

Customer base evolution at <http://www.netgrocer.com>

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Overview

- **Introduction to netgrocer.com**
 - Business model and scope of operations
- **Data**
 - Disaggregate transaction information
 - Matched zip code information
- **Preliminary analysis**
 - Descriptive statistics
 - Tobit analysis
- **Conclusions/Research questions**

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Data

- **Disaggregate transaction information**
 - Customer identification code
 - Total transaction value
 - 389,410 transactions (05/01/97 through 02/14/01)
 - 165,176 customers
 - (disaggregate basket data is available)
- **Matched zip code information**
 - Match to census data
 - Match to retail competition data

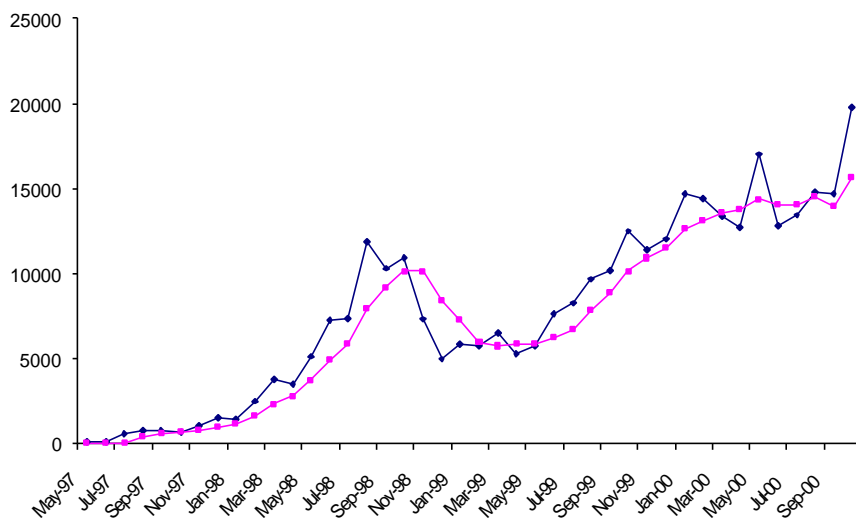
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Preliminary analysis

