COMPANY: Élanova Beauty Corp

TERITORY: Western Europe

DEPARTMENT FOCUS: Finance, Marketing, and DTC eCommerce

Graphite Note Enterprise Value Playbook for

Élanova

AI/ML Strategy to maximize customer lifetime value, reduce promo overuse

Context & Why-Now

Élanova Beauty Corp is a **mid-sized Western European beauty brand** with ~€480M annual revenue, competing in a crowded cosmetics market dominated by global giants and agile DTC upstarts. The region's beauty industry is rebounding, with online channels now driving **41% of beauty & personal care sales**. Consumers have become highly **price-sensitive and expect personalization**, switching brands readily when engagement falters. **Digital-native competitors** leverage AI for tailored offers and efficient operations, raising the bar. In this climate of thin margins and inflationary pressures, relying on intuition and blanket promotions is perilous – **personalization at scale and data-driven decisions are now "must-haves"** to maximize customer lifetime value and protect margins. **In short, the competitive stakes for applying AI/ML have never been higher**, as those who excel at customer intimacy and precision marketing are growing significantly faster (often deriving 40% more revenue from personalization than peers).

Cost of Inaction

Failing to adopt AI/ML in customer and marketing decisions incurs substantial hidden costs for Élanova. **Value is leaking in key areas directly tied to lifetime value and promotion overuse**:

- **Inefficient Promotions – Margin Erosion:** Industry studies show **~60–84% of price promotions don't break even**. CPG firms routinely invest ~20% of revenue in promotions, yet much of that spend simply subsidizes existing sales. For Élanova, an estimated €96M goes into promotions annually; if ~**€80M of that generates no incremental profit** (as **84% are unprofitable**), that's a **16.7% of revenue leakage**. This lost value directly hits margins – essentially **tens of millions (€50–€80M)** wasted each year due to untargeted or excessive discounts. Moreover, habitual discounting trains customers to expect lower prices, **eroding pricing power and brand equity**. The **cost of inaction** is a steadily shrinking margin (promos can cut margin by 5+ points) and a weakened brand position.
- **Customer Churn – Lost Lifetime Value:** In the absence of AI-driven retention efforts, **customer churn silently eats away at revenue**. Élanova likely loses a substantial share of its customer base annually (industry churn in retail can approach 20–25%). Crucially, **80% of a company's future revenue comes from just 20% of existing customers**, and **65% of revenue is from repeat purchases**. Losing loyal customers has outsized impact. Studies by Bain confirm that even a **5% increase in retention can boost profits by 25–95%** – conversely, inaction means foregoing that profit uplift. Ignoring retention is "leaving significant revenue on the table," as **68% of customers quit brands due to feeling undervalued**. For Élanova, every point of annual churn likely equates to **millions in lost revenue** (e.g. preventing just 2% of churn could retain ~€10M+ in sales). The **cost of status quo** is an ever-revolving door of customers – and heavy new acquisition spending to replace them (acquiring a new customer costs *5–25X more* than retaining one).
- **Poor Personalization – Missed Revenue Growth:** Without AI, marketing remains "one-size-fits-all." Yet **71% of consumers expect personalized interactions** and 76% are frustrated by impersonal engagement. Companies that get personalization right see **10–15% revenue lift** on average (and up to 25% in some cases), thanks to higher conversion and loyalty. In contrast, Élanova's lack of advanced segmentation or product recommendations means **forgoing an estimated 5–10% of potential revenue** (~€25–

€50M/year). For example, **repeat customers spend ~67% more than new ones**, but without tailored cross-selling or loyalty incentives, that wallet share is left untapped. The bottom line: inaction translates to **slower growth** (competitors using AI to personalize are pulling ahead) and higher marketing waste (spending on broad campaigns that under-deliver).

- **Demand-Supply Mismatch – Inventory Wastage:** Manual forecasting leads to overstocked slow-movers and stockouts of winners. **A 10–20% improvement in forecast accuracy can reduce inventory costs ~5% and raise revenue 2–3%**. Without AI, Élanova likely endures excess inventory requiring markdowns (tying up cash and forcing more promotions) and missed sales on stockouts. These inefficiencies easily cost **several percent of revenue** (e.g. 2% lost sales ≈ €9.6M, plus unnecessary inventory holding costs in the millions).

