

# Revitalizing VitalCare for petco

## RFM Variables:

Date Difference, Order No, & Profit

## Independent Variables:

Ship Quantity, Date Difference, Dummy-coded Payment Method and Channel=Amex, Web

## Dependent Variable:

Profit

Used an **RFM Model** to run a **Hybrid HCA & K Means** analysis in order to gather an overall view of Petco's customers, then built **a predictive regression model** to identify the most profitable consumers that could potentially enroll in Petco's Vital Wellness program.



Pet Store



Veterinary Care



Online Shopping



200,000+ Transactions



137,000+ Orders



100,000 Customers

## Customer Segments

**Profit** \$76.10  
**Count** 42,121  
**Frequency** 1

1

**Profit** \$70.79  
**Count** 48,323  
**Frequency** 1

2

**Profit** \$896.83  
**Count** 1073  
**Frequency** 7

3

## Potential Audience

**Profit** \$298.58  
**Count** 8,333  
**Frequency** 3

4

## Outliers

**Profit** \$7752.80  
**Count** 11  
**Frequency** 18

5

## Target Markets

### One Time Mass Customers

Segment's 1 & 2

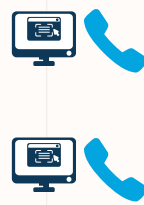
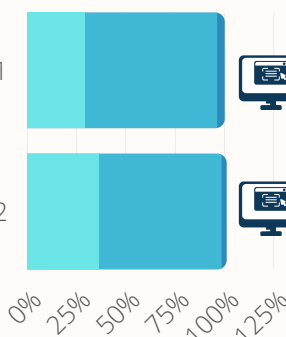
40,000+ Customers in each segment

### Preferred Channels



Web  
Phone

Seg 1  
Seg 2



Ordered within 3 months since the end of data collection



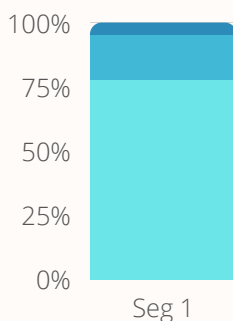
### High End Customers

Segment 3



Ordered within 3 months since the end of data collection

### Preferred Channels



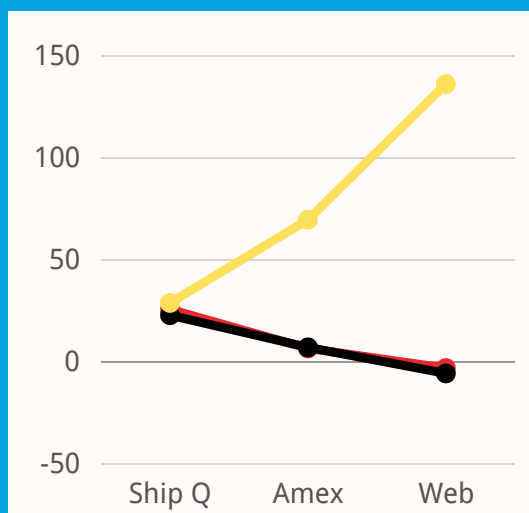
Customers generated, on average, \$900 in profits.



On average made 7 orders



## Effects on Profit By Target Market

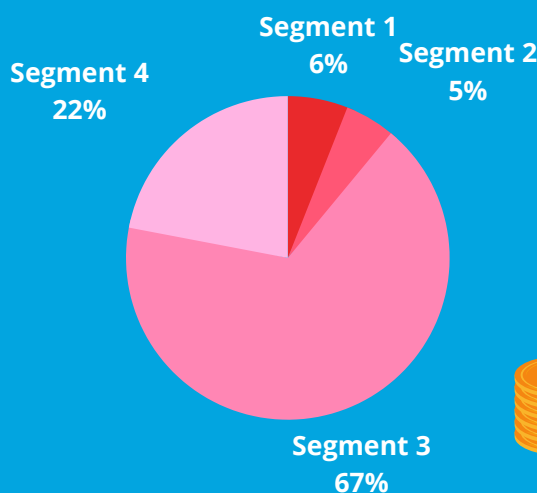


(Segments 1 and 2 overlap with each other)

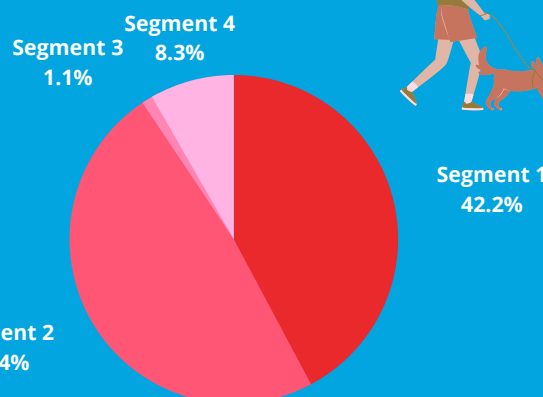


Above bar chart demonstrates that Amex and online shopping have the MOST effect on profits. This is true across all segments.

## Profit by Segment



## Customer Count by Segment



## Implications

Simplify the online checkout process, so that customers can move seamlessly from shopping to online purchasing.

Reducing operational costs for web purchases will increase profits.

Send coupons that require customers to register for a PetCo Coach account in order to use the discounts. (increases web use & hopefully # of purchases)

Marketing campaign with PetCo and Amex would be hugely beneficial.

Produce PetCo Amex co-brand card to boost customers' spending at PetCo

