

# DISRUPTING THE CRAFT BEER MARKET WITH ANALYTICS- DRIVEN MARKETING

## A Client Story: BEERWULF

How Crunch Analytics provided a fast-growing e-commerce platform with the appropriate toolset & infrastructure that enables its marketing team to increase customer lifetime value by creating more meaningful customer relationships.

By bringing customer data together and introducing advanced analytics, the Beerwulf team was able to improve customer targeting and personalization which resulted in both higher engagement and conversion rates.

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## IN SHORT

*Situation, Solution & Success*

### Situation

Beerwulf is an online craft beer retailer looking to bring customer data together and extract relevant insights, to thrive in a highly competitive market.

These insights should substantially improve targeting decisions for future marketing campaigns & allow for a more personalized marketing approach, increasing the overall effectiveness of marketing efforts.

### Solution

By collecting customer data from various sources into a single customer view, we created an efficient starting point for any future marketing analytics project.

By introducing a customer segmentation & cross-sell prediction model, feeding the derived insights into Beerwulf's marketing automation tools, we enabled the team to improve targeting and personalization.

### Success

The Beerwulf Marketing Team is now equipped with the appropriate toolset and infrastructure, training and inspiration, to improve customer targeting and personalization.

Our methods resulted in both higher engagement & conversion rates, helping to increase campaign effectiveness, to create more meaningful customer relationships and increase customer lifetime value.

## THE CLIENT: HOW BEERWULF IS LOOKING TO CHARGE UP THE CRAFT BEER REVOLUTION

In the last couple of years, there has been **a true revolution in the beer industry**. Consumers are increasingly drawn to craft beers, trying new tastes and exploring the never-ending world of specialty brewers.

However, to connect these craft beer consumers with the hundreds of specialty brewers around the world, there had to be a specialty beer store. This is where Beerwulf comes in.

Beerwulf was founded in **2016** as a part of the **Heineken group**, offering the go-to platform for beer enthusiasts. As a purely online retailer, they operate a webshop where customers can explore hundreds of craft beers and purchase curated packs with a selection of beers from a particular region, beer style or brewer.

In less than five years, Beerwulf has become a household name in more than ten countries and has recently been named the **fastest-growing international e-commerce retailer in the Netherlands**.

**MARK  
SCHOLTEN**

Co-founder & CCO

source:  
retaildetail.eu 2017

“ We only focus on craft beers and we are more than a web shop. We advise consumers, with testing panels or consumer reviews for example We also suggest other beers or give tips about which beers to drink with certain types of food.

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## SITUATION

# BEERWULF'S CHALLENGE OF MAKING MARKETING CAMPAIGNS BETTER TARGETED AND MORE PERSONAL

*An in-depth study of the situation & its challenges*

Beerwulf faces **fierce competition** from online players as well as traditional supermarkets, who have been dedicating more and more shelf space to specialty beers in recent years.

In this highly competitive market, **effective marketing communication** is crucial for a company like Beerwulf to grow its customer base and stay connected with their existing customers.

To keep up with the ambitious growth targets, Beerwulf is continually looking to stimulate customer engagement and conversion through relevant advertising and marketing campaigns.

However, today's digital native consumers are no longer impressed by mere generic email blasts or spray-and-pray campaigns. In a world where everybody competes for attention, brands continually bombard consumers with non-personalized marketing messages.

Content that is not relevant will be ignored, or even worse, will lead to negative brand perception.

This is especially the case for a speciality store such as Beerwulf, who pride themselves on offering tailored information and recommendations according to the individual preferences of a customer.

Therefore, **targeted marketing and personalization** have become one of the main priorities for Beerwulf, as a means to set the company apart from its competition. To make the move to more personalized marketing communication, Beerwulf realized that it had to **unlock the value hidden in customer data**.

The team therefore asked us how to extract relevant insights from client data to **improve targeting decisions for future campaigns**.



## BEERWULF'S MAIN CHALLENGES

1

Create meaningful relationships with online consumers by providing individuals with tailored information & recommendations

2

Obtain the appropriate insights from customer data that can feed marketing automation tools, to better target campaigns & improve tailored content

3

Provide marketers with a single view on the customer, that brings all relevant client data together and provides an efficient starting point for future marketing analytics projects, with minimal strain on the IT department





## SOLUTION

# IN FOUR STEPS TOWARDS AN ANALYTICS-DRIVEN MARKETING ENVIRONMENT

*The solution described at length*



In close collaboration with the marketing team of Beerwulf, we applied our **Framework for Analytics-Driven Marketing** and assisted the team in upgrading their current setup to enable **improved targeting and personalization**.

This framework consists of **4 crucial steps**: collect customer data, understand customer behaviour, predict future interactions and test what works in practice.

In this section, we'll go over the specific actions we performed in each of these steps.

**1**

## STEP ONE: COLLECT BRINGING TOGETHER DATA ON CUSTOMER LEVEL

The first step in any analytics-driven marketing roadmap is **collecting all relevant customer data**.

The objective of this step is to combine and integrate data from various sources to get a complete view of the customer's profile and behaviour.