In sum, **the cost of inaction is significant** – easily **8–12% of annual revenue "left on the table"** through wasted promotion spend, lost loyal customers, suboptimal pricing, and avoidable stock issues. That's on the order of **€40–60 million per year** in lost value for Élanova. The message is clear: **standing still means continuing to bleed margin and market share**, especially as others harness AI to work smarter.

Ten High-Impact AI/ML Models

To directly address the goal of maximizing customer lifetime value and curbing promotion overuse, we propose **ten high-impact AI/ML models**. Each model uses Élanova's **existing transactional, POS, ERP, or CRM data** to generate actionable predictions. The focus is on proven techniques (time-series forecasting, regressions, classifications, clustering, RFM analyses, "buy-till-you-die" CLV models, and ABC/Pareto analyses) – **no black-box magic**, just data-driven insights to drive revenue, margin, and cash improvements. Several models can work in tandem (e.g. a CLV model feeds a retention campaign, a forecast informs inventory optimization). **Time-to-value is fast** (measured in weeks) using a no-code platform like Graphite Note. Below we detail each model:

1. Customer Lifetime Value (CLV) Prediction

- **What it predicts/optimizes:** Estimates the **total future revenue** each customer will bring (lifetime value), so Élanova can prioritize high-value customers and invest appropriately in retention/acquisition.
- **Typical data needed:** Customer purchase history (transactions per customer, frequencies, monetary value), **RFM metrics**, enrollment in loyalty program, customer demographics, and campaign response data.
- **Business benefit: Focuses marketing and service on the most valuable customers**, improving retention and upsell. By knowing CLV, Élanova avoids overspending on low-value shoppers and **allocates resources for maximum ROI**. This drives higher loyalty and profitability – **fully engaged customers deliver 300–500% higher LTV** than average. Leading firms treat CLV as a **"core steering metric"**, directly linking it to marketing spend and strategy.

- **Estimated annual uplift: ~€20M (≈5% of revenue)** in incremental value. *Assumption:* By targeting high-CLV customers with loyalty offers and tailored products, Élanova captures perhaps half of the 10%+ revenue lift that strong personalization can drive. This also improves profit via better retention (e.g. even a 5% retention gain can boost profit ~25% – for Élanova, ~€12M bottom-line impact).
- **Time-to-value: ~6 weeks** with no-code implementation. (Data prep of customer transactions, model training on "buy-till-you-die" patterns, and deployment of CLV scores can be done in weeks, not months.)

2. Customer Churn Prediction

- **What it predicts/optimizes:** Flags which customers are at **high risk of churning** (i.e. not returning to buy) so that marketing can proactively re-engage them before they leave.
- **Typical data needed:** CRM records (last purchase date, frequency, tenure), customer service interactions, email engagement, loyalty program activity, and possibly product return or satisfaction data.
- **Business benefit: Reduces revenue loss from defections** by enabling timely retention offers (e.g. win-back discounts or personalized outreach). Churn models let Élanova **intervene before the customer disappears**, converting would-be churners into repeat purchasers. The value is substantial: a modest reduction in churn drives outsized profit impact (as noted, **5% higher retention can yield ≥25% profit increase**). Case studies show targeted retention campaigns can **cut churn by upwards of 30–50%**, preserving millions in revenue; in one SaaS example, behavior-based outreach reduced churn by **71%** (illustrating the power of data-driven action). For Élanova, saving even a few percent of at-risk customers could equate to **€10–15M in retained sales** annually.
- **Estimated annual uplift: ~€15M (≈3% of revenue)** retained. *Assumption:* Identify ~25% of would-be churners and save half through tailored offers, thereby reducing overall churn a couple of percentage points. This aligns with benchmarks (e.g. **68% of customers leave due to perceived indifference, which proactive engagement can address). The profit leverage is high – retention efforts pay back fast when the **cost to acquire new customers is 5–25x higher**.
- **Time-to-value: ~4–6 weeks**. Training a churn classification model (e.g. using recent purchase gaps, declining frequency, etc.) is quick with no-code tools. Within a month, Élanova can have live **churn risk scores** for each customer and start automated win-back campaigns.

