



Maximize Your Customer Lifetime Value

Discover how CLV insights + CLV Booster Playbook helped a Top Sports Retail Brand, Boost Sales & Customer Retention



Our Speakers



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Technologies



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Emerging Markets, Ex-IBM

Agenda

What we're going to
discuss today

CLV and the Future of Customer Lifetime
Value Modeling

CLV Activation Framework

adidas Story

Q&A

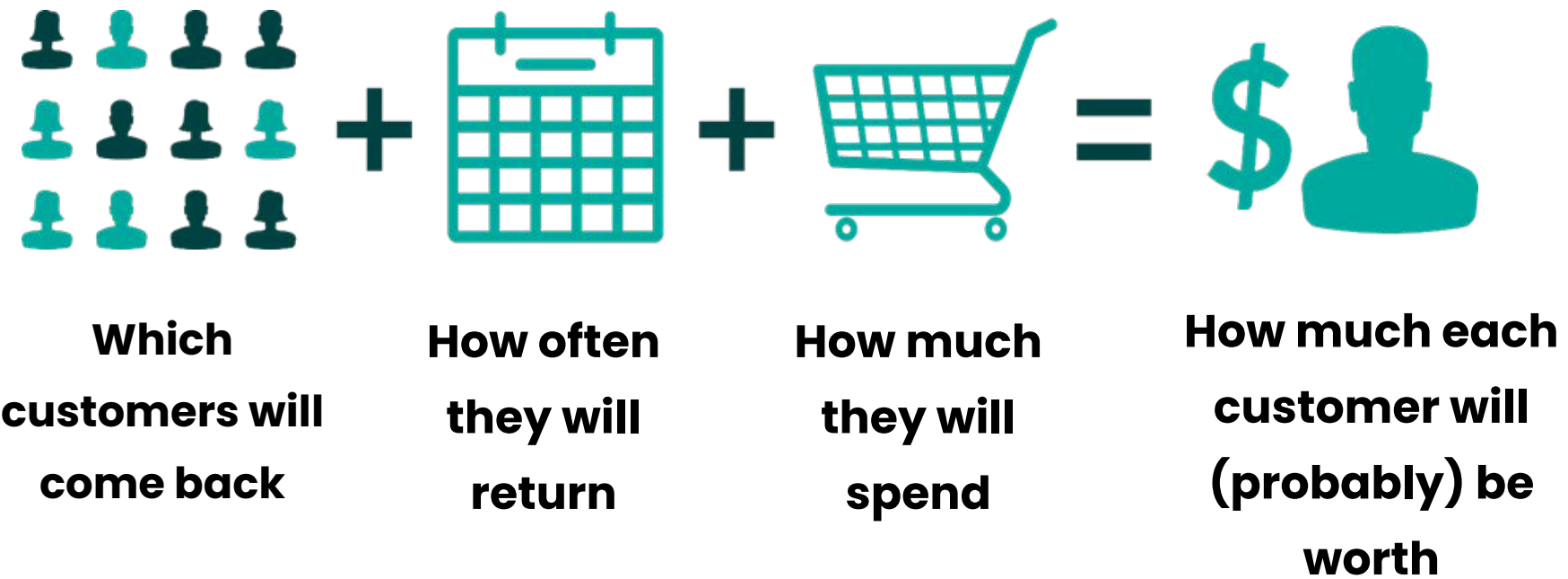
How do most executives think about CLV?



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Making CLV Practical

A prediction of each customer's profitability over their entire (past and future) relationship



Sometimes, we go beyond transactions to incorporate other relevant factors such as referrals, usage patterns, responsiveness to relationship-building efforts.

Five basic business models (B2B or B2C)

- Pure (single service) contractual
- Multi-service contractual
- Pure (single behavior) non-contractual
- Multi-behavior non-contractual
- Hybrid: contractual + non-contractual



They can ALL be evaluated using a CLV-based framework



New Perspectives on Customer "Death" Using a Generalization of the Pareto/NBD Model

Customer-Base Analysis in a Discrete-Time Noncontractual Setting

Valuing Non-Contractual Firms Using Common Customer Metrics

A Cross-Cohort Change-Point Model for Customer-Base Analysis

Customer-Based Corporate Valuation for Publicly Traded Noncontractual Firms

The value of simple models in new product forecasting and customer-base analysis

PETER S. FADER, BRUCE G.S. HARRIS, AND ARI LOK LEE? "More than meets the eye"

ESTIMATING CLV USING AGGREGATED DATA: THE TUSCAN LIFESTYLES CASE REVISITED

Probability Models for Customer-Base Analysis

"Counting Your Customers" the Easy Way: An Alternative to the Pareto/NBD Model

Customer-base analysis using repeated cross-sectional summary (RCS) data

Simple probability models for computing CLV and CE

Model Selection Using Database Characteristics: Developing a Classification Tree for Longitudinal Incidence Data

Chapter 18 Marketing Models for the Customer-Centric Firm

Chapter 7 Stochastic Models of Buyer Behavior

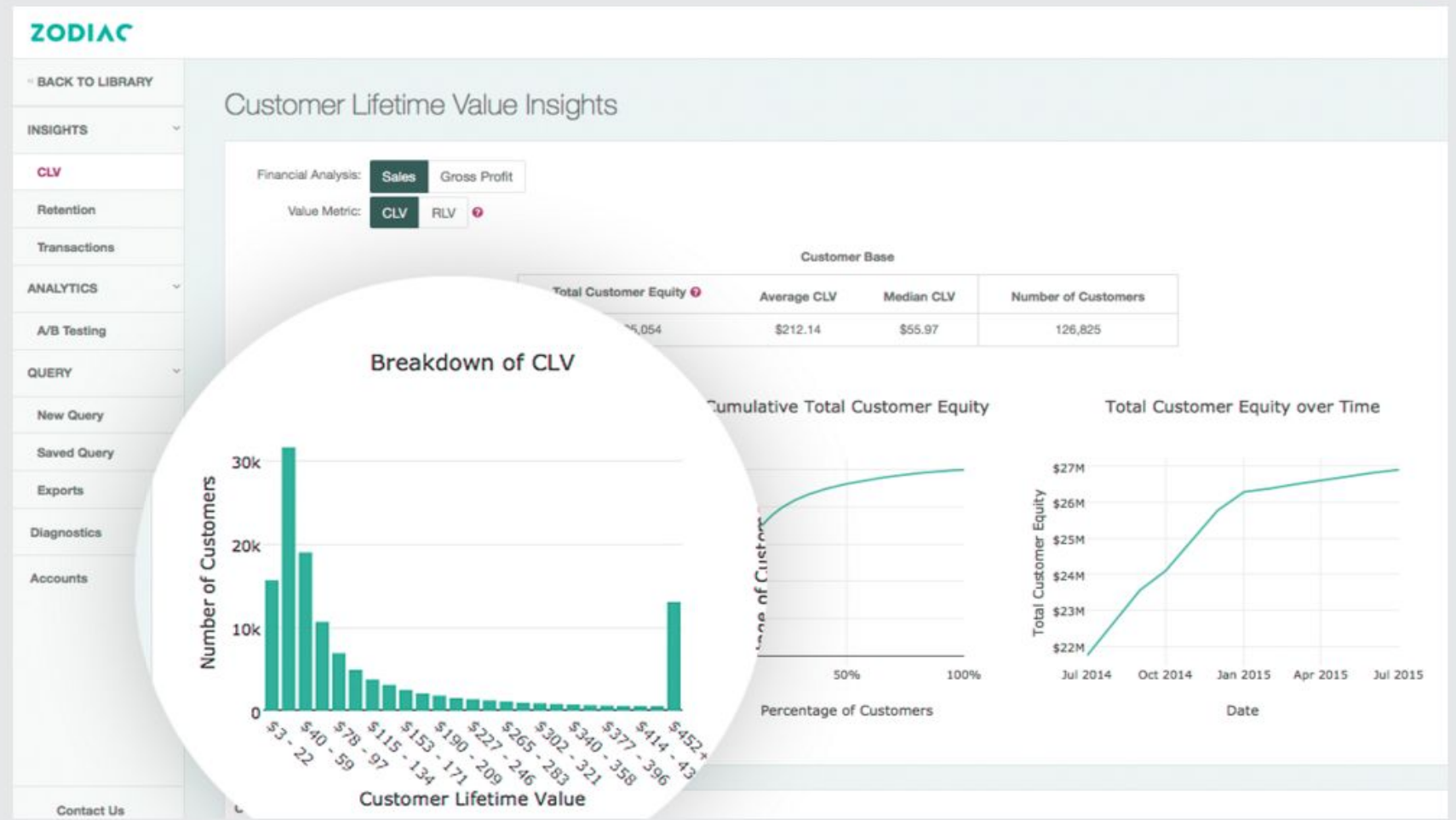
Customer-base analysis using repeated cross-sectional summary (RCS) data

