

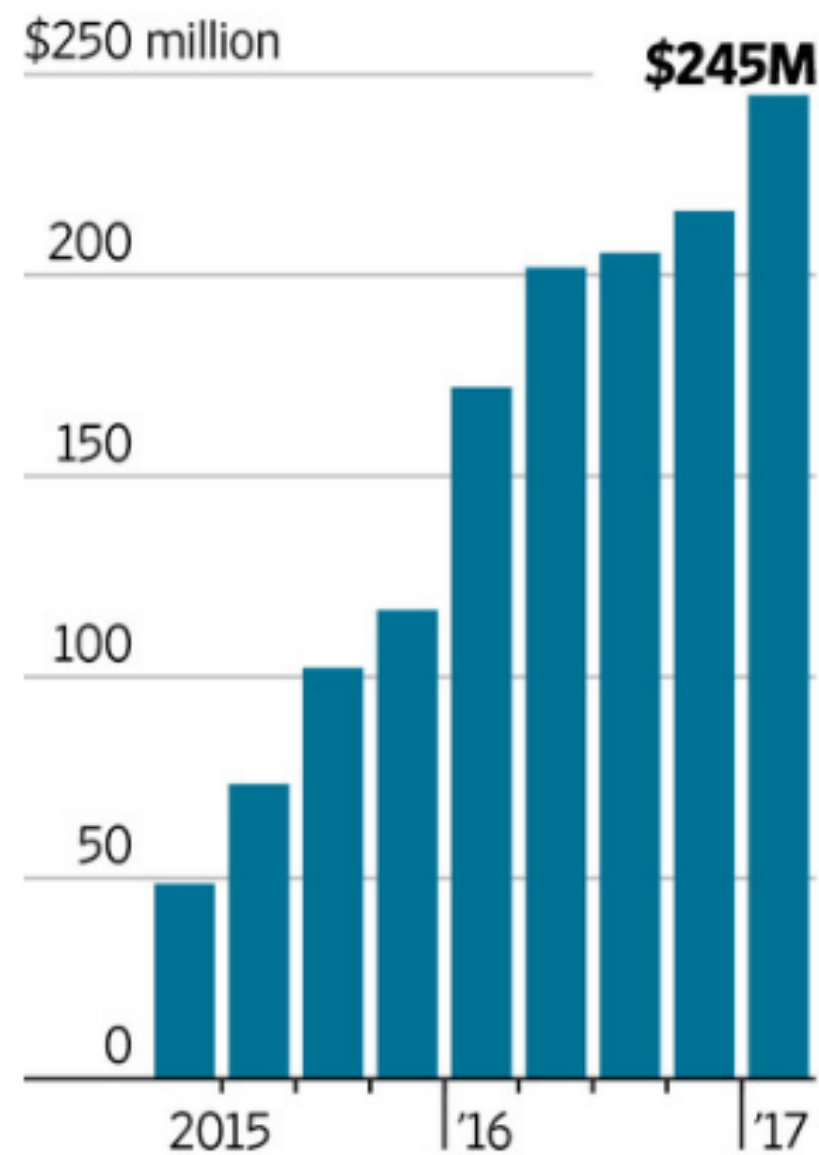


# “ Blue Apron Case study

## Boxed In

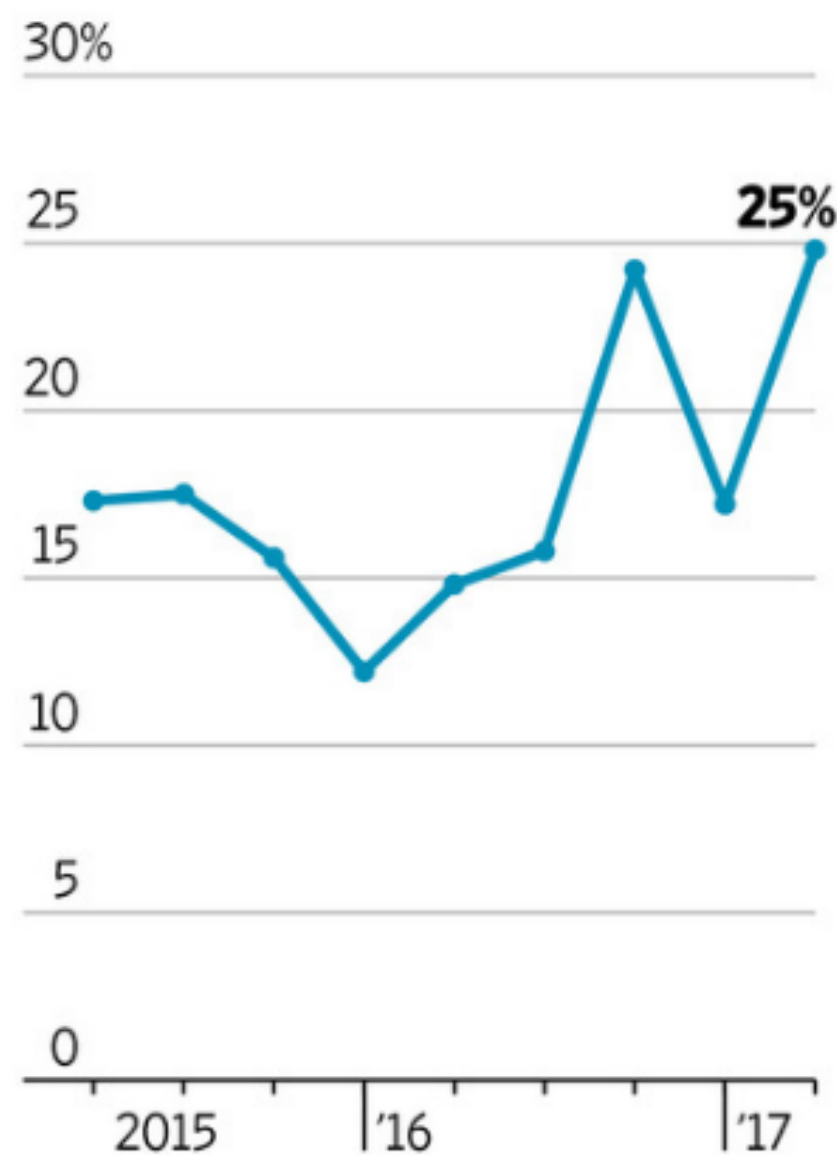
Sales are rising as Blue Apron finds new customers but it's paying up for marketing as those customers are hard to find.

