scintel

Technology for a **Changing World**

Predicting Life Time Value of Customers; Tuning Marketing Investments

Company and Industry:

The client is a growing retailer offering high end nutritional and dietary products. Their sales are predominantly through their digital sales channel.

Impact:

Armed with our analytics, the client can focus on influencing two client segments: customers who are most likely to start purchasing products; and customers with highest residual life time value. With a precise understanding of the best channels for reaching most profitable customers, the company is fine tuning its customer acquisition budgets to generate higher ROI.

The client reduced the marketing costs by over 8% without effecting new customer acquisitions. The client is expected to convert at least another 0.25% of customer base into paying customers once prescribed business actions are operationalized.

PROBLEM:

200,000 customers have signed up for accounts, but less than 5% of customers are purchasing the firm's products. The client wants to transact with more of these customers and increase the amount that each customer spends. The client also wants recognize and reduce the wastage in marketing initiatives.

SOLUTION:

Using customer profiles and transaction history, Scintel used Prophesy to build various predictive models including Customer Life Time Value (CLTV) and Residual Life Time Value (RLTV). Prophesy also identified the attributes common in high value customers, including their preferred acquisition channels. Using the models, the client has ability to recognize the high residual value customers, further monetizing them.

> " Now we have a better understanding of wastages in marketing spend; and a scientific way to locate most valuable yet inactive customers. The analysis gave us an empirical basis to acquire high value customers during acquisition phase
>
> - Chief Marketing Officer, Retailer