VICLV: Examining Variance in Models of Customer Lifetime Value

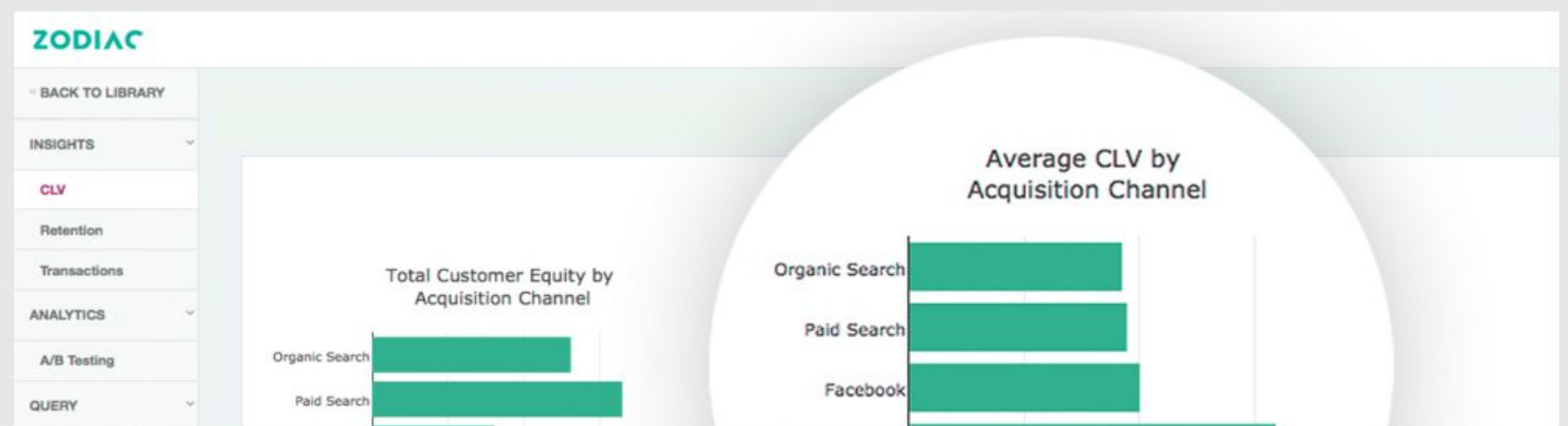
Simple probability models for computing CLV and CE

001. **LIFETIME VALUE ANALYTICS**

Zodiac tracks CLV insights including customer distribution by value and attribute over time and progress toward goal.



002. **CUSTOMER SEGMENTATION BY VALUE.**



Nike's purchase of analytics firm Zodiac highlights focus on customer lifetime value

Nike has big digital plans as it goes direct to consumer, aims to innovate faster and build relationships. It is also beefing up its analytics team.



By Larry Dignan for [Between the Lines](#) | March 23, 2018 -- 14:31 GMT (07:31 PDT) | Topic: [Digital Transformation](#)

Nike has acquired Zodiac Inc., a consumer data analytics company, in a sign that its digital transformation plans revolve around customer lifetime value.

The athletic shoe and apparel maker, which is in a dogfight with Adidas and Under Armour, has a strategy called Consumer Direct Offense that aims to develop products faster with personalization at scale. Nike also has to focus on selling direct and owning the customer relationship since retail is a messy industry.

In 2016, Zodiac raised \$3 million in seed funding to launch predictive analytics tools based on forecasting individual customer lifetime value. The models were developed by Wharton School Professor Peter Fader and a team of data scientists at the University of Pennsylvania.

Zodiac's mission is to understand the value of an individual customer to boost revenue and retention with the right marketing, recommendations and offers.

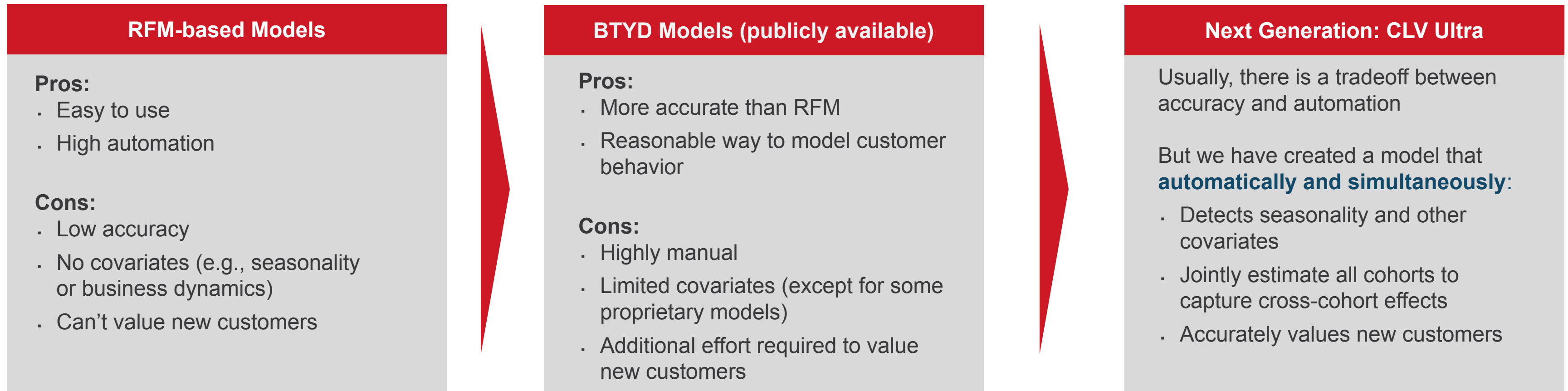
In November, Nike outlined plans to juice its growth in the years ahead by scaling new product platforms quickly and then going direct to consumer via its retail outlets, mobile apps and e-commerce partners.

