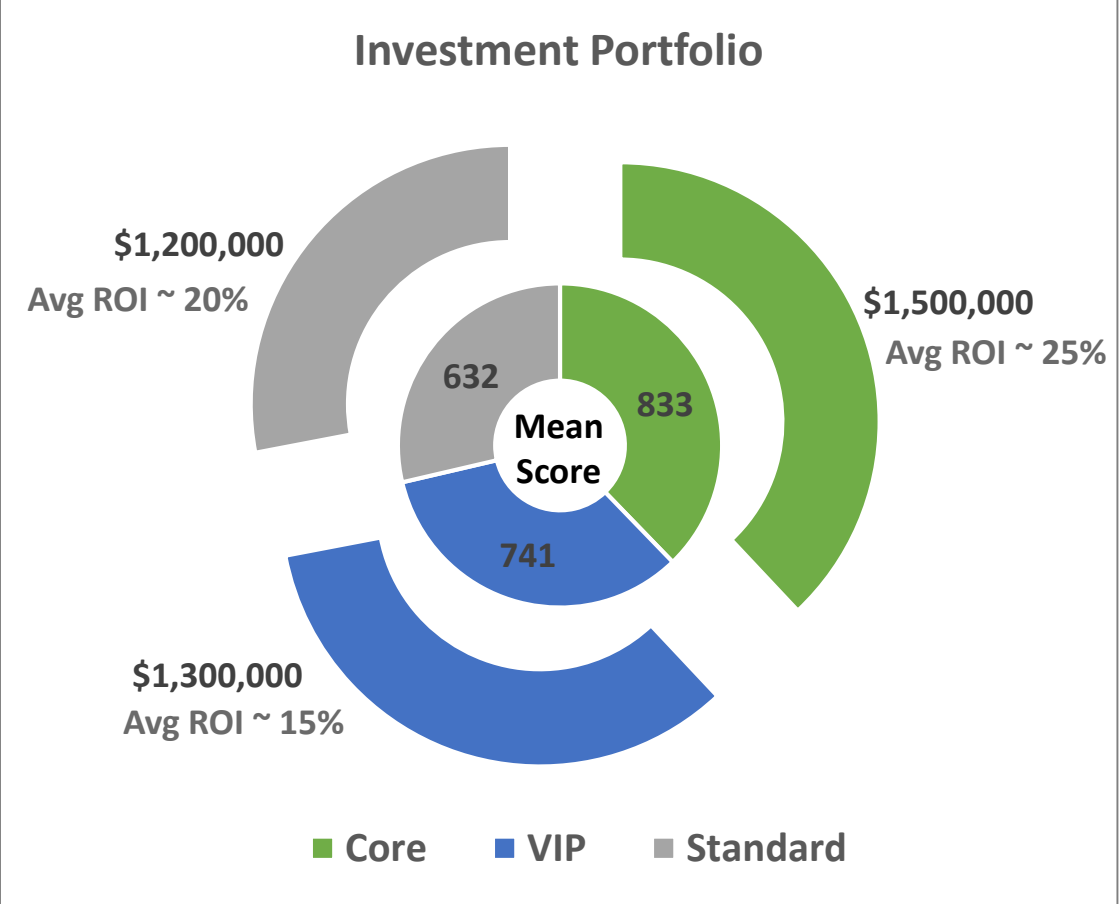


14% of customers contribute above 20% margin

Customer Segmentation

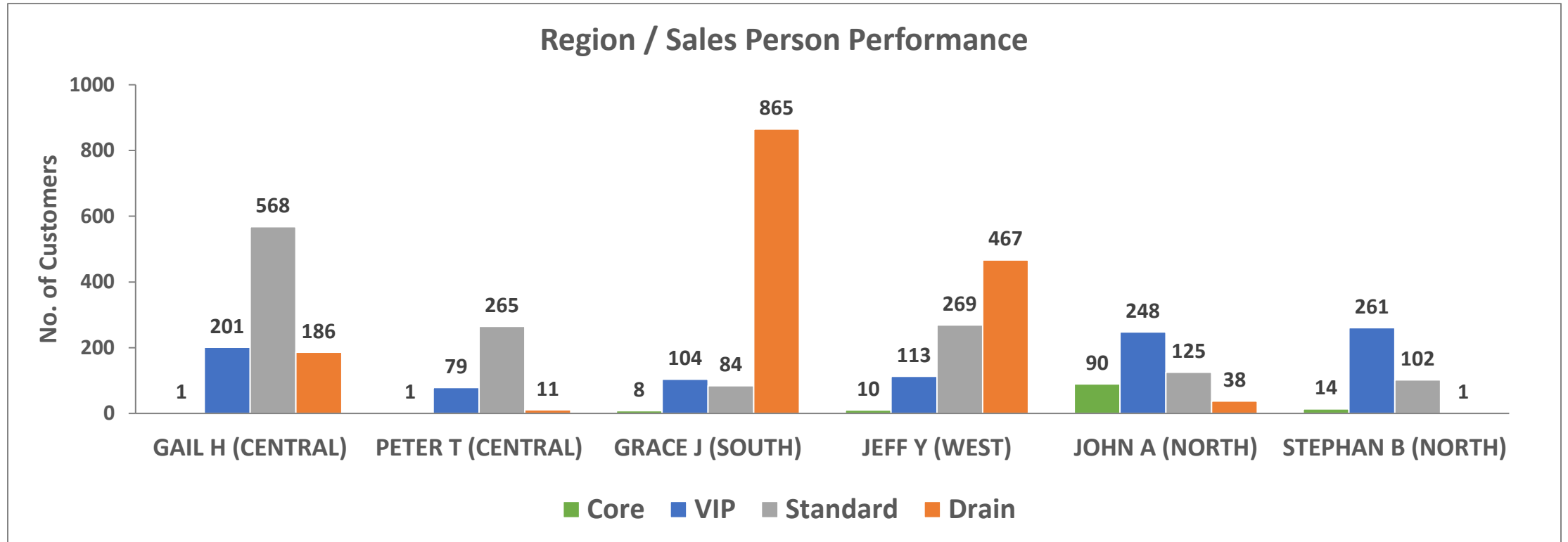


Core: Highly valuable, drives most business
VIP: Potential ones that can reach Core status