3. RFM Segmentation (Recency, Frequency, Monetary)

- **What it predicts/optimizes:** Uses the classic RFM model to **segment customers** by how recently and frequently they buy and how much they spend. Categorizes clients (e.g. "Champions", "At-Risk", "High Potential") for targeted marketing strategies.
- **Typical data needed:** Basic transaction data per customer – last purchase date (Recency), total purchase count (Frequency), total spend or average basket (Monetary) over a period.

- **Business benefit: Quickly identifies where to focus engagement**. For example, "champion" customers (very recent, frequent, high spend) can be rewarded to deepen loyalty, while "at-risk" (high past value but long since last purchase) get reactivation offers. RFM is proven to improve campaign relevance and response – **loyal customers (high F/M) spend 67% more than new customers** on average, so nurturing those cohorts boosts revenue. Likewise, re-engaging lapsed high spenders can recover substantial CLV. RFM segmentation is easy to understand and yields an immediate "lay of the land" of Élanova's customer base, informing differentiated treatments that **increase retention and lifetime value**.
- **Estimated annual uplift: ~€10M (≈2% of revenue)**. *Assumption:* More effective targeting (through RFM insights) improves campaign conversion and average spend in top segments – e.g. lifting retention of "at-risk" customers by a few percentage points and increasing repeat purchase rates in loyal segments. This is conservative given that **targeted personalization often yields 10%+ revenue gains**, but we assume only partial capture due to execution limits.
- **Time-to-value: ~2 weeks**. RFM analysis is straightforward: transaction data can be scored and segmented in days using Graphite Note's no-code tools. Élanova could have an **RFM dashboard** inside of a sprint, ready to drive segmented email campaigns by the next marketing cycle.

4. Customer Clustering (Behavioral Segmentation)

- **What it predicts/optimizes:** Unsupervised ML (e.g. K-means clustering) to **group customers into segments** based on purchasing patterns, product preferences, channel usage, etc. Unlike RFM, this can reveal complex patterns (e.g. "Trend-driven millennials" vs "Skincare loyalists").
- **Typical data needed:** A richer set of features per customer – product categories purchased, average order frequency, average discount availed, preferred channel (online vs store), geography, possibly demographic data.
- **Business benefit: Enables micro-targeted marketing and product personalization.** By discovering natural groupings in the customer base, Élanova can tailor messaging and assortments to each cluster. For instance, one cluster might respond best to new product launches (early adopters), while another seeks value and only buys during promotions. **Companies excelling at personalization leverage granular micro-segments to drive growth**. McKinsey notes that organizations using advanced segmentation and customer analytics outperform – they can deliver the right content to the right people, improving engagement and **customer lifetime value**. In practice, clustering can improve campaign response and conversion by double digits (relative to one-size-fits-all): e.g. targeted content to a specific segment can lift click-through and purchase rates significantly, driving incremental revenue.
- **Estimated annual uplift: ~€14M (≈3% of revenue)**. *Assumption:* Better segmentation increases marketing efficiency – say a 15%–20% improvement in conversion within targeted segments, translating to ~3% overall sales growth. This aligns with benchmarks that **data-driven segmentation/personalization typically drives high-single-digit to**

low-double-digit revenue lifts. The uplift comes from higher repeat purchase rates and larger basket sizes when offers resonate with the customer's profile.

- **Time-to-value: ~4 weeks**. Using a no-code platform, Élanova's analysts can input customer data and quickly derive 4–6 key clusters. Within a month, these segments can be validated and linked to marketing tactics (e.g. aligning email creative and product recommendations with cluster profiles). **No lengthy data science project needed** – the clustering model can be trained and integrated into CRM workflows in a matter of weeks.