### Revenue



Source: the company

### Marketing costs as a share of revenue

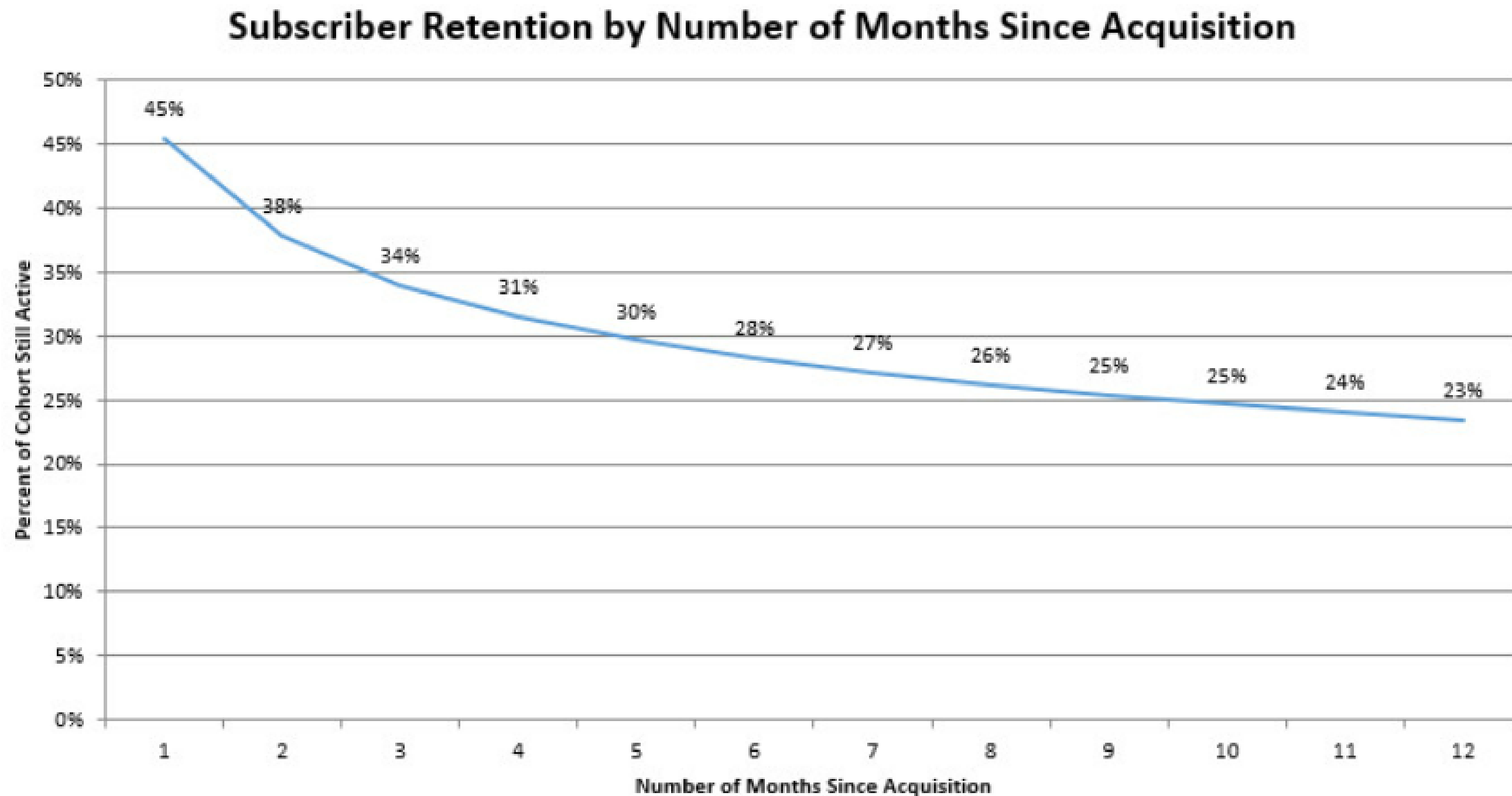


THE WALL STREET JOURNAL.

Why is the company  
**increased paying for  
marketing costs** over years?

Source: <https://www.wsj.com/articles/stir-fry-on-sale-blue-apron-turns-to-deals-to-draw-customers-1498561202>

