Identifying and Understanding High-Value Customers

Helping a global food delivery service optimize their best customers

The Customer

A technology and data-driven, global food delivery service.

## The Industry

On-Demand – Food Delivery

The Challenge

Driving customer retention and new customer acquisition through the identification and engagement of high impact customers.

The Solution

Mobilewalla High-Value Customer Modeling and Identification provided tremendous insights through building a complete profile of the high-value customer, identifying patterns in churn rate and pinpointing when customer value typically declines.

Conventional wisdom has most businesses getting 80% of their revenue from 20% of their customers. These high-value customers (HVCs) are critical to the success of an organization, and as such are a segment that businesses need to continue to acquire, retain and grow.
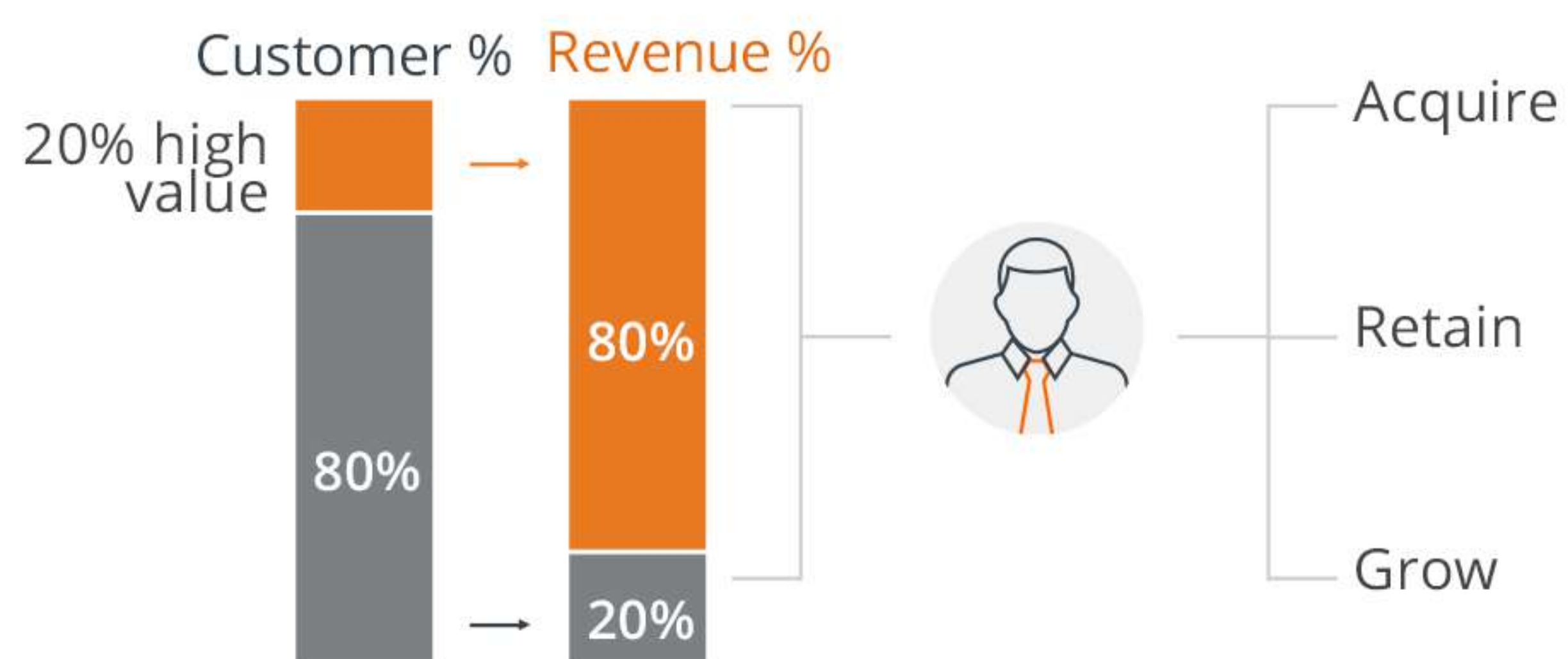
However, the unfortunate reality is that most companies don't know what percentage of their customer base is high-value let alone what characteristics they most commonly represent

A global food delivery company decided they wanted to find out, so they teamed with Mobilewalla to help them better understand three critical high-value customer metrics:

- what characteristics defined a high-value customer
- what percentage of their customer base fits that profile
- how they could acquire more high-value customers

Identifying High Value Customers

Using basic order data - including order amount, frequency and type – the team employed the Recency-Frequency-Monetary (RFM) technique to segment their customers as either high-value or low-value.

