How Data-driven Marketing Quickly Becomes a Company-wide Habit

Stripe International Inc. Uses CDP to Improve Sales & Supply Chain Logistics with Predictive Analytics

STRIPE Int'l

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◆ **TREASURE DATA**

At Stripe International Inc., the effective use of customer data has become a healthy habit. Like many companies, the apparel retailer and lifestyle brand company started using customer data to improve its advertising results and grow its customer base. The results of its first foray into CDP-driven data modeling were so compelling that the company decided to expand the use of its customer data platform (CDP). Stripe now leverages its deep understanding of customers to other parts of its business, including how it manages its supply chain and inventory levels.

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Shigeki Yamazaki
Advisor of the Digital Transformation Division,
Stripe International Inc.

How to Make Using Data Analytics Your New Way of Doing Business

Stripe's initial objectives were similar to those of many companies contemplating buying a CDP. Stripe wanted to evaluate its customer acquisition efforts, including its advertising. It also intended to use Treasure Data Customer Data Platform to understand its customers better, keep the brand experience of existing customers fresh and fashionable, and avoid cannibalizing existing sales with new online programs.

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Today, the list of Stripe's data-driven initiatives includes everything from personalized customer journeys and targeted selling in its retail and brand business, to synching its supply-chain systems and hyperlocalizing store inventory using CDP-powered projections of customer demand based on sophisticated customer behavior models and AI. But the company started with a few pilot CDP programs, then built on its early successes for more company-wide digital transformation.

How Stripe Got Started Using Customer Data as a Competitive Asset

Stripe is in the apparel and cosmetics retail business and in addition, has dozens of its own brands, such as its popular "earth music and ecology" brand. The company's diverse businesses also include food, hotel, and a growing subscription business called Mechakari. The corporate slogan translates to "a lifestyle and technology company," and with so many different brands and businesses, Stripe wanted to model customer behavior across brands by building unified profiles from its many different data sources, including:

- First-party data such as online and in-store purchase histories
- Advertising and behavioral data
- Second-party and third-party data
- IP location and NPS data
- Weather data

Once the Treasure Data CDP started ingesting data from these sources and constructing unified profiles of customers and their behavior, Stripe used Treasure Data's analytics capabilities for predictive scoring, targeting and segmentation, and lookalike analysis to find new prospects for Stripe's lifestyle brands. The company modeled customer behavior to discover if high click rates and good lead generation were the result of effective advertising and relevant promotions, or other factors. The results were so impressive that Stripe decided to look for ways to use its newly enhanced understanding of customer behavior to rationalize its supply chain.

Matching Supply Chain Logistics and CDP-Predicted Demand

Next, the company decided to use the insights and predictive models of its customers' behavior to understand how to tailor its supply chain. Their goal was to have the right merchandise, in the right stores, at the right moment for customers to find what they need right away.

Kazuki Enomoto, Director of the Digital Transformation Division of Stripe International Inc., explained this supply chain optimization stage of Stripe's development efforts in a talk titled, "A Comprehensive Look at Our Journey to Create Data-driven Organizations."

Before CDP
When a new product was introduced, for example, available stock was apportioned to individual stores according to each store budget, and then sent from the distribution warehouses that initially held it. Stripe monitored sales numbers at each store, and stores that ran out of stock would receive replenishments from the distribution warehouses. When the distribution warehouses ran out of stock, the stores would manually reallocate stocks among themselves through interstore transfer. The ultimate aim, of course, was to sell all of the stock of every item.

After CDP
Stripe wanted to hyperlocalize its inventory in order to sell it all, by predicting which stores would be most likely to sell more, based on the previous behavior of each store's customer buying patterns. In addition, today the Treasure Data CDP updates and adjusts its AI-driven predictive

analytics models in near-real-time, so that reordering from suppliers is continuously adjusted and expedited based on fresh incoming customer data. Associates also wanted to have some control over the process, so Enomoto's team worked in provisions for their input as well.

The Result
"Demand prediction and stock optimization prevented opportunity losses, maximized sales and improved the bottom line. And another indirect benefit is that as their work efficiency increased. The staff were able to spend more time attending to the customers, which contributed to better customer experience. We received positive feedback from the store staff," Enomoto says.

This combination of CDP-driven automation and the improved experience for the store personnel yielded fruit right away. Following the launch of the system in April 2018, the Apparel Division's budget versus actual performance improved over the pre-CDP periods, as more frequent stock follow-ups led to fewer lost opportunities and higher sales.

Revenue attainment shot up from about 90% of goal to more than 160% of target in about three months. Encouraged by the success, Enomoto's team also automated interstore transfer management by building on the initial pilot system, which resulted in additional efficiency and estimated labor cost savings of 23.4 million yen, or about $220,000 per year.rationalize its supply chain.