# The retention curve is worse

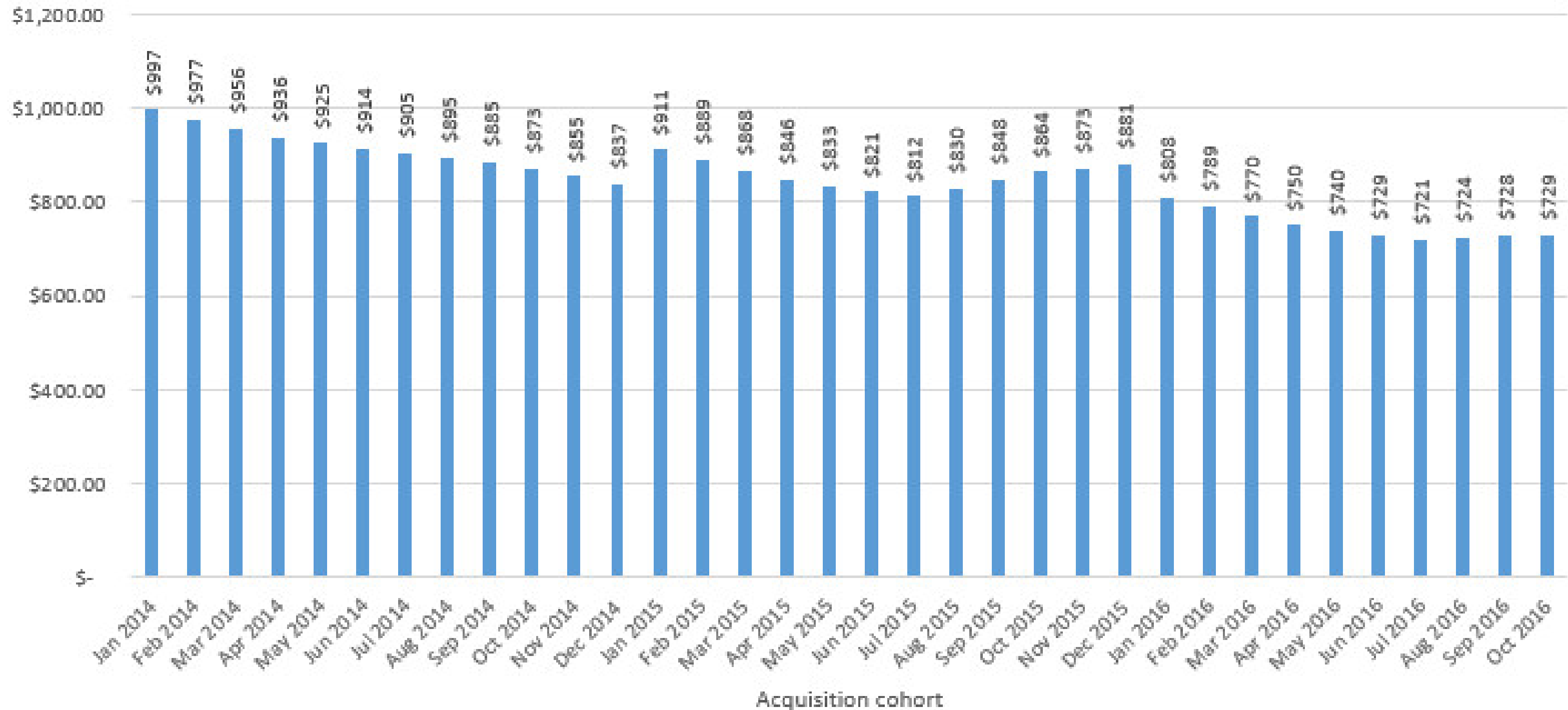


**~72% of  
customers lost  
after 6 months  
years old**

**↑ Customer  
Acquisition Cost**

Source: <https://www.linkedin.com/pulse/detailed-look-blue-aprons-challenging-unit-economics-daniel-mccarthy/>

## Cumulative Revenue After 6 Months Per Active Customer by Acquisition Cohort



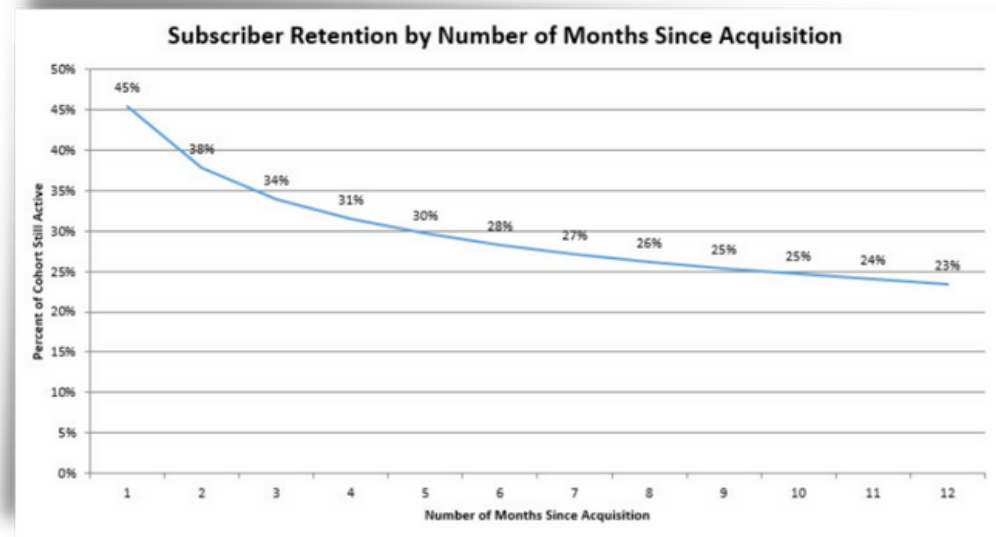
The revenue that Blue Apron is generating from more recently-acquired customers is **less than** from customers acquired in the past.



