Business Problem Statement: Swire Delivery Standardization

Business Problem:

Swire Coca-Cola is aiming to optimize its logistics operations by transitioning smaller-volume customers to an Alternate Route to Market (ARTM) strategy. This involves moving customers selling below a certain annual volume to white truck delivery, which would reduce delivery costs and improve operational efficiency. However, this transition presents the risk of prematurely categorizing growth-ready or high-potential customers, who might outgrow the threshold over time with organic business growth or with additional support. Misclassifying these customers could result in missed revenue opportunities and hinder long-term business growth, as ARTM customers receive less personalized attention and have less frequent interactions with the sales team.

Benefit of a Solution:

A data-driven segmentation strategy will help identify and preserve high-potential customers who are poised for growth, ensuring they remain on direct delivery routes (Red Truck) for continued support and investment. This will not only safeguard potential revenue growth but also enhance customer relationships and long-term business opportunities. Additionally, the transition will improve logistical efficiency, reducing unnecessary costs associated with direct deliveries to customers unlikely to scale in the near term.

Success Metrics:

- **Revenue Growth:** Measured by the annual sales increase from high-growth potential customers who are retained on direct delivery routes.
- **Customer Retention:** Improved retention rates for growth-ready customers that remain on Red Truck deliveries.
- **Operational Efficiency:** Reduced overhead and streamlined processes in managing Red Truck routes.

Analytics Approach:

The project will leverage historical sales data, customer profiles, cost, and interaction data to develop a predictive model that identifies high-growth potential customers. This will include:

1. **Statistical Threshold Determination:** Analyzing existing customer sales data to determine if the current threshold (400 gallons annually) is optimal or if a different threshold would better balance cost-efficiency with revenue growth opportunities.
2. **Customer Segmentation Model:** Building a segmentation model that classifies customers into "low-potential" and "high-potential" categories based on growth indicators derived from their historical sales and characteristics.
3. **Model Validation:** Validating the model using real-world customer outcomes to ensure its effectiveness in accurately predicting customer growth.

Scope:

- **In Scope:**
    - Analysis of historical sales data for both Local Market Partners (fountain-only customers) and All Customers (including those who purchase CO2, cans, and bottles).
    - Identification of key growth factors that differentiate high-growth customers from low-growth customers.
    - Development of a predictive model for customer segmentation based on historical data and growth potential.
    - Recommendations for threshold adjustments and strategic changes to the ARTM routing process.
- **Out of Scope:**
    - Data collection outside of historical sales and customer profiles.
    - Modifying customer-facing systems or delivery schedules at this stage (focus will be on analysis and strategy recommendations).
    - Major operational changes to the ARTM process beyond the recommendations provided.
- **Future Additions:**
    - Post-implementation tracking and adjustment of the segmentation model based on customer growth outcomes.
    - Integration of customer support and marketing strategies to accelerate growth for identified high-potential customers.

Details:

- **Project Execution:** The project will be executed by a cross-functional team that includes data analysts, logistics and operations managers, and customer success teams.
- **Timeline:** The project is expected to be completed in early April
- **Project Milestones:**
    - Data Gathering and Cleaning
    - Model Development and Testing
    - Recommendations and Strategic Plan Finalization