Real-World Tips for Using CDPs to Drive Digital Transformation

From his experience in championing CDP-driven improvements at Stripe—most notably in matching predictive insights about customer behavior with supply chain logistics to hyperlocalize store inventory, Enomoto cites three important tips for successfully driving digital transformation:
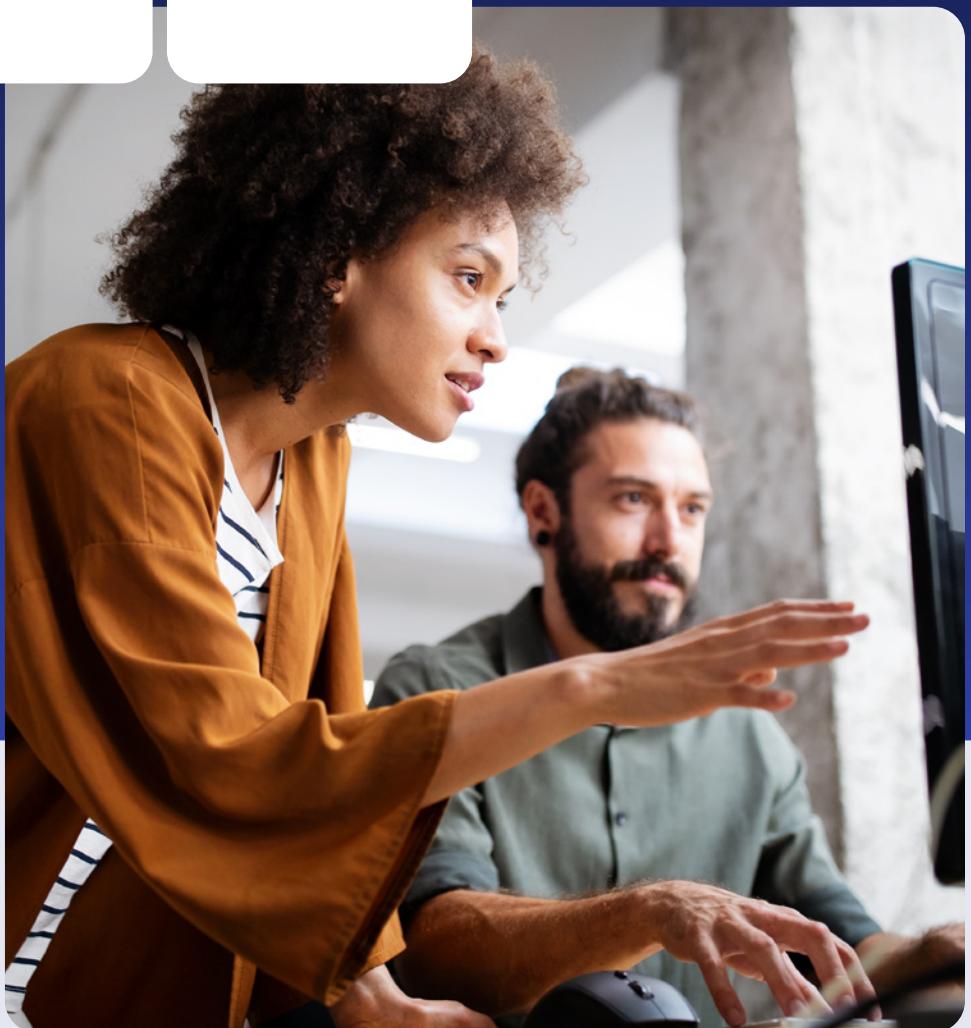
Start small and make incremental improvements to grow quickly.

Create a process that requires the participation of people.

Don't try to prove the result by sales numbers alone.

Digital Transformation Is Never Really Finished—But CDPs Help Roll with the Punches

But Enomoto says Stripe isn't done yet with its digital transformation—or creative ways to use its CDP.

"Going forward, our plan is to increase the accuracy of the system with further use of AI. And we hope to further expand our data utilization platform around the Treasure Data CDP to achieve even greater customer satisfaction"

Kazuki Enomoto
Director of the Digital Transformation Division of
Stripe International Inc.

TREASURE DATA

ABOUT TREASURE DATA

Treasure Data offers a best-of-breed enterprise customer data platform (CDP) that powers the entire business to shape customer centricity in the age of the digital customer. We do this by connecting all data into one smart customer data platform, uniting teams and systems to power purposeful engagements that drive value and protect privacy for every customer, every time. Treasure Data is trusted by leading companies around the world, spanning the Fortune 500 and Global 2000 enterprises.

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