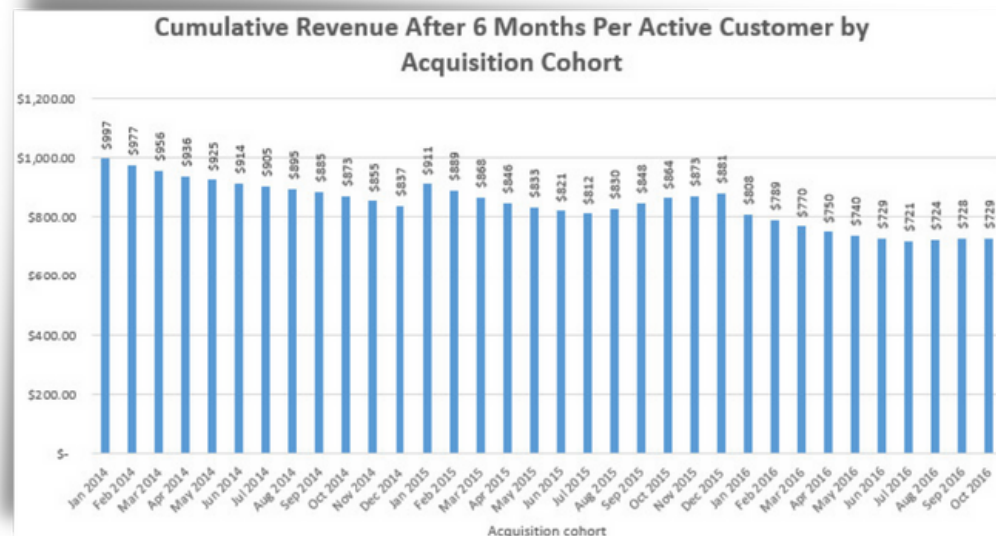
## Expected Monthly Revenue Per Active Customer September 2016 Acquisition Cohort



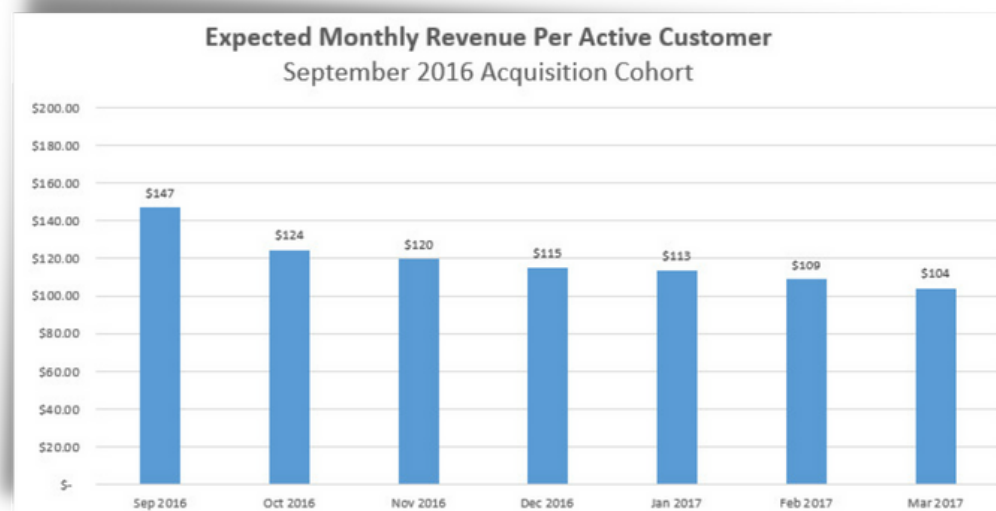
**While customers are alive, the amount of revenue that Blue Apron generates from them tends to go down over time**