Mark Parker, speaking on Nike's third quarter earnings conference call, outlined the company's progress across key areas:

- 2X Innovation, which revolves around developing new platforms (types of shoes and technologies).
- 2X Speed, which revolves around investing in digital to serve consumer demand faster. There's also a heavy dose of investment in robotics and automation.
- 2X Direct, which leads with digital channels as well as Nike's own retail outlets.

Analytics will be critical to multiple efforts. Parker added that Zodiac and its "proprietary tools will help us deepen relationships with consumers all over the world with a primary focus on our NikePlus members."

CLV Ultra is Theta's breakthrough CLV model that combines unprecedented accuracy with a high degree of automation



CLV Ultra

Highly accurate

Automated

Scalable

CLV Ultra combines customer behavior models with advanced machine learning to automatically detect and decompose covariates

CLV Ultra

Highly Accurate

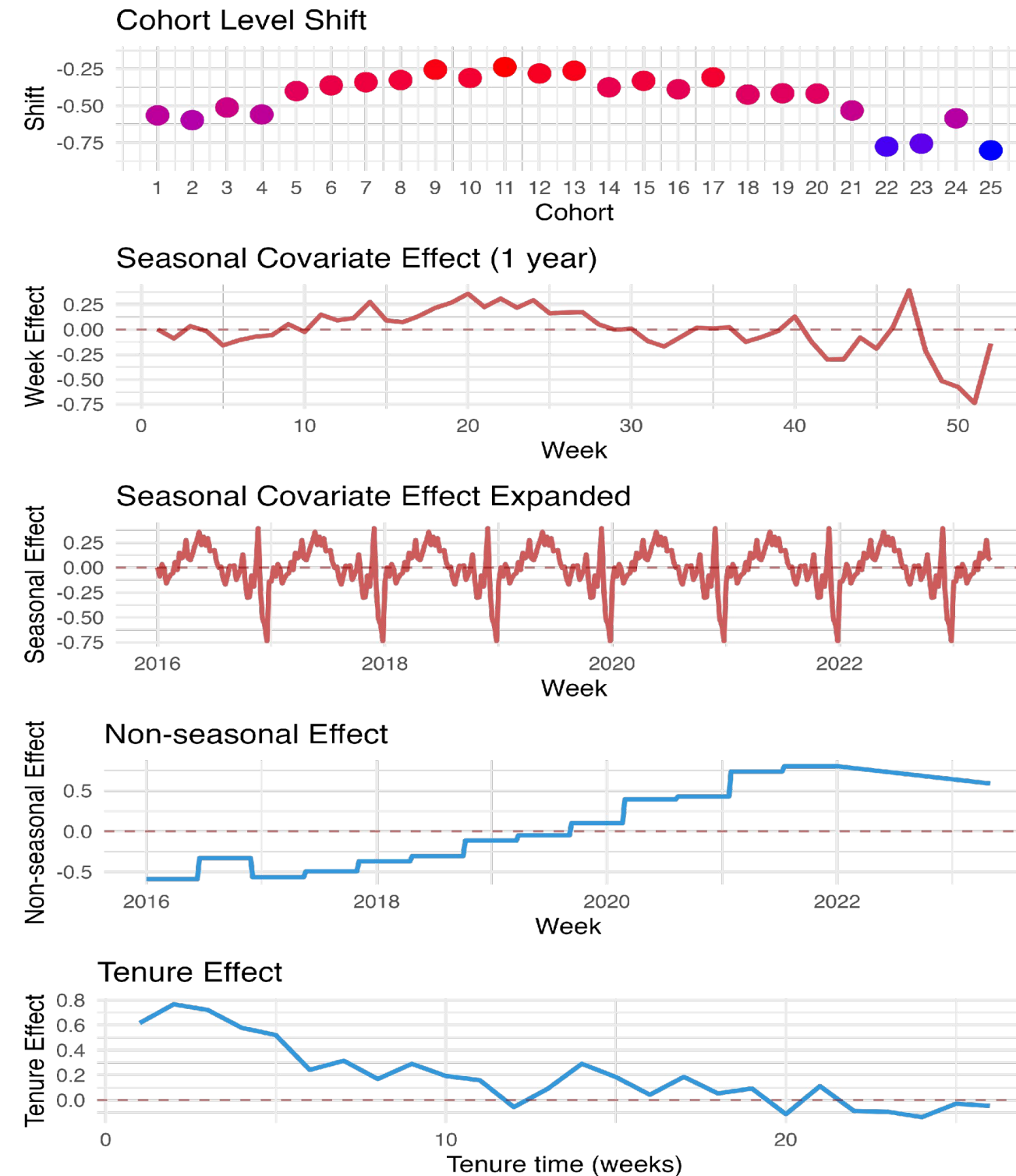
- Estimates cohorts jointly, more accurately capturing cross-cohort dynamics and customer behavior evolution
- Detects and decomposes covariates into seasonal, non-seasonal, and tenure effects
- Can incorporate a wide variety of covariates all the way down to the customer level

Automated

- Fully automated, dramatically reducing the time to validate the model and generate insights

Scalable

- Efficiently processes data for hundreds of millions of customers, making it ideal for large-scale applications