5. Next-Best Offer / Product Recommendation Model

- **What it predicts/optimizes:** Recommends the **most relevant product or offer for each customer** to maximize upsell or cross-sell. For example, predicting which item a customer is most likely to buy next (or which promotion will induce purchase) based on their history and similar customers' behavior.
- **Typical data needed:** Transaction line-items (which products each customer bought), product attributes, browsing history or wish-list if available, and past offer responses. This often involves building a customer-product matrix or using association rules ("customers who bought X also bought Y").
- **Business benefit: Increases basket size and frequency by personalizing the shopping experience**. Effective recommender systems have driven huge lifts in retail – **Amazon generates ~35% of its sales from its recommendation engine**. Élanova can deploy similar AI to its DTC site and email marketing: e.g. "You might also like…" suggestions, tailored bundles, or targeted cross-sell emails. The benefit is higher **average order value (AOV)** and **improved conversion**. Even smaller implementations show impact – e.g. a niche e-tailer increased **average order value by 17% overnight** with personalized recommendations. By upselling complementary products (e.g. serum with moisturizer) and nudging likely buyers, Élanova boosts revenue per customer. Recommendations also enhance customer experience, reinforcing loyalty (customers feel understood).
- **Estimated annual uplift: ~€24M (≈5% of revenue)**. *Assumption:* AOV increases ~10% and overall conversion/retention modestly rises due to relevant suggestions. This is plausible given industry examples (Amazon's 35% revenue via recs, or retailers seeing ~10–30% sales uplift from personalization engines). For Élanova, even capturing part of that – say a 5% total sales increase – is ~€24M. Additionally, margin can improve if recommendations steer customers to higher-margin items.
- **Time-to-value: ~6–8 weeks**. Implementing a recommendation model is slightly more involved (data needs to be cleaned and perhaps a model fine-tuned), but no-code platforms like Graphite Note can expedite it. Within two months, Élanova can have a **live recommender system** integrated on its e-commerce site and in email campaigns, continuously learning from new purchase data.

6. Demand Forecasting (Time-Series)

- **What it predicts/optimizes: Forecasts future sales demand** for products (could be at SKU level, category level, and/or channel level) using time-series ML algorithms. It accounts for

seasonality, trends, and external factors to predict how much of each product Élanova will sell in coming weeks or months.

- **Typical data needed:** Historical sales (units or revenue by week/month per SKU or category), price and promotion history, seasonality indicators (e.g. month, holidays), possibly marketing spend or Google Trends data as external regressors. ERP and POS systems are the primary data sources.
- **Business benefit: Improves inventory planning and reduces stockouts/overstocks**, which directly drives revenue and cuts costs. With accurate forecasts, Élanova can ensure popular items are in stock (preventing lost sales) and avoid over-ordering slow movers (reducing markdowns and holding costs). According to McKinsey, **AI-based forecasting in CPG can increase revenues by ~2–3% and lower inventory by ~5%**. In practice, this means higher sales (no missed opportunities due to empty shelves) and margin protection (fewer fire-sale discounts on excess inventory). It also frees up cash – carrying less surplus stock improves cash flow. For Élanova, even a **2% sales lift** from better availability is ~€9.6M, and a **5% inventory reduction** could save millions more in working capital. Moreover, better demand visibility allows smarter production and logistics scheduling, potentially improving service levels (OTIF) and customer satisfaction.
- **Estimated annual uplift: ~€10M (≈2% of revenue)** in increased sales, plus **cost savings** on inventory (not shown in revenue but improving profitability by perhaps €3–5M). *Assumption:* Achieve a forecast accuracy improvement that cuts stockouts significantly (translating to ~2% more sales captured) and reduces excess stock purchasing by ~5%. These gains are consistent with industry benchmarks for AI forecasting (which has even delivered up to 15% accuracy gains leading to 3%+ profit improvement in cases).
- **Time-to-value: ~8 weeks**. With Graphite Note, we can ingest historical sales and quickly build forecasting models (e.g. Prophet, ARIMA, or ML regressors) for key product lines. Initial forecasts could be ready in a few weeks, with full deployment (dashboard for planners, integration to reorder systems) in two months. This is far faster than traditional demand planning system rollouts. Élanova could start pilot forecasting for a product category within one month.