Standard: Occasional shoppers, mild business
Drain: No recent purchases, negative margins



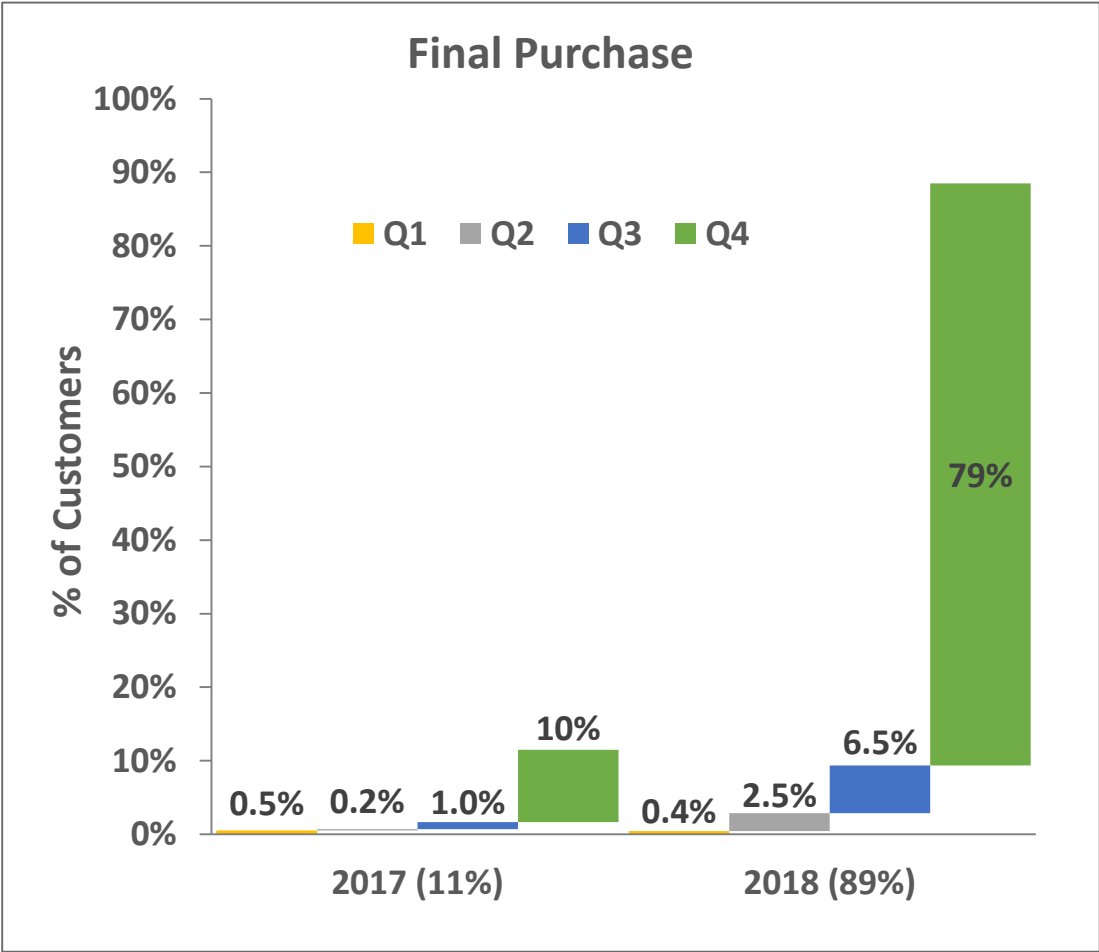
A \$4 million portfolio is divided based on ROI & Score calculated using weighted Recency, Frequency, Margin