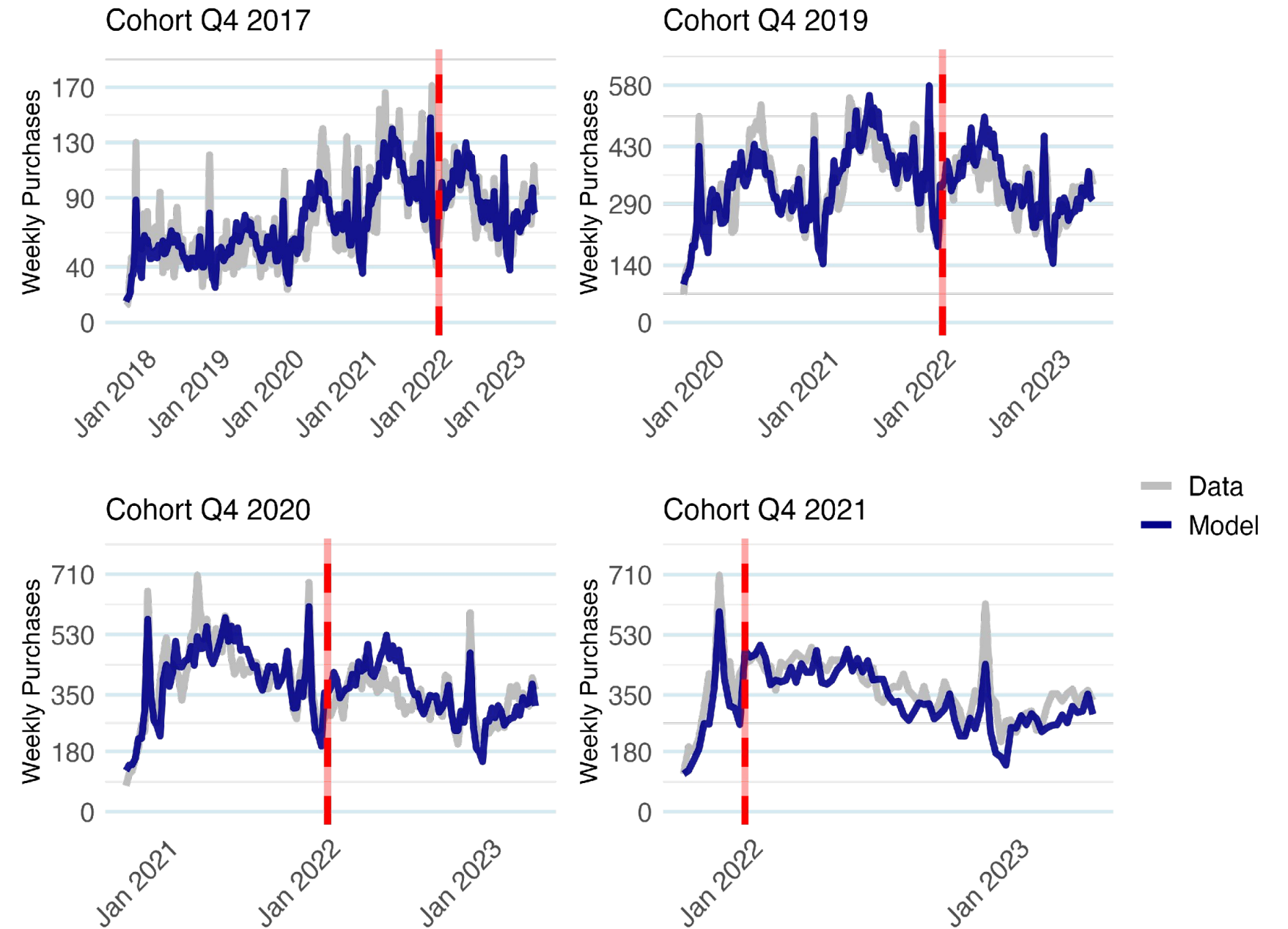
This results in quicker and even more impactful CLV improvement opportunities

Much more easily accommodates **managerially relevant decision variables**

Better accuracy, especially for newer customers (very important for growing companies!)

Substantially **shorter turnaround times**

Model outputs that are **easier to interpret**, showing critical business dynamics and CLV drivers



CLV Activation Framework

Comsense Activation Playbook

Mission	KPI	Segment	R	F	M	Type of Retail Customers
Drive Adoption to Purchase	Conversion Rate AOV	One and done	Any	Any	Any	Ad hoc customers / Impulsive customers, Wandering customers, Customers buying for gifting
		Hibernating/ Win back	1-4	4-6	3-6	Ad hoc customers / Impulsive Customers, Regular customers, Wandering customers, Customers buying for gifting
		About to Sleep	4-6	1-4	1-4	Customers buying for gifting
Drive Freq of Purchase	Repeat Purchase Rates Purchase Frequency	Good But Gone/Can't Lose Them	1-4	7-9	7-9	Regular customers, Customers buying for gifting
		Need Attention/ Never Sticky	Any	1-4	Any	Wandering customers, Customers buying for gifting
Drive AOV	AOV	Loyalists	8-9	8-9	8-9	Regular customers, Need-Based customers, Customers buying for gifting
		Nurturers	6-9	6-9	5-7	Offer Driven customers, Need-Based customers, Customers buying for gifting

adidas story!

CLV | Activation | Insights



Purchase

1. Use Case : Limited Time Offers

Objective : Convert one-time customers to repeat buyers.

2. Use Case : Reactivation

Objective : Boost customer engagement, repeat purchases, brand awareness, retention, feedback collection, referrals, and customer relationships.

3. Use Case : Re-Targeting

Objective : Target customers again with different communication taglines to prompt purchase

4. Use Case : Onboarding to More Purchase

Objective : Encourage first-time buyers to become repeat customers, increasing customer lifetime value.

5. Use Case : Donate on Purchase – Save earth, Feed the needy

Objective : Align your brand with social and environmental responsibility while increasing customer engagement.

6. Use Case : Incentives/Offer

Objective : Drive sales and engagement by providing attractive incentives and offers.

7. Use Case : Feedback

Objective : Gather actionable feedback to improve the product or service, enhance customer satisfaction.

8. Use Case : Newsletter Campaign

Objective : Maintain customer communication and strengthen brand loyalty.

Use Case Limited Time Offer



LATE NIGHT DEALS JUST FOR YOU

Limited time offer with flat discounts on your favourite gear! Don't delay to shop!

[EXPLORE NOW](#)



[SHOP MEN](#)



[SHOP WOMEN](#)



[SHOP KIDS](#)



THE WORLD OF ADIDAS APPS
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Use Case : Limited Time Offers

Objective : Convert one-time customers to repeat buyers.

This campaign was executed in for a limited time period to encourage one and done customers to make a prompt purchase

Use Case : Reactivation

Objective : Boost customer engagement, repeat purchases

This campaign was executed leveraging the T20 world cup fever to prompt customers to purchase the Indian Jersey

Re Targeting Use Case

The screenshot shows an Adidas website banner. At the top, there is a navigation bar with the Adidas logo and links for 'MEN', 'WOMEN', 'KIDS', and 'STORE FINDER'. Below this is a grid of four images: a close-up of a green and white sneaker, two runners on a track, a runner on a path, and another close-up of a sneaker. The main headline reads 'YOUR FAVOURITES, OUR BEST SELLERS' with the sub-headline 'Take your run to new heights.' and a 'SHOP NOW' button. Below this is a section titled 'SHOP TOP PICKS OF THE COLLECTION' featuring three sneaker models: 'ADFWD X SWITCH FWD', 'UB X ULTIMA SHOW', and 'ADIZERO X DURAMO', each with a 'SHOP NOW' button. At the bottom, there is a section for 'THE WORLD OF ADIDAS APPS' with a 'DISCOVER' button, and a footer with social media icons for Instagram, Facebook, YouTube, X, and Pinterest, along with links for 'Privacy', 'Unsubscribe', and 'adidas.co.in'.

3. Use Case : Re-Targeting

Objective : Target customers again with different communication taglines to prompt purchase

This campaign was executed to convert our inactive customers and prompt them to make a purchase with us again

1. Use Case : Merch Triggers (New Arrivals, Price Drops, Back in Stock, Wishlist)

Objective : Keep customers informed and engaged with the latest products and deals, drive sales, and create a sense of urgency.