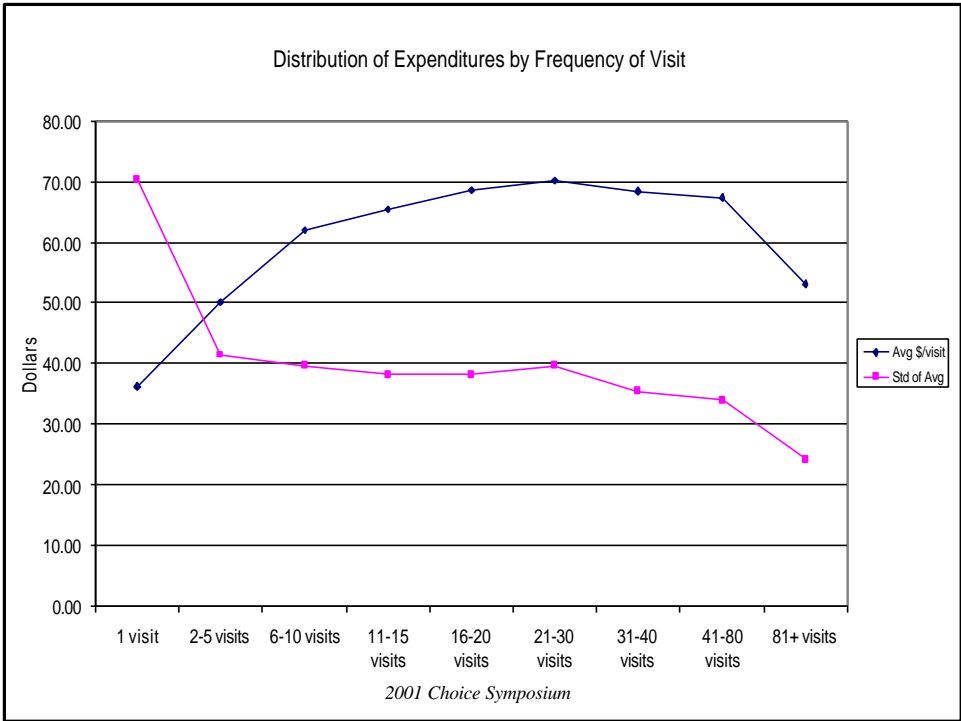
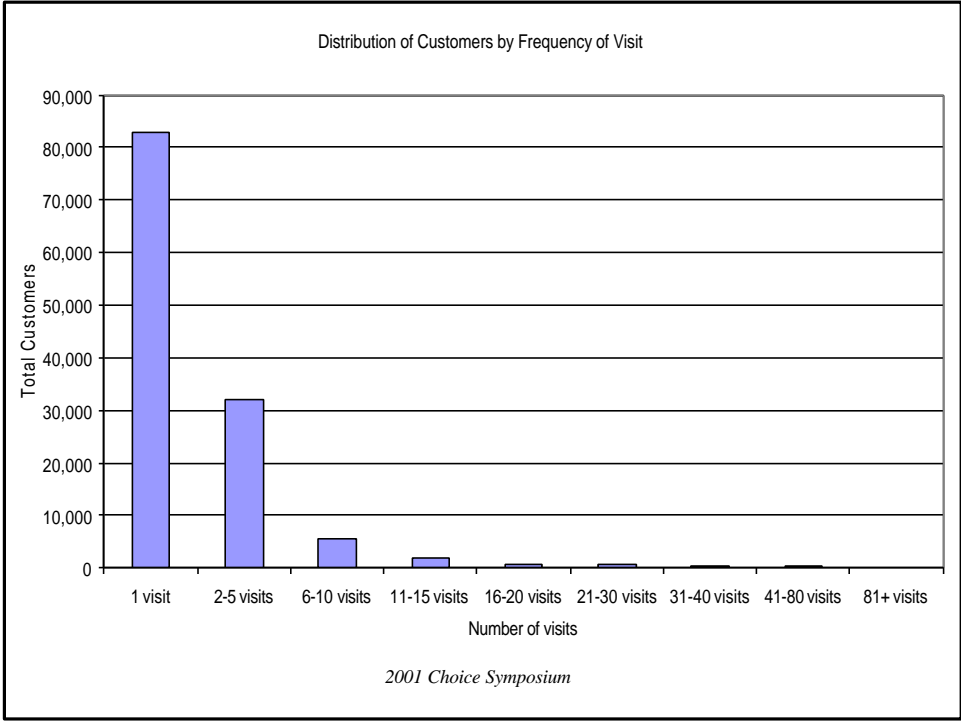
- **Customer value**
 - Transaction frequency
 - Transaction value
 - Any discernible patterns?
- **Customer base evolution**
 - Evolution over time
 - Evolution over space
 - What drives this?

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Orders per month



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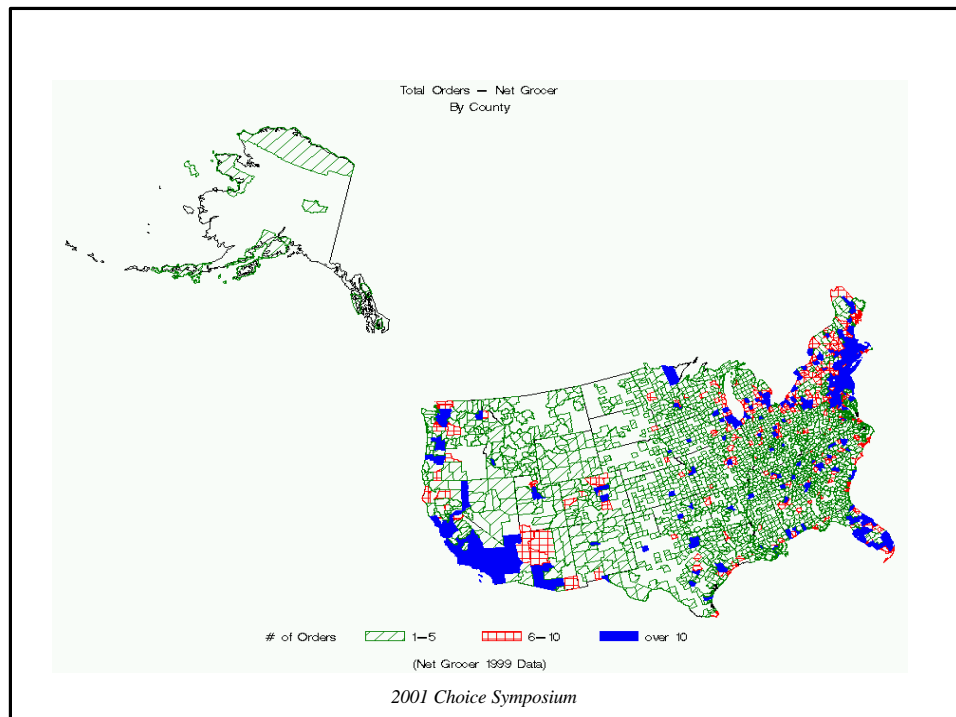