**Retention Rate** ↓



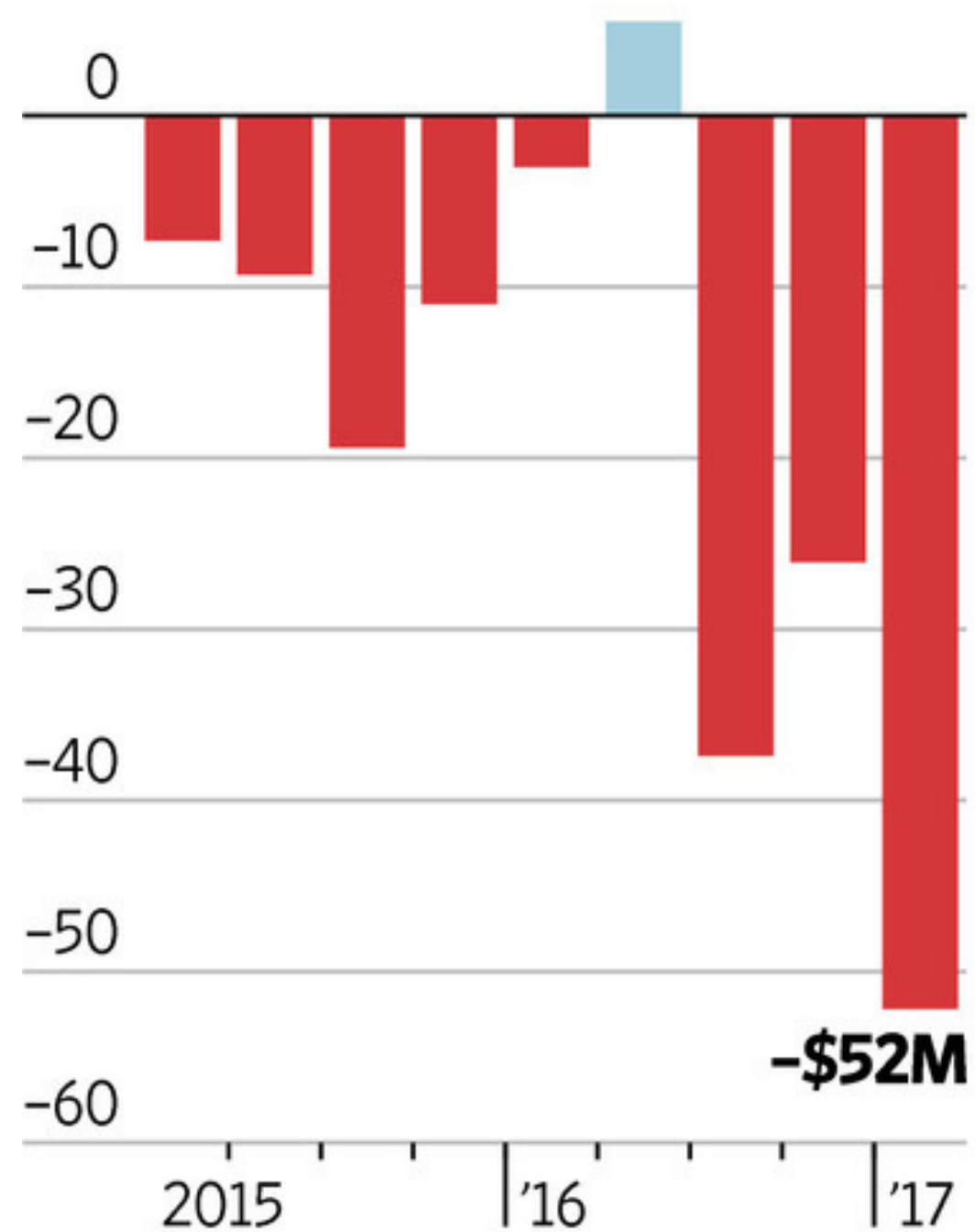
**New Customer Sales** ↓



**Old Customer Sales** ↓

## Blue Apron's quarterly profit/Loss

\$10 million



Source: the company

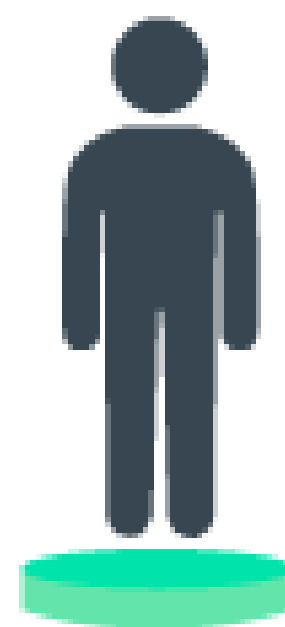
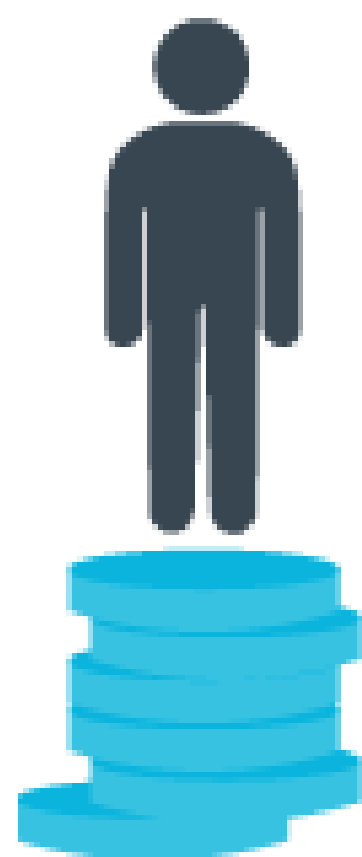
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It costs