Employee Insights



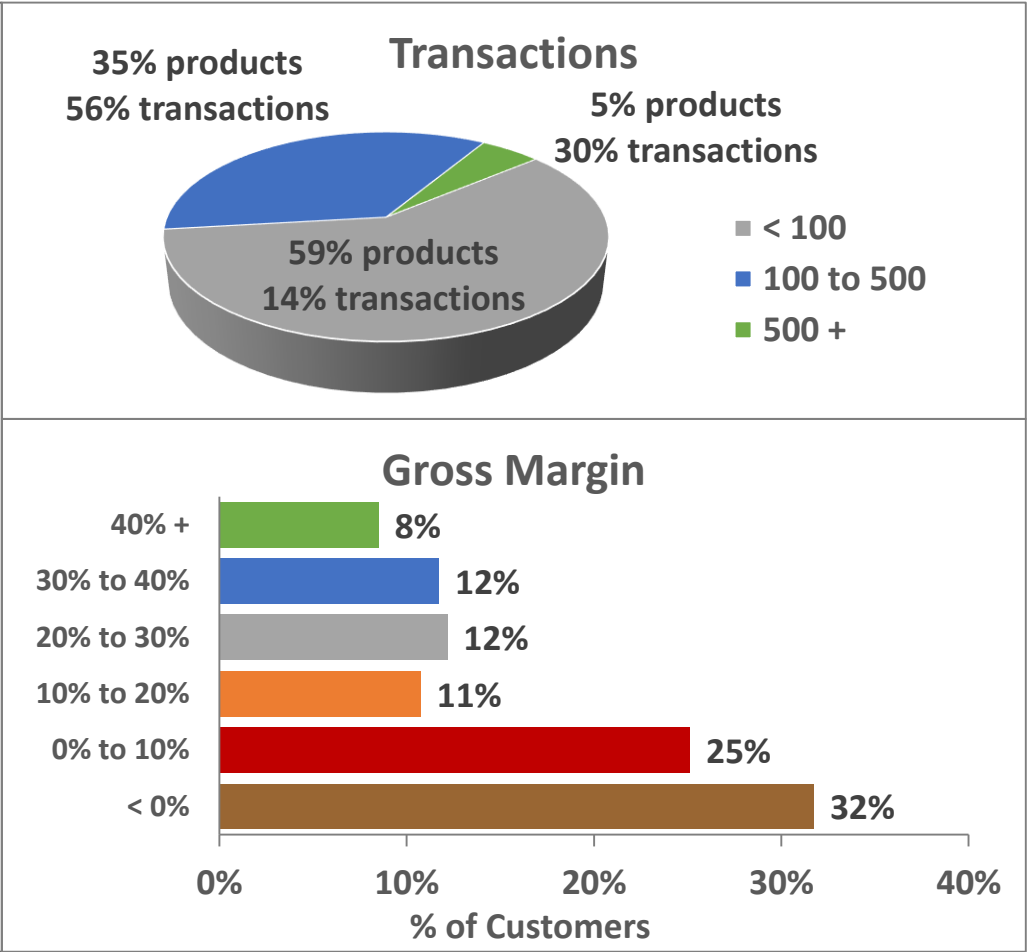
Majority of Grace's and Jeff's are Draining customers, need to find new customers in South and West regions. Need to invest in reach marketing, reconnect with old customers, can replace Grace with new a Sales Person.

