



Case Analysis: Apprentice Chef

Having confirmed which variables affected our revenue the most, here is the proposal.

One of the variables is the cancellation of meals after noon. For these cancellations, customers will receive a partial refund of 50% if they decided not to store it for up to three days and delivered at a later time. Every customer that has more the one cancellation is likely to produce less revenue than the rest of the customers. The average yearly revenue from the customer with more than one cancellation during the year is approximately USD 1950 vs. the customer that has one or less with an approximate revenue of USD 2110 (+8% more).

The other variable that is strongly related to a lower revenue is the late deliveries, which expected because the target client is a young professional with probably a busy schedule that will not appreciate having any other stress. The average yearly revenue from the customer with eight or more late deliveries during the year is approximately USD 1950 vs. the customer that has seven or fewer with an approximate revenue of USD 2120 (+9% more).

The customer have the following distribution:

Range Revenue	Total Revenue	% Customers	% Revenue
0-1000	102,801	6.7%	2.5%
1000-2000	1,648,821	56.5%	40.0%
2000-3000	886,644	18.3%	21.5%
3000-4000	733,862	11.0%	17.8%
4000-5000	426,946	4.9%	10.3%
5000-6000	184,371	1.7%	4.5%
6000-7000	61,930	0.5%	1.5%
7000-8000	29,561	0.2%	0.7%
+ 8000	25,856	0.2%	0.6%

As you can see, most of our customers generate USD 1000-3000 per year. As per this information, my recommendation will be creating a 'Gold Client' status that will have the following requirements and benefits to address the pain points of our customers and generate more revenue:

- **Requirements:** Buy at least USD 250/month. In the table, we can appreciate the % of customers of each range (% Customers) that will most likely buy 'x' number of meals more to reach 'Gold Client' status. Also, here the revenue (+Revenue total) they will generate by doing so.
- **Benefits:** These customers will have the privilege to cancel three meals after noon maximum on the year without receiving any charge.

Range Revenue	+ No. meals	% Customers	+Revenue total	-Revenue lost
2000-2200	4	3%	3,150	45
2200-2400	3	3%	454	8
2400-2600	2	5%	1,374	39
2600-2800	1	15%	4,399	192
2800-3000	0	25%	1,849	226
+3000	0	0%	-	2,088
Total			11,226	4,788

Assuming the behavior of cancellation is the same as the before noon and considering that all the customers that already spend more than USD 250, we will be generating 6k more on revenue. This additional revenue can be used to give an additional benefit to the 'Gold Client' and setting a delivery strategy just for them (reducing the late deliveries). This benefit of 'less late delivery' should be announced a few

months after it is applied to guarantee its effectiveness.

Note: the customers that generate from 1000-2000/year are not the target of the strategy because the amount of lost revenue they will produce with a plan will be used to address them.