Coca-Cola

Customer Lifetime Value in Online Grocery Segments

Group 6
Presenters: Shuyi Shang, “Linda” Qiang Gong, Suxin Deng
Agenda

- Overview
- Lifetime Value Analysis
- Target Segment Insights & Strategies
- Financial Impact
Part 1
Overview
Overview - Methodology

Step 1: Extract data of Coca-Cola buyers from the segmented customer dataset.

Step 2: Calculate Lifetime Value of each segment and determine most valuable segments.
*period=30 days*

Step 3: Identify key insights in target segments.

Step 4: Make marketing recommendations to enhance customer value in target segments.

Step 5: We estimate that we can achieve an 8.68% increase in LTV.
# Customer Overview - Overall vs. Coca-Cola

<table>
<thead>
<tr>
<th></th>
<th>Overall</th>
<th>Coca-Cola Shoppers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Customers</strong></td>
<td>60,953</td>
<td>36,239</td>
</tr>
<tr>
<td></td>
<td></td>
<td>59% of all shoppers</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td>47</td>
<td>48</td>
</tr>
<tr>
<td><strong>Household Income</strong></td>
<td>$88,421</td>
<td>$89,606</td>
</tr>
<tr>
<td><strong>Recency (days)</strong></td>
<td>109</td>
<td>98</td>
</tr>
</tbody>
</table>

**Data Time Range:** June 17, 2012 - June 25, 2013
Comparison of Lifetime Value

Total Lifetime Value of Each Segment

- Grand Golden: 39%
- Casual Shoppers: 21%
- Domestic Duos: 20%
- Browsers and Seekers: 14%
- Overall Avg LTV: $13.97

Average Lifetime Value Per Customer

- Casual Shoppers: $11.62
- Domestic Duos: $12.53
- White Picket Fencers: $12.12
- Grand Golden: $17.61
- Diaper-Beer Dads: $21.22

Overall Avg LTV: $13.97
Target Segments - Predicting the Next Buy

**Average Buy Rate**
(How likely are they to buy in the next period?)

- Casual Shoppers: 10%
- Domestic Duos: 20%
- Grand Golden: 60%

**Average Buy Amount**
(How much will they spend in the next period?)

- Casual Shoppers: $5.00
- Domestic Duos: $15.00
- Grand Golden: $25.00
Part 3

Target Segments: Insights & Strategies
Casual Shoppers

- # of customers: 13,396 (38%)
- Age: 45
- Household Income: $81,448
- Life Stage: Younger, Mostly Single, Kids
- Avg Lifetime Value: $11.62

Favorite Products

- Diet Coke: 16%
- Simply Orange: 10%
- Cherry Coke: 10%
- Coca-Cola: 9%
Casual Shoppers - Predicting the next buy

★ Avg Buy Rate: **15.65%**
★ Avg Buy Amt: **$12.79**

One-time buyers (f=1) are much less likely than multi-buyers to buy again. People who have shopped more recently are more likely to buy again in the next period.
Casual Shoppers

"Retain first-time customers
Improve recency"

Buy Rate

High Recency

High purchase propensity
Marketing Strategy - “Party with Coke”

Notification: every Friday & Saturday from 4-8pm to remind shoppers the “Happiness Hour”

GROCERY SHOPPING
Now Anywhere...
Any
BUY NOW
Domestic Duos

- # of customers: 7,647 (22%)
- Age: 59
- Household Income: $85,114
- Life Stage: Mature, Married, No kids
- Avg Lifetime Value: $12.53

Favorite Products

<table>
<thead>
<tr>
<th>Product</th>
<th>14.5%</th>
<th>9.5%</th>
<th>8.3%</th>
<th>7.9%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diet Coke</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coca-Cola Classic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minute Maid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diet Diet Coke</td>
<td></td>
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</table>
Domestic Duos - Predicting the next buy

★ Avg Buy Rate: 23.47%
★ Avg Buy Amt: $13.78

Lapsed customers (r>4) show very high purchase amount per person once they switch back to buy state in the target period. Frequency among more recent buyers highly influence buy rate.
Domestic Duos

“Convert more lapsed customers to buy state, and encourage more frequent buying.”

Buy Rate

- High frequency
- High purchase propensity
Marketing Strategy - “Remember Coke”

Open Your Story

Storytelling: Bring back the classic coke to you

- Grow up with Coke
- Date with Coke
- Dinner with Coke
- What’s your Coke Story?
Grand Golden

- # of customers: 4,166 (12%)
- Age: 48
- Household Income: $96,051
- Life Stage: Younger Family, Married, Kids
- Avg Lifetime Value: $17.61

Favorite Products

- Diet Coke: 15%
- Minute Maid: 10%
- Simply Orange: 10%
- Coca-Cola: 9%
Grand Golden - *Predicting the next buy*

★★ Avg Buy Rate: **60.63%**
★★ Avg Buy Amt: **$19.49**

Current buyers who have been buying with us a lot are extremely likely to buy again and spend a lot of money.
Grand Golden

They buy frequently and in high amounts.

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<th>Coke Overall</th>
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<tr>
<td>Avg Coke Spend</td>
<td>$144</td>
<td>$49</td>
</tr>
<tr>
<td>Avg Coke Quantity</td>
<td>51</td>
<td>17</td>
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<tr>
<td>Frequency</td>
<td>14</td>
<td>5</td>
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<tr>
<td>Recency</td>
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<td>3</td>
</tr>
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Buy Rate

High Frequency

High purchase propensity
Marketing Strategy

“Run With Coke”
- Let Coke remind you to exercise - ads on website & mobile notifications featuring healthy Coke products.

One Button Subscription
- Provide Coke subscription option to facilitate convenience
Financial Results

$38,498.43 in LTV (+8.68%)

Casual Shoppers
- Recency
  - 11.68% of avg LTV ($18,190.71 LTV for the segment)

Domestic Duos
- Frequency
  - 9.34% of avg LTV ($8,947.72 LTV for the segment)

Grand Golden
- Avg purchase amount
  - 15.39% of avg LTV ($11,360 LTV for the segment)
Thanks
Any Questions?
Appendix
## Target Segment Comparisons

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