Product Analysis



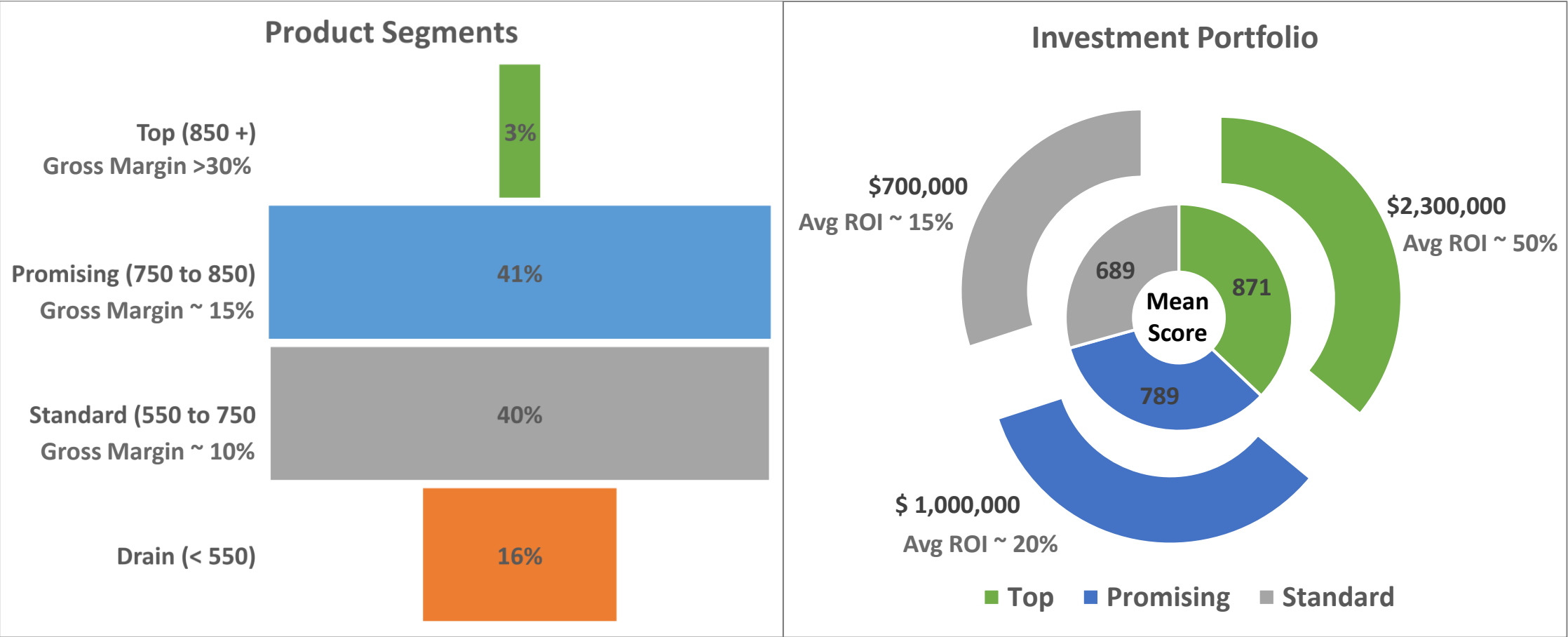
80% of inventory is in demand at the end of 2018