7. Price Optimization & Elasticity Model

- **What it predicts/optimizes:** Analyzes **price elasticity** (how demand changes with price) for Élanova's products and recommends optimal pricing. Essentially, it finds the price point for each product (or segment) that maximizes revenue or margin, and identifies where prices are too low or high.
- **Typical data needed:** Historical sales volume and prices by SKU (including list prices and any discount data), competitor pricing (if available), and product cost/margin data. Also, promotional pricing events and corresponding sales lift.
- **Business benefit: Boosts margins and revenue through smarter pricing.** By understanding elasticity, Élanova can avoid underpricing products that customers would pay more for (capturing margin) and avoid over-discounting items that don't need it. Even a small price tweak has big profit leverage – for example, a **1% price increase can yield**

~10% profit boost for a 10% margin business. AI-driven price optimization has delivered impressive results: one European retailer saw **14.2% sales growth** from optimized campaign pricing, and then a **23.9% margin increase** by optimizing base prices with elasticity insights. Similarly, a pharmacy chain used elasticity modeling to raise prices on low-elasticity items and discount only where needed, gaining **+8.6% revenue and +3.6pp margin** in the short term. For Élanova, pricing AI can pinpoint which SKUs could bear higher prices (premium segments) and which are price-sensitive (where strategic promos drive volume). This **precision can drive 2–5% or more improvement in gross margin** while also increasing sales volume on competitive items.

- **Estimated annual uplift: ~€14M (≈3% of revenue)** in profit, through a combination of higher margin and increased revenue. *Assumption:* A dynamic pricing strategy raises average selling prices slightly on inelastic products (boosting profit ~2% of revenue) and improves volume on elastic items via targeted markdowns (adding ~1% in revenue). Real-world benchmarks support this scale: many companies see **2–4% margin upticks** from pricing tools, and as noted, double-digit improvements are possible. We stay conservative with 3% of revenue impact (€14M). Additionally, optimized pricing can protect market share by responding faster to competitor moves (avoiding losing customers on key value items).

- **Time-to-value: ~6–8 weeks**. We can rapidly build elasticity models for key products using a few years of sales data. Graphite Note's no-code environment can test price scenarios (e.g. elasticity simulations) within weeks. A pilot on a subset of SKUs could go live in one pricing cycle (a couple of months), yielding quick feedback. Full rollout across the catalog could be done in a quarter. Compared to lengthy manual pricing studies, this is a quick win.

8. Promotion Optimization Model (Trade Promotion ROI)

- **What it predicts/optimizes:** Evaluates **which promotions truly drive incremental sales and which don't**, and recommends an optimal promotion calendar – i.e. which products to promote, at what discount, and to whom, to maximize net revenue. It can predict promotion outcomes (lift, cannibalization, post-promo dip) using regression or uplift modeling.

- **Typical data needed:** Past promotion events data (promotion type, discount depth, duration), sales volumes during and after promotions, marketing support (ads, emails), and baseline sales. Also customer-level response if possible (who used the promo). Loyalty card data and POS data are goldmines here.

- **Business benefit: Cuts out wasteful promos and improves promotion ROI**, directly addressing Élanova's concern of overusing promotions. Advanced promo analytics reveal that a large share of promotions are value-destructive – as noted, nearly **60% of promos don't even break even**. By identifying which promotions actually generate incremental sales or attract new customers (versus those that just give discounts to people who would buy anyway), Élanova can **refocus trade spend on effective tactics**. The benefit is twofold: higher revenue (from well-targeted, well-timed promos that bring in additional purchases) and **higher margin** (by eliminating or redesigning the bad promos). For example, a retailer using AI-driven promo optimization achieved a **10.3% gross profit uplift and +2.0**

percentage-point margin gain within 6 weeks by halting unprofitable promotions and sharpening the rest. Moreover, promotion models can tailor offers to customer segments (e.g. only offer discounts to price-sensitive segments), thus **reducing margin giveaway**. Overall, Élanova stands to recapture a chunk of that ~€80M "promo waste" identified earlier.

