COHORT BASED MARKETING

To Build communities and drive subscription revenue model

Introduction

Knock Knock? Who's there?
OPPORTUNITY.

Consumer brands have the opportunity to expand into new markets, increase sales, launch a subscription model, and reap larger margins with less effort.

The pandemic has had a significant impact on all of us, but it has also increased people's usage of the internet for shopping. Companies that sell consumer packaged goods (CPG) have their own specific eCommerce channels via which they can sell directly to customers.

We'll talk about what cohorts are and how we can use them to establish a community and promote subscription revenue models in today's topic.

Let's break down this
topic into three segments
(already giving you
a hint of what a cohort is)
i.e

Subscriptions

Community Building

Cohort Marketing

What is the subscription revenue model?

Let us give you a brief history of this model for those who are just learning about it now. Since its inception in the 17th century, subscription has been a staple of sectors such as periodicals, utilities, and, more recently, software. As a result, subscription revenue is based on building long-term connections with clients who will pay for access to the product regularly, also known as recurring revenue.

We are sure half of the audience reading this have their Netflix subscription (or you're probably using your friend's account), well, this is the best example of what a subscription is.

How is the Subscription Revenue Model beneficial for us?

1. Increase in customer lifetime value

Customers are said to be the King and Queen, and nothing beats client lifetime value for us. With a subscription commerce model, businesses may build long-term relationships with customers based on convenience, dependability, optimizing organizational behavior, and the capacity to suit their specific demands.

2. Increased customer acquisition ROI

We all desire to achieve greater heights at all times!. A subscription model allows for a far larger return on investment. The higher the customer's lifetime value and the better the return on their purchase cost, the longer they subscribe.

As a result, it's preferable to focus on minor details such as who your subscribers are, if they subscribed after their initial purchase, and so on. Almund's analytics function allows you to see all of your Shopify eCommerce stats as well as social media statistics. Getting statistics on how their posts and campaigns are performing from their connected social media accounts and gaining insights into how their store is performing. Here are a few more reasons why you should consider using a subscription income model.

According to clutch, a leading market research firm, 54% of shoppers are engaged with a subscription service.

63% of media publishers say turning audiences into paying subscribers is a key challenge when creating subscription products.

2. According to CMX research from the year 2016, 85% of marketers and community builders believed that having a branded online community would improve the customer journey and increase trust on the brand.

COMMUNITY

What exactly is a community, and why is it so vital in creating an organization's behavior?

Creating a community is analogous to expanding your circle of friends. It can also be the most useful and honest source of feedback for businesses, in addition to facilitating growth. Start by understanding who your clients are and what they care about that is relevant to your brand as you begin the process of establishing a community around it.

Community marketing is a method for increasing brand awareness that focuses on bringing customers together.

Why is it important
to build a community?

Chance to know your target market becomes easy

Cost effective, yet impactful

Gives your brand a personality

Community Building

Customer service improvement

Increase in rate of returning customers

Loyalty and Trust

3. Let's get to the main event - COHORTS.

What are cohorts, how do we perform cohort analysis, and why should we perform cohort analysis?

Cohort in simple words are a group of people who share specific experiences, events or other factors.

These cohorts are used to discover and target market segments that, while they may fit into other models, are better aggregated and treated as a single entity. Many organizations use cohort analysis as part of their targeted marketing activities.

What is cohort analysis? And why do we need it?

Cohort analysis, like our feature Avatar, is a subset of behavioral analytics that takes data from a certain eCommerce platform or web application, and looks at all users as a single unit, rather than looking at all users as a single unit. The avatar function aids in the evaluation and classification of consumer groups, allowing for more targeted marketing activities. Market segmentation is used by businesses of all sizes to better understand and meet the demands of diverse consumers, also known as target demographics, to optimize marketing efforts and provide the finest products.

For analysis, it divides them into groups that are connected. It aids in the tracking of interaction over time.
Cohort analysis is useful because it helps to distinguish between growth and engagement measures, which can easily disguise engagement issues.

EXAMPLE OF COHORT ANALYSIS

App Launched ↓   % Active users after App launches →

Cohort	Users	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10
Jan 25	1098	100%	33.9%	23.5%	18.7%	15.9%	16.3%	14.2%	14.5%	Retention over user lifetime		12.1%
Jan 26	1358	100%	31.1%	18.6%	14.3%	16.0%	14.9%	13.2%	12.9%			
Jan 27	1257	100%	27.2%	19.6%	14.5%	12.9%	13.4%	13.0%	10.8%	11.4%		
Jan 28	1587	100%	26.6%	17.9%	14.6%	14.8%	14.9%	13.7%	11.9%			
Jan 29	1758	100%	26.2%	20.4%	16.9%	14.3%	12.7%	12.5%				
Jan 30	1624	100%	26.4%	18.1%	13.7%	15.4%	11.8%					
Jan 31	1541	100%	23.9%	19.6%	15.0%	14.8%						
Feb 01	868	100%	24.7%	16.9%	15.8%							
Feb 02	1143	Retention over product lifetime		18.5%								
Feb 03	1253											
All Users	13487	100%	27.0%	19.2%	15.4%	14.9%	14.0%	13.3%	12.5%	13.1%	12.2%	12.1%

As you can see in this example, 27 percent of all new users during this period (13,487 users) are maintained on day 1, 12.5 percent on day 7, and 12.1 percent on day 10.

Whatever critical performance indicators you select for your business, cohort analysis allows you to see how they change over time, both for customers and for products.

90% of communities say that suggestions from the community have been used to improve products or services

64% of companies state the brand community has improved their decision making

80% of marketers indicate that building brand communities has increased traffic

Conclusion

First, we've looked at cohorts, cohort-based marketing, and cohort analysis. This allows you to categorize your clients into distinct events, experiences, and so on after they've been studied.

Second, these clients may be turned into a community. Creating a community around a brand ignites growth and fosters long-term customer relationships. D2C companies that devote time and resources to community marketing achieve significant results. Building a community around your brand is also one of the most effective methods to provide value to customers at every point of their journey, improve product design, and boost customer lifetime value (CLV).

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