2. Use Case : Exclusive Personalized Offer

Objective : Enhance customer retention and engagement by providing tailored offers based on individual preferences & purchase history.

3. Use Case : Collaboration with Company and Promote Both

Objective : Expand your reach and customer base by collaborating new partnership agreement signed between the two companies to cross-promote products and services.

4. Use Case : Exclusive Pre-Sales Outreach/VIP Treatment

Objective : Reward your once loyal customers and create a sense of exclusivity, encouraging repeat purchases and brand advocacy.

5. Use Case : 'Thank You' Campaign/Shoutout Campaign

Objective : Express gratitude to customers, strengthen brand-customer relationships, and encourage word-of-mouth marketing.

6. Use Case : Donate on Purchase – Save Earth, Feed the Needy

Objective : Align your brand with social and environmental responsibility to make a positive impact through customer contributions and providing meals for those in need.

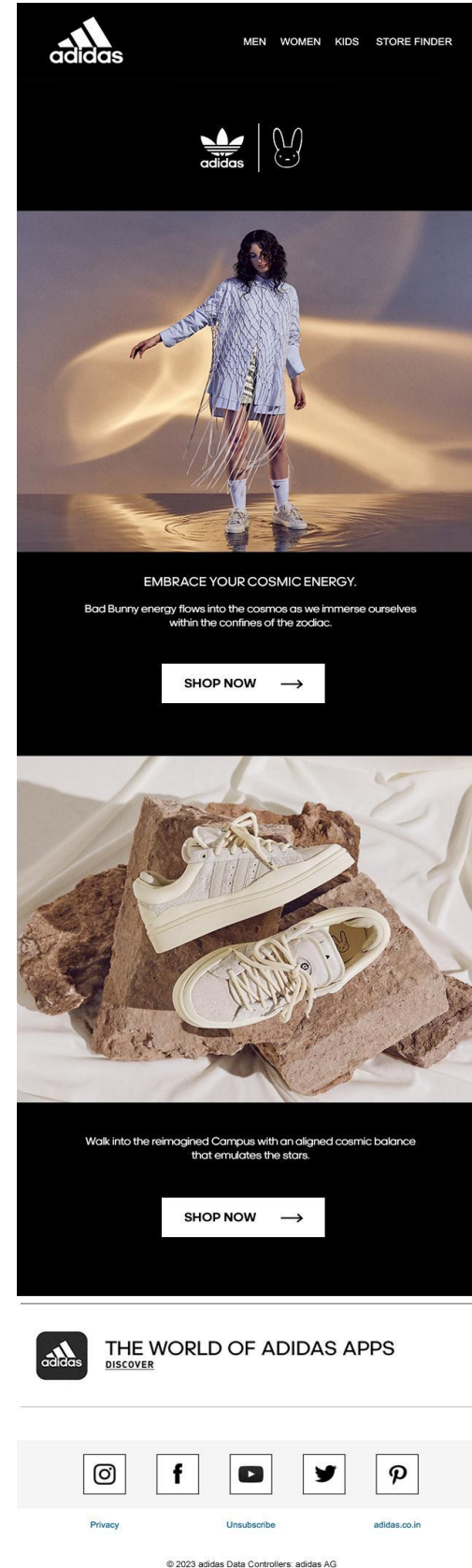
7. Use Case : On Call Support Services

Objective : Provide exceptional customer service and support, building trust and resolving customer issues in real-time to re-engage customers with the brand.

8. Use Case : Next Best Purchase Product

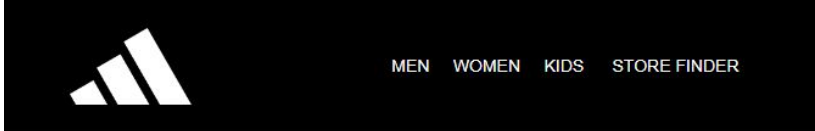
Discovery/Recommendations

Objective : Increase cross-selling and upselling opportunities by suggesting complementary or related products to customers.



1..Use Case : Merch Triggers (New Arrivals, Price Drops) Objective :
Keep customers informed and engaged with the latest products and deals, drive sales, and create a sense of urgency.

This campaign was executed informing our once loyal customers about the new arrival items to keep them engaged and create a sense of exclusivity and drive sales



COUPON CODE ALERT !!!



SHOP NOW

Unlock your Discount by Copying this
Coupon At Checkout

[COUPON]

*Coupon valid till 8th April 2024

 THE WORLD OF ADIDAS APPS
DISCOVER



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Cross Company Collaboration Use Case

adidas MEN WOMEN KIDS STORE FINDER

adidas X FlyingReturns

ENJOY EXCLUSIVE BENEFITS OF ADIDAS & FLYING RETURNS TOGETHER!

ENROL NOW & GET 1000 FLYING RETURNS POINTS.

SIGN UP HERE

FlyingReturns *T&C apply

adiclub

search "adidas" on the app store Download the app

3. Use Case : Collaboration with Company and Promote Both

Objective : Expand your reach and customer base by collaborating new partnership agreement signed between the two companies to cross-promote products and services.

This campaign was executed in collaboration with Air India Express to the adidas loyal customers wherein they were made to fill out a form at the Air India portal and give them a discount on their tickets

adidas THE WORLD OF ADIDAS APPS DISCOVER

Instagram Facebook YouTube Twitter Pinterest

Privacy Unsubscribe adidas.co.in

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1. Use Case: Invitation to the loyal customers

Objective : Attract and retain customers with a rewarding loyalty program.

2. Use Case: Special Event Invitation : FIFA world cup/T20 world cup screening)

Objective : Strengthen customer relationships through special events.

3. Use Case: Free Product Giveaways

Objective : Increase brand visibility through giveaways.

4. Use Case: Personalized Offers/Coupons like (10%off)

Objective : Increase satisfaction with personalized, long-term benefits.

5. Use Case: Brand Advocacy (Feedback and NPS)

Objective : Turn satisfied customers into advocates.

6. Use Case: Next Best Purchase Product

Discovery/Recommendations

Objective: Enhance the shopping experience with personalized product suggestions.

7. Use Case: Loyalty Membership Use Case – Tier Upgrade

Objective : Encourage loyalty through tiered membership benefits.

8. Use Case : Invitation Program for New Product Creation

Objective : Involve customers in product creation.

9. Use Case: Refer and Earn

Objective : Acquire new customers through customer referrals.

10. Use Case: Exclusive Pre-Sales Outreach/VIP Treatment

Objective : Reward loyalty with exclusive pre-sale access.

11. Use Case: Testimonials and Reviews

Objective : Build credibility with positive customer feedback.

12. Use Case: Merch Triggers (New Arrivals, Price Drops)

Objective : Keep customers engaged with timely updates on new arrivals, price drops notifications.

