Energizing email marketing with Pecan:
Hydrant refines outreach with customer foresight

Industry	**Consumer wellness products**
Company Size	**Over $15 million in investment** **1000s of retail and ecommerce customers**
Solution	**Improve email marketing conversion rates** **and optimize marketing budgets**
Platform Use Case	**Upsell, subscription conversion, and** **churned customer winback**
Data Stack	**Klaviyo™	Shopify™	and Snowflake™**

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John Sherwin, CEO, Hydrant

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Weeks to build the model with Pecan and generate predictions

2.6x

Higher conversion rate using Pecan predictions to target winback offers

3.1x

Higher revenue per customer from promotions targeted using Pecan's predictions

Overview

Drinking water might seem like enough to rehydrate after a workout. But Hydrant — maker of electrolyte drink mixes — knows better, thanks to science.

When Hydrant wanted to rehydrate their customer retention strategy and win back more previous purchasers, they again turned to science — specifically, predictive analytics with Pecan.

Hydrant, a wellness brand founded in 2018 in New York, sells their drink mixes both through their own ecommerce channel and through retail partners like Whole Foods. Website customers can purchase products individually or through subscriptions. Its founders had observed how often dehydration affected people around them, and raised over $15 million to bring their solution to market (chemistry pun intended).

To keep website customers well-hydrated, Hydrant sought to use predictive analytics to understand which customers were more likely to churn, so they could potentially be retained. They also wanted to know which past customers could be enticed back. With Pecan's accurate predictive models, customers' likely future behaviors could be anticipated and addressed proactively through targeted outreach.

Challenge

Refining email offers to focus on customers' buying patterns

Hydrant heavily relies on email marketing to bring customers to their e-commerce site. Prior to working with Pecan, they struggled to provide offers based on defined customer segments, detailed knowledge of customer preferences, or their likelihood of response. The goal, therefore, was to improve email marketing conversion rates and optimize marketing budgets.

They hoped to identify:
- Customers who were most likely to place another order.
- Customers who would convert from single purchases to subscribers.
- Churned customers with potential to be won back for another purchase.

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> # The models were incredibly accurate in identifying which customers would more likely respond to our offers and make new purchases.

John Sherwin, CEO, Hydrant

Solution

Sharpen email marketing precision with predictions of future customer behavior

Hydrant relies on Klaviyo™ for marketing automation, Shopify™ for e-commerce, and brings all their customer data together in Snowflake™. The Pecan platform was connected across their end-to-end stack. Pecan retrieves modeling data directly from Snowflake, and feeds predictions back into campaigns managed in Klaviyo.

Starting with Churn. Pecan's churn model – built in just 2 weeks – analyzed thousands of customers' purchase history over 180 days. Whether an existing subscriber or just a single-purchase customer, Pecan was able to generate granular predictions for each customer about whether they would purchase again, or churn.