5% products are involved in 30% transactions



20% of products fetch above 30% margin

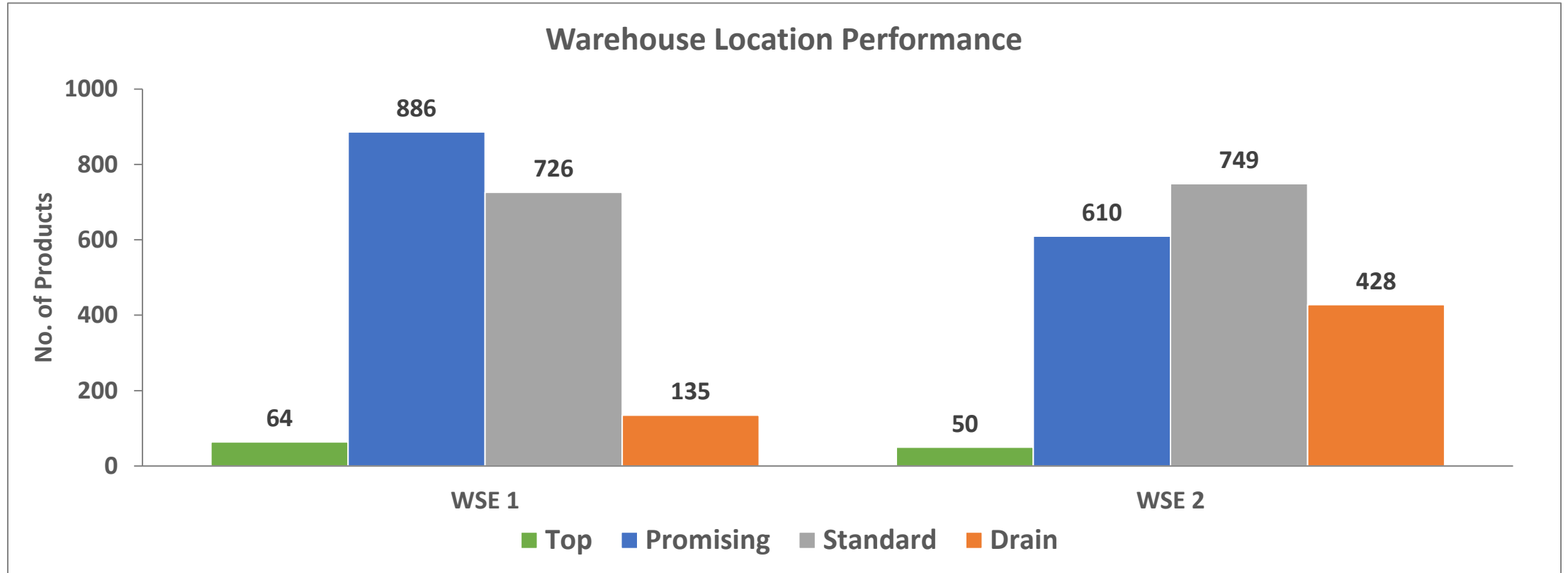
Product Segmentation



Top: Fast moving, high in demand, high margins
Promising: Decent margins, better to stock up
Standard: Seasonal demand, average margins
Drain: Less in demand, low and negative margins

A \$4 million portfolio is divided based on ROI & Score calculated using weighted Recency, Frequency, Margin

Warehouse Insights



Significant portion of inventory in Warehouse 2 is stocked with slow moving and low margin products, can distribute them to Warehouse 1 freeing up space and restock Warehouse 2 with Top and Promising products.



Any Questions?

References

Shih, Y., Liu, C. A method for customer lifetime value ranking — Combining the analytic hierarchy process and clustering analysis. *Journal of Database Marketing & Customer Strategy Management* **11**, 159–172 (2003). <https://doi.org/10.1057/palgrave.dbm.3240216>