The resulting analysis, not surprisingly, aligned with the previously mentioned conventional wisdom, with approximately 20% of their customers qualifying as high-value and approximately 80% qualifying as low-value. What was surprising, was the data related to churn rate:

50% for Low-Value customers

20% for High-Value customers
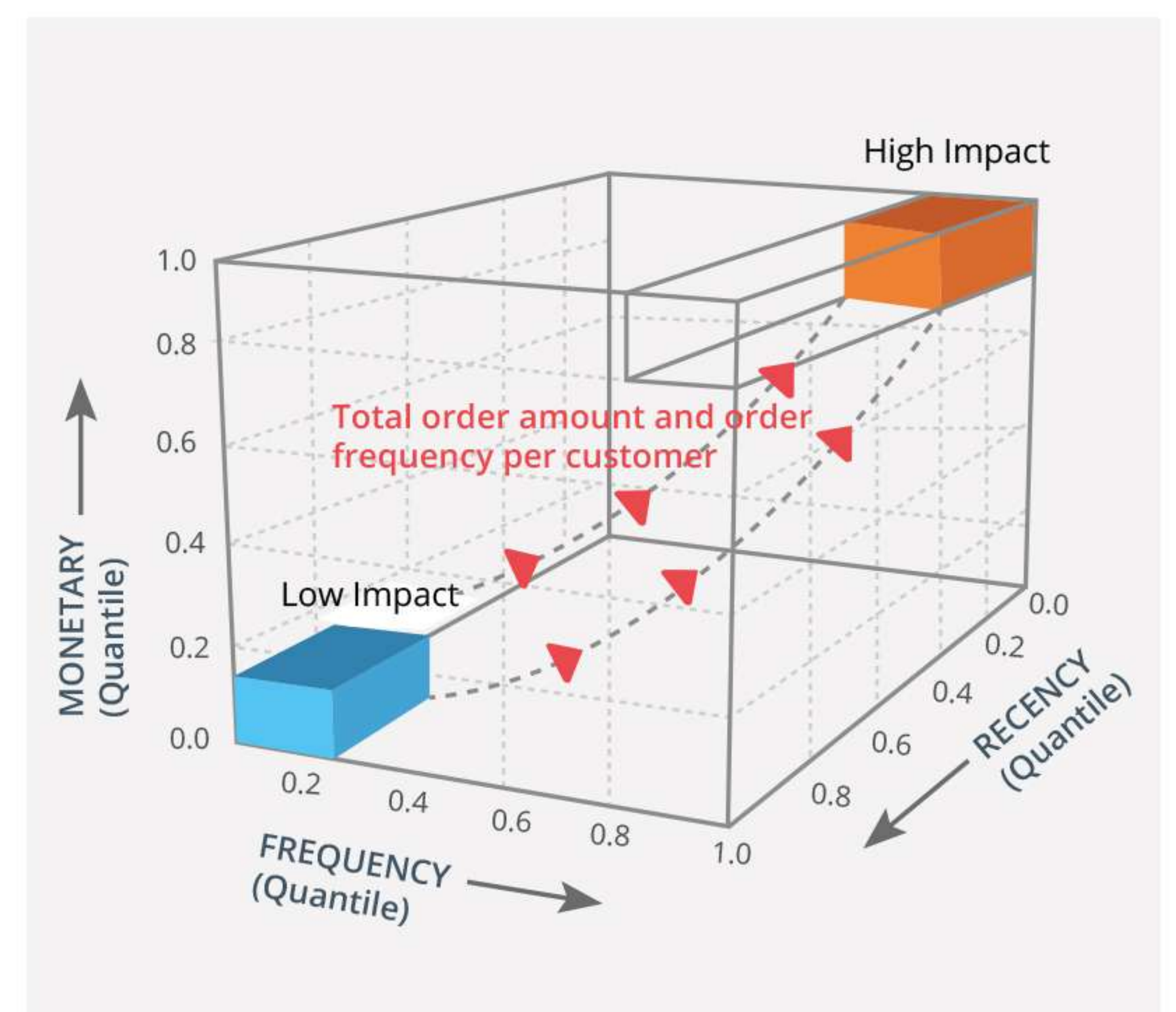
About Mobilewalla

Mobilewalla combines the industry's most robust consumer data set with deep data science and artificial intelligence expertise to help brands make more informed business decisions and effectively acquire, understand and retain their most valuable customers.

We collect, identify and analyze directly sourced application usage data from SDK integration and supply-side platform partnerships. Through our extensive AI expertise, we deliver refined consumer insights that provide enterprises with unparalleled access to the digital and offline behavior patterns of their customers and prospects as well as nuanced data about their competition.