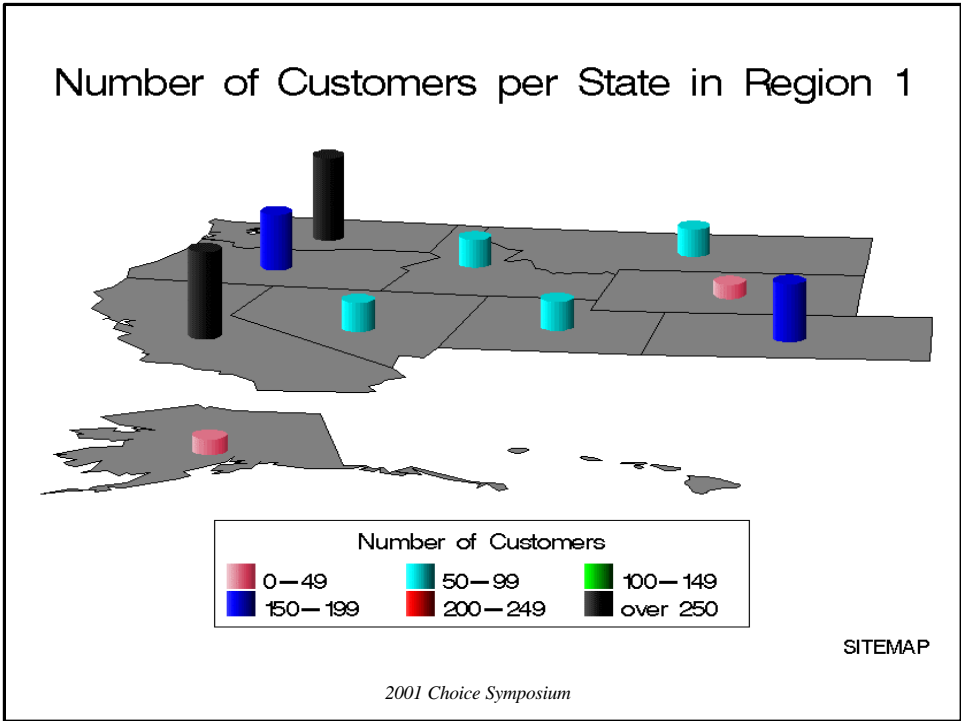
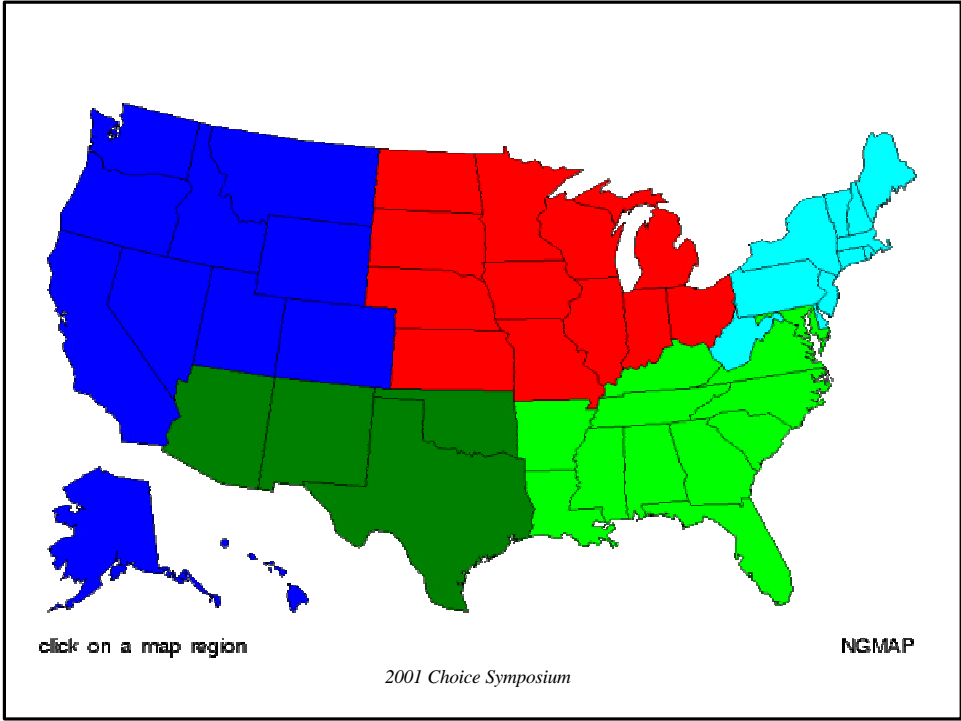
Preliminary analysis

