

Case Study

How Boxycharm Increased Loyal Customer Acquisition With Predictive LTV

The Company

BoxyCharm is a monthly beauty subscription box, with more than one million subscribers in North America. BoxyCharm offers each subscriber four or five full-size beauty products or items each month, from both independent and established brands.

The Challenge

Acquiring more loyal customers

BoxyCharm's ability to further fuel its sustainable growth is dependent on the brand's ability to retain their existing subscribers while attracting new ones.

The company wanted to optimize its digital marketing efforts to appeal to users who were less likely to churn, and that are expected to have a higher lifetime value, rather than applying common practices, focusing on minimizing CPAs and optimizing for CAC payback.

Results Overview

- 23%** higher retention rate at the end of a four-month period for the "high lifetime value" optimisation cell
- 35%** predicted higher retention at the end of a 6-month period for the "high lifetime value" optimisation cell
- 81%** predicted higher retention at the end of a 12-month period for the "high lifetime value" optimisation cell
- 30%** higher return on ad spend at the end of a 12-month period for the "high lifetime value" optimisation cell

The Solution

User-level predictive models and LTV signal optimization

30% of BoxyCharm's customers with the highest lifetime value are responsible for 70% of its revenue. With that notion in mind, the marketing team at BoxyCharm worked with Voyantis to optimize their campaigns on Facebook for a maximum lifetime value, via the network's Conversions API. It then shifted ad spend towards reaching users who were most likely to be loyal customers, and hence have a higher LTV.

BoxyCharm and Voyantis identified a strong correlation between customers' lifetime value and their answers to an online quiz they are asked to complete after subscribing. Voyantis then created a predictive

model to gauge the likelihood of a user to become a customer with high lifetime value. The output value of the model was then sent as a signal to the Facebook Conversions API, which used the information to optimize the campaign.

To test the effectiveness of this approach, BoxyCharm ran a split test, comparing between optimizing for a standard subscription event, and optimizing for high lifetime value subscribers, obtained via the Voyantis model output that had been seamlessly sent to the network's Conversions API.

The Results

Incremental improvement in customer retention

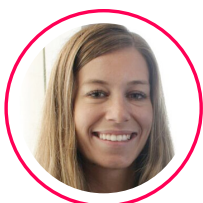
The American beauty subscription increased its four-month retention rate by 23% after implementing Voyantis Growth Marketing Platform, appealing to new subscribers who were most likely to become loyal customers with high LTV.

Between July 17–31, 2021, the Voyantis campaign achieved the following results, in comparison to BoxyCharm's standard optimization event:

- **+23% Retention rate at the end of a 4-month period**
- **+35% Retention at the end of a 6-month period**
- **+81% Retention at the end of a 12-month period (predicted)**
- **+30% ROAS at the end of a 12-month period**

Voyantis' predictive UA solution enabled BoxyCharm to optimize its Facebook campaigns towards the predicted value of its customers, resulting in significant reduction in churn, and substantial uplift in ad spend ROI.

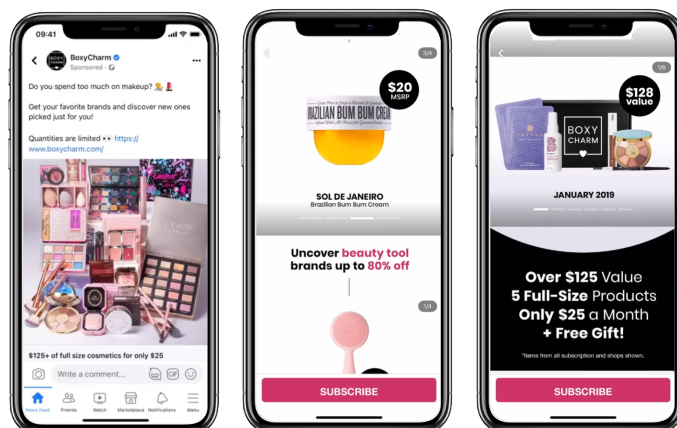




Alessandra Sales

VP of Growth, BoxyCharm

"After we understood we have a significant lifetime value variance within our subscriber base, we worked with our Facebook and Voyantis teams to create a prediction model that uses the Conversions API to enable us to optimize our acquisition investment on Facebook for lifetime value and not just to first-time purchase value. Using this prediction model, we were able to improve the 12-month return on ad spend by 30%."



Based on an official Facebook [case study](#)