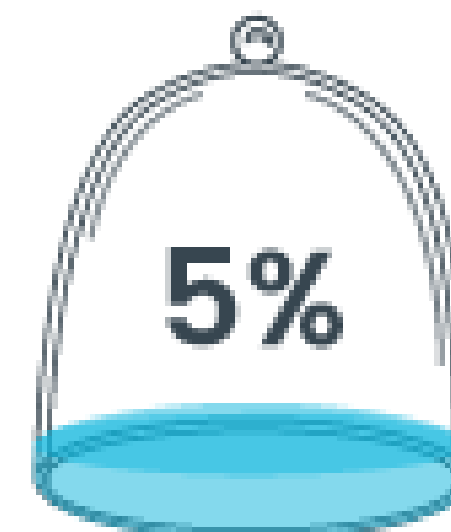
**6-7x**

more to gain a  
new customer



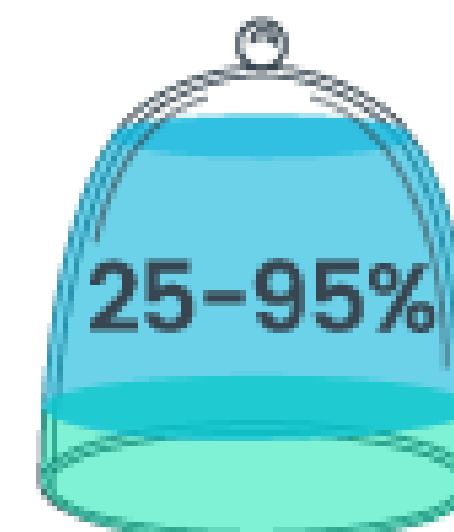
than it does to  
keep your present  
customers

A **5% increase** in  
customer retention



Retention

=



Profitability

can result in a

**25 - 95% increase**  
in company profitability!