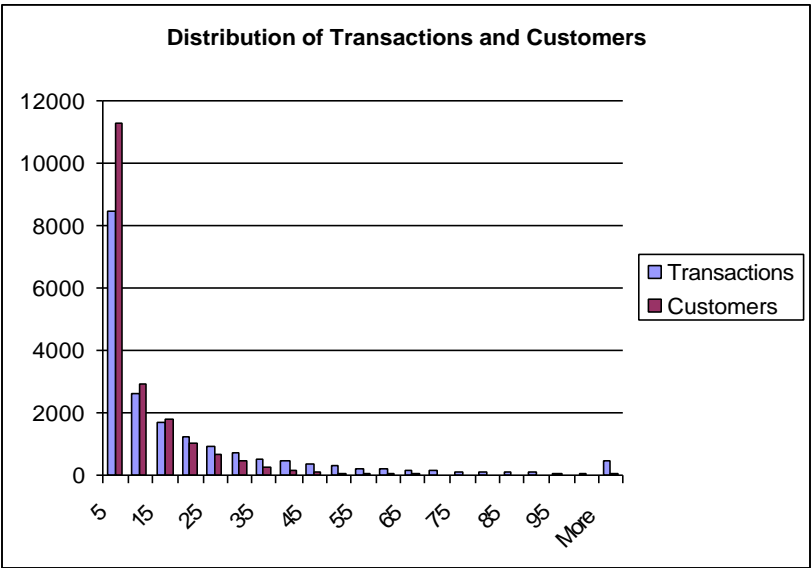
Unit of analysis is the zip code

- Approximately 29,700 residential zip codes in the US
- Netgrocer ships to 19,102 of these (64%)
- Per zip code:
 - Average earnings = \$136.65
 - Average number of customers = 8.64
 - Average number of transactions = 20.40

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Intercept	-29.9986	< 0.0001
Population	0.0011605	< 0.0001
Population density	0.0055029	< 0.0001
Wealth	213.850	< 0.0001
Home values	-72.068	< 0.0001
Large family	-66.662	< 0.0001
Solo household	134.102	< 0.0001
Asian percentage	-53.469	< 0.0001
Hispanic percentage	-15.295	< 0.0001
Black percentage	-29.076	< 0.0001
Elderly	-71.316	< 0.0001
College educated	16.216	< 0.0001
Supermarket sales	0.0000694	< 0.0001
Drugstore sales	0.0002104	< 0.0001
Warehouse clubs	-0.0000182	0.7447
General merchandizers	0.0000099	0.1593

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Intercept	-2509.5	< 0.0001
Population	0.077740	< 0.0001
Population density	0.416720	< 0.0001
Wealth	16882.4	< 0.0001
Home values	-5016.8	< 0.0001
Large family	-5496.0	< 0.0001
Solo household	9104.5	< 0.0001
Asian percentage	-4486.7	< 0.0001
Hispanic percentage	-812.7	< 0.0001
Black percentage	-1713.9	< 0.0001
Elderly	-5147.7	< 0.0001
College educated	807.9	< 0.0001
Supermarket sales	0.0049029	< 0.0001
Drugstore sales	0.0130100	< 0.0001
Warehouse clubs	-0.0040377	0.4151
General merchandizers	0.0008719	0.1642

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