

297% Increase in Conversions for Global Leader in Baby Care Products Using a Predictive Modeling Customer Retention Strategy

THE CLIENT

The client is a global leader in baby and toddler care items. The company's products are sold in retail stores throughout the United States and more than 100 other countries.

THE PROBLEM

The client wanted to drive long-term relationships with their customer base and grow their market share for a line of toddler care products. Knowing that the risk of churn is high when customers transition from baby to toddler care products, the client wanted to leverage their first-party data to implement a new customer retention strategy.

THE SOLUTION

The client partnered with InfoTrust to implement a customer retention strategy powered by predictive modeling. Using data from the client's customer relationship management (CRM), loyalty program, website and app analytics, and purchase history stored in Google Cloud Platform (GCP), InfoTrust built gradient-boosted decision tree (GBDT) models in AI Platform in GCP. The models were designed to identify the customers that are most likely to make their first purchase of a toddler care product in the near future.

The models' predictions provided a ranking of customers from least to most likely to complete their first toddler care purchase. With these predictions, the client created audiences that they used for promotional targeting. The promotions were designed to reduce churn and decrease waste by excluding customers with high churn risk.

THE RESULT

The client activated the audiences by launching a promotional campaign that offered a \$1 reward to customers who made their first purchase of a toddler care product. To evaluate the models, the client ran a test to measure the conversion rate of the model-based audiences compared to the conversion rate of their conventional, rules-based CRM audience. The test, which included approximately 300K customers, showed that there was a **297%** increase in the conversion rate for the model-based audiences on average, achieving an average conversion rate of **8.22%** compared to 2.07% for the CRM audience. The test also measured the lift of the promotion compared to control groups: the promotion lift for the model-based audiences was **8.78%** on average, compared to 4.73% for the CRM audience.

The test results demonstrated that the client can leverage their first-party data to implement a successful, new customer retention strategy. The GBDT models effectively identified customers that are likely to make their first

purchase of a toddler care product and the audiences created from the models outperformed their previous methods. Through our partnership with the client, we proved that using a promotion to target the audiences recommended by the models was effective in driving incremental sales and reducing churn.

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