Invitation to the loyal customers

The image shows a screenshot of an email campaign. At the top left is the Adidas logo. To its right are navigation links: MEN, WOMEN, KIDS, and STORE FINDER. Below the Adidas logo is the 'adiclub' logo. The main content features the Zomato Gold logo, which includes a crown icon above the word 'zomato' and 'GOLD' in large, bold letters. Below this, the text reads: 'adiClub Members Exclusive', 'Indulge in foodie paradise & Get a complimentary 3-month Zomato Gold membership', and 'Enjoy delicious discounts!'. At the bottom of the main content area are illustrations of a pizza, the Adidas logo, and a slice of pizza. Below the main content is a black bar with the text '[COUPON]' and a button labeled 'AVAIL NOW'. Below this is a section titled 'THE WORLD OF ADIDAS APPS' with a 'DISCOVER' button. At the bottom of the email are social media icons for Instagram, Facebook, YouTube, Twitter, and Pinterest, along with links for 'Privacy', 'Unsubscribe', and 'adidas.co.in'. A footer at the very bottom reads '© 2024 adidas Data Controllers: adidas AG'.

Use Case: Invitation to the loyal customers

Objective : Attract and retain customers with a rewarding loyalty program.

This campaign was executed in collaboration with Zomato to the adidas loyal customers wherein they were given a Zomato membership

Use Case 1 - XXX

MEN WOMEN KIDS STORE FINDER

YOU GOT THIS

**Presenting Team India New T20 Jersey!
Join the excitement!**

Get your jersey personalised at the nearest adidas store.

SHOP NOW

Get a chance to experience the T20 World Cup excitement live!

Enter our exclusive raffle to Screening of the match at Mumbai & Delhi to the highly anticipated India vs Pakistan match.

SIGN UP

THE WORLD OF ADIDAS APPS
DISCOVER

Privacy Unsubscribe adidas.co.in

Use Case: Special Event Invitation : FIFA world cup/T20 world cup screening)

Objective : Strengthen customer relationships through special events.

This campaign was executed specially for the adidas loyal members inviting them to participate and win a chance to win the live screening to the T20 cricket match

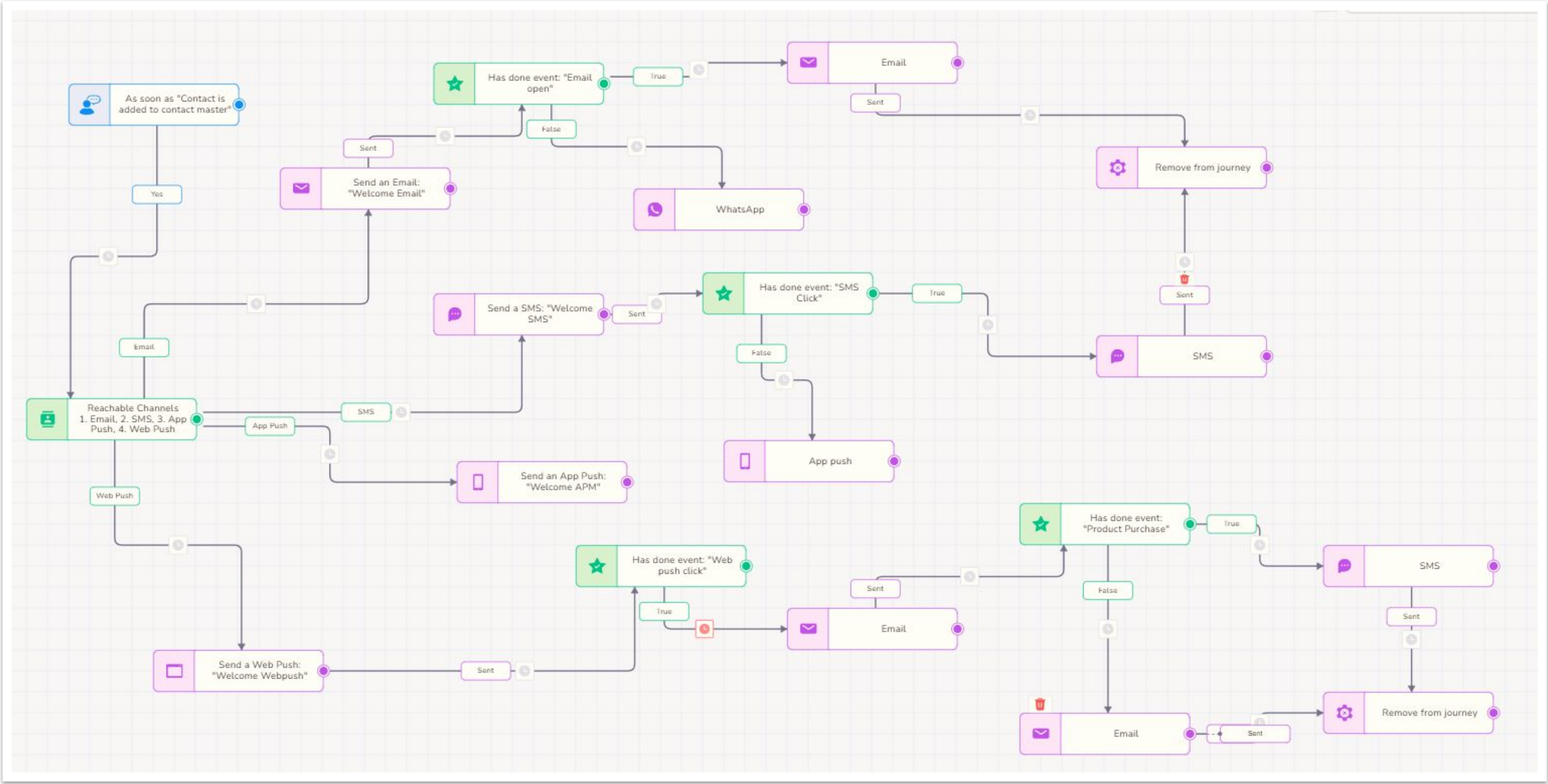
The screenshot shows the Adidas website's promotional banner. At the top, there's a navigation bar with the Adidas logo and links for 'MEN', 'WOMEN', 'KIDS', and 'STORE FINDER'. Below this is a large image of people in athletic wear. A red banner across the middle contains the text 'END OF SEASON SALE' and 'FLAT 40% OFF EXTRA 15% ON ORDERS ABOVE INR 4499'. Below the banner, there's a section titled 'ENJOY ADDITIONAL 10% OFF ONLY FOR YOU.' with a sub-headline 'It's been too long, and we've missed you! This offer is for a limited time, so don't wait around...'. A coupon code '[COUPON_EOSS]' is provided, along with a 'REDEEM NOW' button. Three product cards are shown: 'T-SHIRTS FROM INR 699 SHOP NOW', 'PANTS AT FLAT 50% SHOP NOW', and 'SHOES UNDER INR 3000 SHOP NOW'. At the bottom, there's a section for 'THE WORLD OF ADIDAS APPS DISCOVER' and a footer with social media icons (Instagram, Facebook, YouTube, X, Pinterest), links for 'Privacy', 'Unsubscribe', and 'adidas.co.in', and a copyright notice: '© 2024 adidas Data Controllers: adidas AG'.