We typically use four types of data sources that add a lot of value to marketing activities. These are demographic data, transaction data, web traffic data and engagement data.

In the first stage of the project, we therefore combined the aforementioned data types from various sources and aggregated the data on customer level in the company's data warehouse. This **aggregated view** is the **starting point** of all future analyses and is therefore continually updated & maintained properly.

This stage is often a **huge & challenging hurdle** for marketing teams to overcome. But with **Crunch Analytics' team of experienced data engineers**, we swiftly created a smooth-functioning & resilient infrastructure.

### Demographic data

is the most basic data source and is usually quite static, such as age and location. It can be a good starting point for some marketing actions, but it surely doesn't allow for fine grained targeting. That's why we need the other data sources, which all depend on the behaviour of the customer.

### Transaction data

can for example tell us more about specific spending habits. Which types of beer does this customer buy? Are they discount sensitive? Are they buying for themselves or are they gift buyers?

### Web traffic data

can tell us a similar story by taking into account more than actual purchases. Which product categories is this customer looking into on the webshop? Which items does he add to his cart?

### Engagement data

tells us who is interacting with specific marketing offers and promotions. This allows us to learn exactly which content is resonating best with every customer, which is another crucial part of data driven marketing, as we will discuss later on.



## SOLUTION

# IN FOUR STEPS TOWARDS AN ANALYTICS-DRIVEN MARKETING ENVIRONMENT



*The solution described at length*

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## STEP TWO: UNDERSTAND

### IDENTIFYING GROUPS OF SIMILAR CUSTOMERS

Once the customer data is collected, we then put it to work and extract **relevant insights** from it. As an online retailer, Beerwulf is continuously looking to **improve key metrics** such as average order value, reorder rate and churn rate.

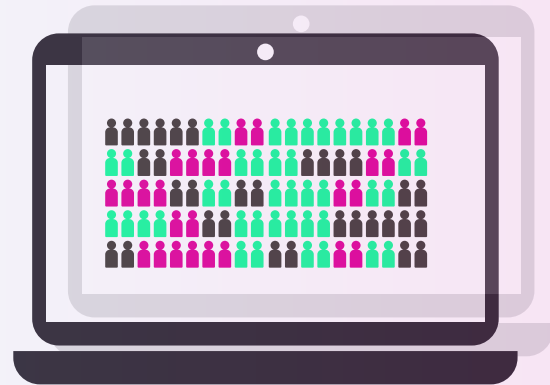
The first step in improving something should always be to understand by 'measuring it'. However, measuring these metrics across all customers is not always that insightful. The reason is straightforward. Not all customers are equal, and there is definitely not something as 'your average customer'.

To get more value out of relevant marketing insights and improve targeting decisions, a **crucial step** in understanding one's customer base is segmenting it.

The objective of **customer segmentation** is to find patterns in data that allow a retailer to identify groups of customers who have similar behaviours and interests.

In a first phase, these segmentations can be quick wins based on business rules and static criteria, such as demographics, markets or customer cohorts.

These quick wins result however in lesser fine-grained segments as they mostly cover a mere single dimension.



However, at Beerwulf, we enabled **the leap towards truly advanced analytics** and applied clustering algorithms to segment the company's customer base across a series of dimensions.

In a first phase, we used **a variety of dimensions** related to **the customer lifecycle and spending habits**. Using this information, we identified customers who are in a similar stage of their relationship with Beerwulf, such as loyal customers or high-potential customers.

By targeting these specific segments, we measured **a 2x uplift in engagement** and **a 10x uplift in conversion rate** compared to other segments.

Later on, similar clustering models can for example be built on category involvement data, identifying groups of customers who have similar preferences in terms of taste across multiple styles of beer.

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By identifying customers who are in a similar stage of their relationship with Beerwulf and targeting the highest value segments, we measured a 2x uplift in engagement and a 10x uplift in conversion rate compared to other segments.

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**DENIS  
GERMONPRÉ**

Data Scientist &  
Team Lead





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# IN FOUR STEPS TOWARDS AN ANALYTICS-DRIVEN MARKETING ENVIRONMENT



The solution described at length

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## STEP THREE: PREDICT

### IDENTIFYING OPPORTUNITIES FOR CROSS-SELLING

Alongside its catalogue of craft bottles and beer packs, Beerwulf sells **home tap devices (SUB)**. These devices allow a consumer to enjoy the perfect draught beer at the comfort of his/her own home.

As this is a precious product category with high customer loyalty, Beerwulf is especially interested in cross-selling home tap items to customers of other products.

However, the company has tens of thousands of craft bottle & beer pack customers that have yet to purchase a home tap device or their first home tap keg. If one were to look to the marketing challenge from a cost-effective point of view, **what types of customer should Beerwulf target & in what order?**

To answer this question, we had to use an analysis that is more proactive than mere customer segmentation. The perfect solution for this kind of challenge is **a look-alike model**, which can predict future customer interactions through machine learning algorithms.

In this case, we built **a model that can predict cross-selling opportunities**. A model that can identify which customers are most likely to start consuming these beer tap category items.