3+ years of data

30+ countries

1.5B+ devices

50M+ POIs Mapped

High Value customers spend **3x** what low value customers spend
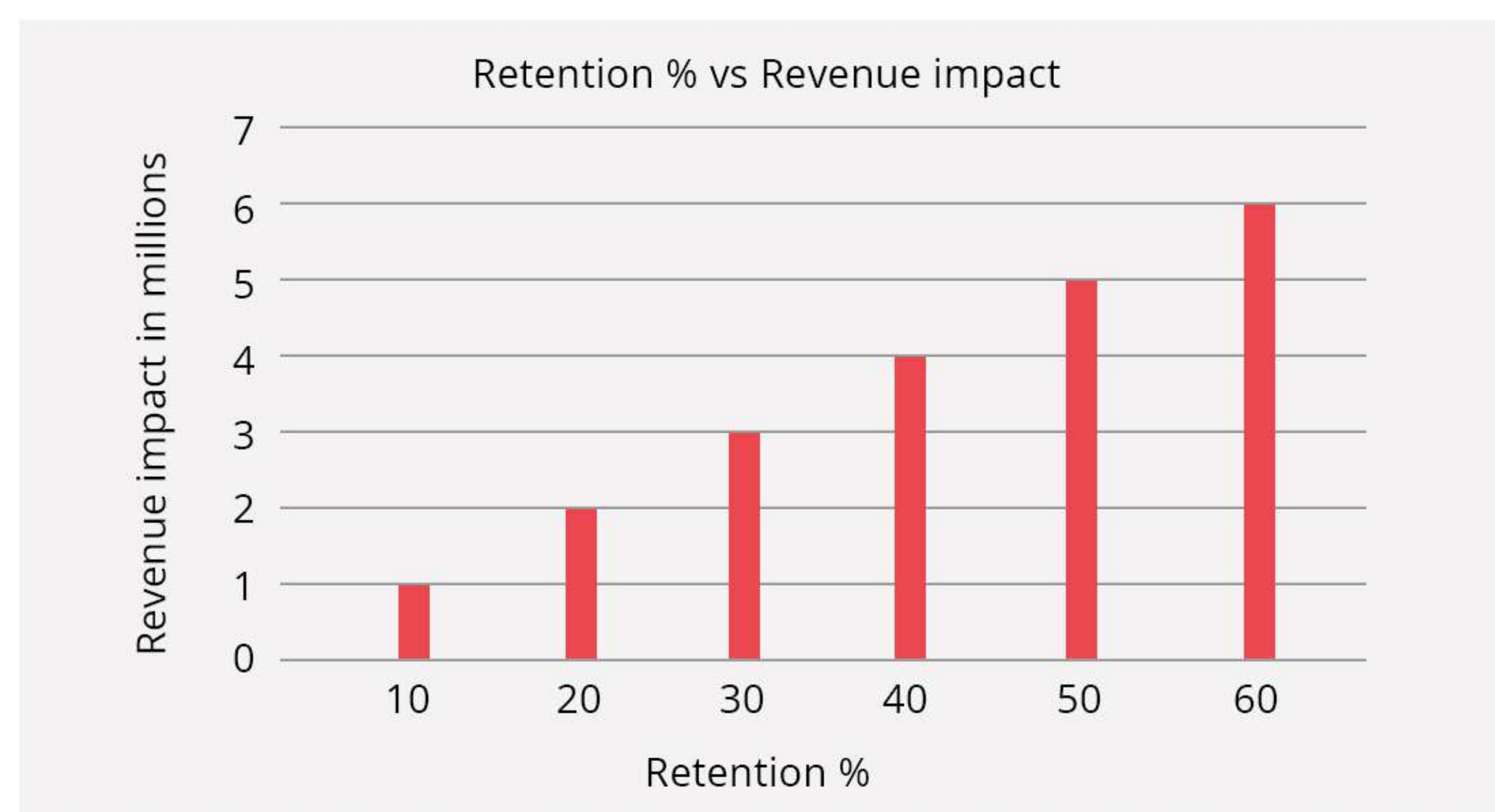
Low value customers are **3x** more likely to churn

50% of high value customers transitioned to being low value customers in the following quarter

With 20% of their high value customers churning on a regular basis, and 50% of those who weren't churning transitioning to low value on a quarter by quarter basis, the brand needed a strategy to retain and grow this segment of their customer base just to stabilize the current revenue stream.

Retaining High-Value Customers

Following the initial analysis of their customer base, the brand wanted to understand how they might be able to distinguish between HVCs and LVCs on a go forward basis. Said another way, they wanted to be able to predict how current customers would behave in the upcoming quarter so they could operationalize retention plans for their highest value customers. To understand this, they enriched their existing customer level data (order amount, frequency and type) with additional demographic and behavioral data including age, gender, home location, work location, restaurant visit frequency, daily commute, food app usage and more from Mobilewalla. Following the data enrichment process, machine learning algorithms were applied to accurately predict the future behavior of this critical customer segment.

The analysis was eye-opening. It revealed that a large percentage of HVCs (greater than 50%) could convert to LVCs without the proper level of brand engagement. Further analysis showed that a focus on retaining even as little as 10% of these HVCs could have a significant impact to the bottom line:

Retention % vs Revenue impact

Retention %	Revenue impact in millions
10	1
20	2
30	3
40	4
50	5
60	6

Acquiring High-Value Customers

The final, and perhaps most important, piece of the puzzle was identifying who were the best consumers (those most likely to be high impact) to target with their products and services.

Married, age 25-34

Has children

Working spouse

Home to Work Commute Distance > 15 KM

Insight into these ideal customer profile characteristics helped the brand prioritize their marketing efforts and better allocate resources and spend to the programs that would provide the most value.

To learn more about how Mobilewalla can improve results for your business, visit www.mobilewalla.com