Use Case: Personalized Offers/Coupons like (10%off)

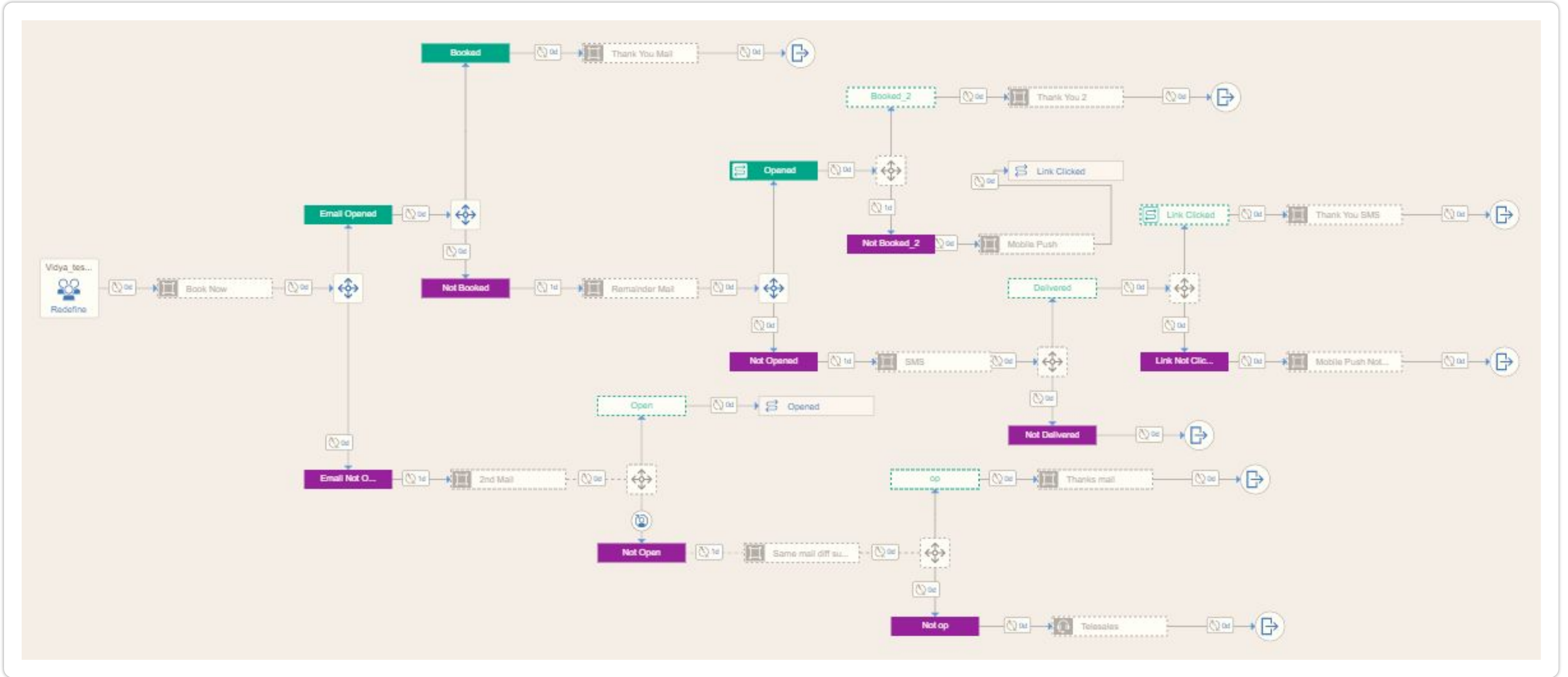
Objective : Increase loyal customer satisfaction with personalized offer and additional coupons to increase their CLV

This campaign was executed offering an additional coupon in addition to the existing offer to the loyal members to drive sales and create a sense of exclusiveness for the loyal members

Omnichannel welcome journey to drive AOV



Activate Revenue Generation Pre-Build Journeys



Case Study–Acquisition & AOV



Challenges

- Unable to leverage transactional data, to personalize & enhance CX.
- Unable to create customer segments that will propose the next-best offer (NBO).
- Limited or no success in cross-selling to existing customers.

Impact

CX

1

SVOC had 8+ identifiers & 32 attributes enabling targeted marketing & hyper-personalization

2

Dynamic customer segmentation **improved revenue** via net new customer acquisition by **4%**

3

Improved **wallet share** per customer by **4% within 3 months**

4

Saved 23% on marketing costs via marketing attribution & channel optimization

Case Study – AOV, CLV



Challenges

- Heavy revenue leakages due to cart abandonment
- Adversely impacting e-commerce store & Customer Experience
- Online traffic and viewing of products were high but transactions were very low

Impact

Journey Automation

1

8% additional contribution to monthly **revenues** with a **5.8% conversion rate**

2

54% open rate for cart abandon emails subsequently resulting in email open rates increasing by **5% for a customer data set of 1.2 million**

3

adidas could **save costs**, optimize acquisition spend, **increase CLV of segment of customers & increase engagement** in otherwise lost customer

Case Study – FOP, Retention rate

Reactivation



Challenges

- More than a 6th of the base turned out inactive, and heavy potential losses were incurred by the brand impacting an increased acquisition cost in creating a new customer base while the existing customer base was churning out of the system.

Impact

1

14% direct contribution to **monthly revenues by increased FOP**

2

Increased Open rates among inactive customers with about 41% average open rates noticed from month 1.

3

Indirect revenue contribution from this now **active base**

Case Study – Assortment Rate

Campaign Automation



Challenges

- Lack of streamlined, enhanced & synchronized prospect & customer engagement
- Critical touchpoints in the customer journey weren't integrated were adversely affecting visibility & CX
- Ad hoc ways of marketing impacted spend, efficiencies, and conversions

Impact

1

increase in click-throughs (30%) & increase in conversion rate (40%)