Instead of simply segmenting Hydrant's customers into rigid groups, Pecan provides a precise numerical prediction for each customer's churn likelihood, as well as details of which variables contributed most to that prediction. This gives Hydrant the flexibility to determine which customers should receive selected marketing messages and discounts that align with their future purchasing potential.
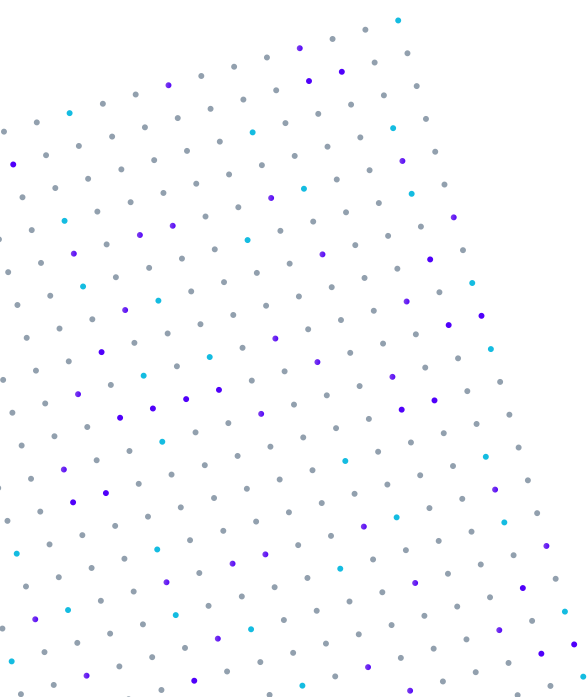
Pecan's models predicted actual customer churn with high accuracy, informing marketing strategy
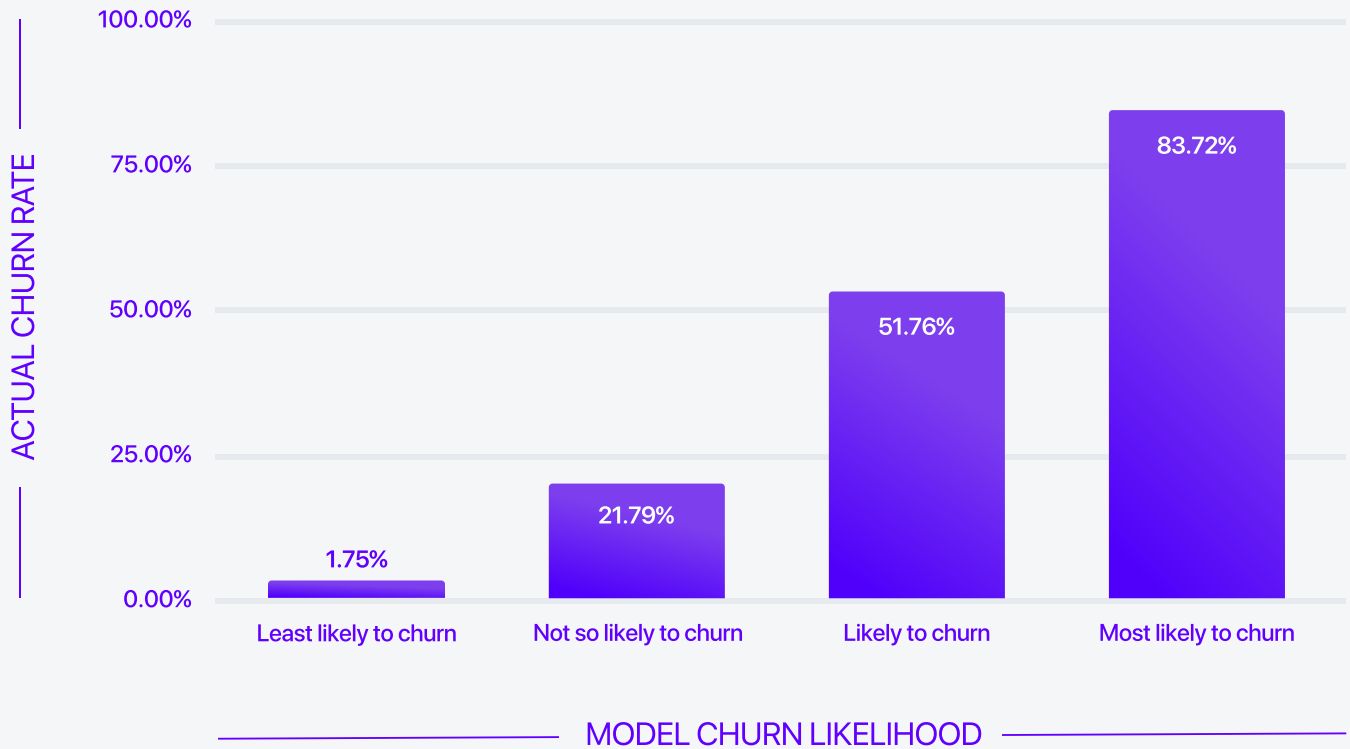
Pecan's churn model predictions closely matched customers' actual future behavior. Of the customers predicted by the Pecan model to be least likely to churn, less than 2 percent of them ended up not returning to Hydrant. Of those customers predicted to be most likely to churn, over 83% did indeed churn.

The knowledge of customers' likely future behavior allowed Hydrant to focus marketing efforts on the customers who would stick around to buy again, while also conserving resources by not offering discounts to customers who would return without those incentives.

Expanding to winback

Pecan also built a model to predict winback. This model analyzed data for customers who had not made a purchase for at least 2 months, and then predicted whether the customers would buy again in the following 30 days. Because of Pecan's automated data-to-action capabilities, including automated data preparation and rapid deployment capabilities, Hydrant was able to quickly generate predictions of customers' future purchasing behavior based on whether they had not purchased in the last 60, 90, 120, 150 and 180 days.

In winback campaign A/B testing, Pecan's predictions resulted in a higher winback rate than the control groups. Customers who were predicted to have the lowest chance of returning to purchase again were sent targeted offers; they then had a 2.6x higher conversion rate and a 3.1x higher average revenue per customer than a control group.

"Pecan's predictions informed our marketing efforts, helping us reach out to the right customers and allocate spend in the right places," says John Sherwin, CEO of Hydrant. "The models were incredibly accurate in identifying which customers would more likely respond to our offers and make new purchases."

Understanding future customer behavior invigorates marketing

It may be tempting to give up on likely-to-churn customers or those who haven't purchased for a long while. However, retaining customers and bringing them back into the fold is generally understood to be less expensive than acquiring new customers. That's especially true when marketing funds are allocated wisely on those customers identified as most likely to respond to outreach and offers.

Partnering with Pecan has helped Hydrant more accurately understand customers' future behavior to optimize marketing spend and empower proactive planning. Just like Hydrant's products re-energize their customers for peak performance, Pecan's predictive analytics has brought new energy to their marketing strategy.

Get foresight into customers' future behavior with BI-friendly predictive analytics.

Get a demo →

Pecan