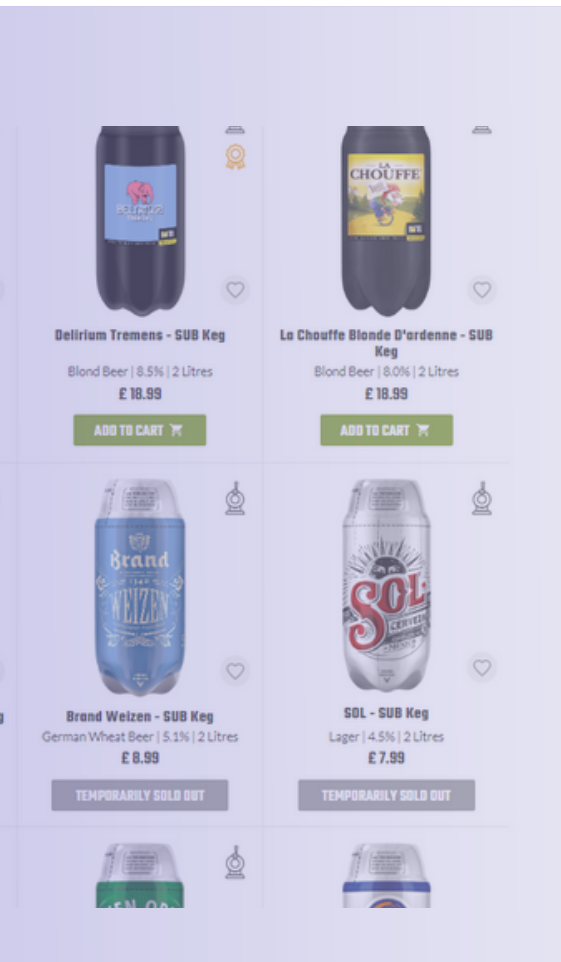
The model is grounded in patterns of historical data and the characteristics of customers who have already bought beer tap items before.

One can apply the same technique to a variation of customer interactions. Who is most likely to churn? Who is most likely to return an order? Who is most likely to be late on a subscription payment? The wide variety of business-

-challenges to tackle with look-alike modelling makes this one of the most valuable applications of a analytics-driven marketing strategy.

By applying this prediction model to determine which customers to target, Crunch Analytics enabled the team to gain **a 2x uplift in engagement** and a **4x uplift in conversion rates**.

Such means that the marketing team can allocate the appropriate budget, focusing on where it is likely to achieve **the highest ROI**.





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## STEP FOUR: TEST

### MEASURING CAMPAIGN PERFORMANCE FOR DIFFERENT TARGET GROUPS

So, we introduced customer segmentation and cross-sell prediction models to guide the marketing team's targeting decisions.

**The final step** of this four-step initiative is the one that **validates the business case**. Are these assisted decisions increasing the marketing effectiveness of specified actions?

To this end, we performed a number of **campaign experiments** together with the Beerwulf marketing team. In those experiments, we sent different messages to different groups of customers. We split these experiments into three groups: a test group, which is the actual target group based on our insights, and two control groups, one to test the effectiveness of the campaign itself, and one to test the targeting system.

**The results** of these experiments demonstrate significantly higher engagement levels and conversion rates for both the advanced customer segmentation and cross-sell prediction models.

This **mindset of experimentation and validation** closes the loop on analytics-driven marketing. The team can feed the data that was collected from these experiments (f.i. clicks, conversions) back into the customer view, to further finetune the analyses and improve future targeting decisions.

Moreover, this setup of experimentation and validation allowed the team to clearly **prove the business case** for this level of advanced analytics-driven marketing to its company management.

“

This mindset of experimentation and validation closes the loop on analytics-driven marketing. The team was able to clearly prove the business case for this level of advanced analytics-driven marketing to its company management.

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**LAURENT MAINIL**  
Co-founder  
& CEO





# SUCCESS



## Situation, Solution & Success

In this project, we laid **the foundation for a more effective analytics-driven marketing organization**. We have shown the value of bringing customer data together and introducing analytics for improved targeting and increased personalization.

By collecting data from various operational sources into **a single customer view**, we ensured an efficient starting point for many future marketing analytics projects.

One that is always up-to-date & easy to access without having to submit subsequent IT requests or being forced to rely on often outdated Excel lists.

We used these heaps of customer data to build both a **customer segmentation** and a **cross-sell prediction model**. By integrating the resulting customer segments and cross-sell propensity scores into Beerwulf's marketing automation tools, marketers can now quickly refine target groups with the single click of a button.

In essence, the team is now equipped with the **appropriate toolset and infrastructure**, training and inspiration, that has proven it can substantially **increase marketing campaign effectiveness, help create more meaningful customer relationships & increase customer lifetime value**.

### GET IN TOUCH!

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### OTHER RETAILERS WE WORKED WITH

## CAN WE HELP YOU TOO?

Do Beerwulf's challenges sound familiar? Are you also looking to extract more insights from your customer data to guide marketing decisions?

**Be sure to get in touch.** Guided by our team of retail analytics experts, we'll discuss how analytics-driven marketing could fit into your marketing plan and help reach your business objectives.



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