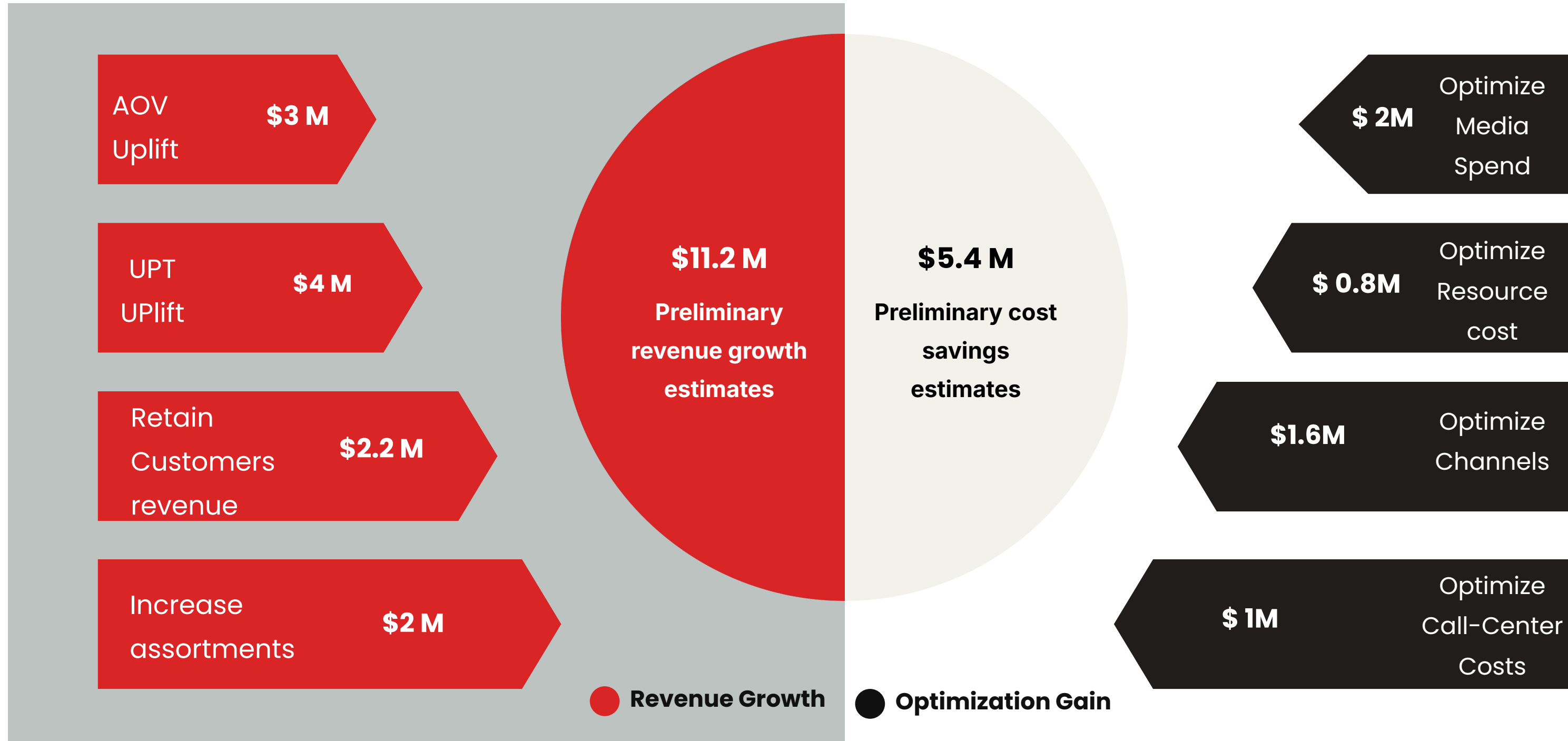
2

Analytics & insights around footwear sales by **type & popularity, return rate, conversion for sneaker enthusiast**

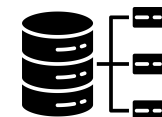
3

ML models like RFM, behavioral segmentation, and NBO enabled **creation intelligent real-time marketing**

Impact



The Engagement



The Architecture



The data

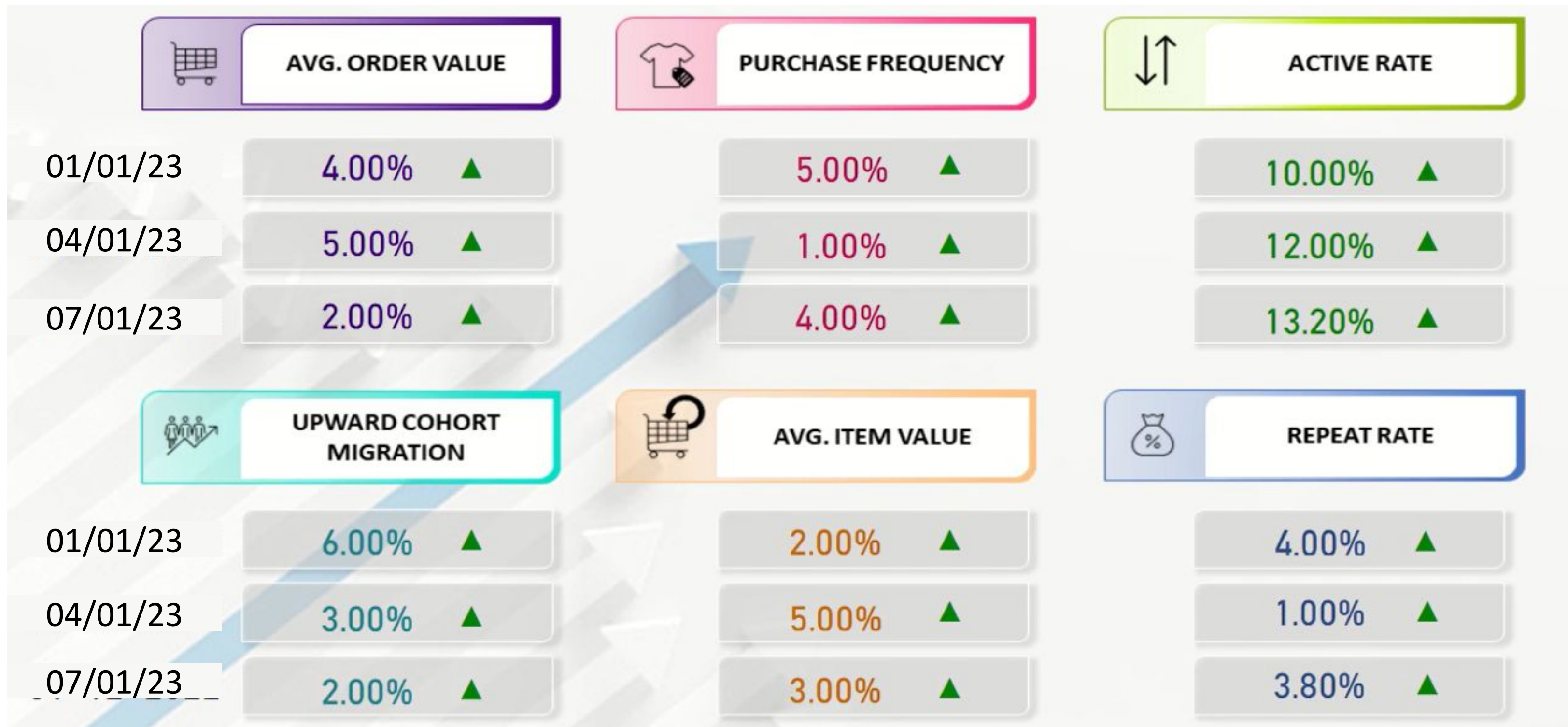


CLV



The Campaigns

DASHBOARDS AOV + FOP (SAMPLE)



Webinar Exclusive Offer

Theta and Comsense are teaming up for a limited CLV Activation Pilot.

**To Drive – Repeat Purchase, AOV, FOP, Upward
Cohort Migration, Reduce Churn**

[Click here to join the waitlist!](#)

Q&A