- **Estimated annual uplift: ~€20M (≈4% of revenue)** in profit improvement. *Assumption:* By optimizing promotions, Élanova could reclaim perhaps a quarter of the currently wasted promo spend. For instance, if ~€80M of promotions are ineffective, assume ~€20M of that can be saved or turned into productive revenue. This corresponds to ~4% of sales in added value (either as higher net revenue or lower discount expense). This is plausible given industry findings that **trade promo optimization can yield 10%+ gross profit improvements** and that **up to 200 bps margin improvement** is achievable quickly. The model essentially allows Élanova to do fewer but smarter promotions – boosting **incremental sales per promo by using data** on what truly drives consumer behavior.
- **Time-to-value: ~6 weeks**. With Graphite Note, we can ingest promotion and sales data and rapidly analyze promo effectiveness. Within a few weeks, Élanova can have a **promotion performance dashboard** and initial predictive models to test upcoming promo plans. The no-code system can simulate "what-if" (e.g. what if we run 20% off on skincare next month?) almost immediately. This means **in the next promotional planning cycle, decisions can already be data-informed**. A full optimization engine (recommendation of an optimal promo calendar) could be in place within a quarter, but meaningful insights will come much sooner (in time for the next season's promo planning).

9. ABC Inventory Optimization (Pareto Analysis for SKUs)

- **What it predicts/optimizes:** Classifies products into A/B/C categories by their contribution to sales (e.g. A = top ~20% SKUs generating ~80% of revenue, B = moderate sellers, C = low performers). This model/analysis then guides inventory and assortment strategy – ensure **"A" items never stock out, **"C" items are minimized or discontinued if possible.
- **Typical data needed:** SKU-level sales data (units and revenue per SKU over the last year or two), gross margin per SKU, inventory holding costs, and possibly SKU complexity data (e.g. number of SKUs per category). This comes from ERP and sales systems.
- **Business benefit: Rationalizes the product assortment and frees up cash while protecting core sales.** Most retailers find that a relatively small fraction of SKUs drive the bulk of revenue (the Pareto principle). By identifying these, Élanova can **prioritize availability and support for the "A" SKUs** that make the most money. Conversely, the long tail of low-performing SKUs ties up capital in inventory and complicates operations. ABC analysis will highlight candidates to trim or manage tightly. For example, a European retailer used AI-driven SKU rationalization to **improve margins by €30M** by adapting assortment to focus on winners. They identified ~200 low-demand items to eliminate and optimized allocation for the top 150 SKUs, cutting operating expense by €2M and unlocking further bottom-line impact. Élanova can similarly reduce SKU proliferation (especially if there are redundant product variants or colors that add little sales). Benefits include **lower inventory costs**, higher fill rates on popular items (since resources aren't diverted to slow

movers), and even improved sales if customers face less cluttered choice. Essentially, **simplifying the assortment around what customers actually want drives efficiency and profitability**.

- **Estimated annual uplift: ~€8M (≈1.5% of revenue)** in cost savings and margin improvement. *Assumption:* By phasing out or reducing the bottom ~10–20% of SKUs (that maybe contribute <5% of sales), Élanova saves on inventory and handling costs, and avoids markdown losses – worth perhaps 1% of revenue. Additionally, better in-stock availability on A-items (through focus) adds maybe 0.5% of sales. The €30M case study result was for a larger multi-billion retailer; scale it down to Élanova's size for a few-million impact. In practice, **80% of revenue often comes from ~20% of SKUs**, so there is significant room to streamline. The result is a *leaner, more profitable assortment* aligned to demand.
- **Time-to-value: ~4 weeks**. ABC/Pareto analysis is very quick – using Graphite Note, we can process SKU sales data and generate an interactive Pareto chart in days. Within a month, Élanova's merchandising and finance teams can have a clear list of "A" SKUs (ensure these are never out of stock) and "C" SKUs (consider discontinuing or producing in smaller batches). Execution (winding down certain SKUs) might take a couple of quarters, but the **analytics insight is available almost immediately** to inform planning and 2025 catalog decisions.

10. Marketing Mix Modeling (MMM) & Budget Optimization

- **What it predicts/optimizes:** Uses regression analysis on historical marketing spend and sales to **quantify the ROI of each marketing channel** (e.g. paid search, social ads, influencers, email, etc.), then optimizes budget allocation. It can answer "What is the contribution of each channel to sales?" and "Where should we spend the next euro for maximum growth?".
- **Typical data needed:** Aggregated monthly (or weekly) data: marketing spend by channel, impression or reach metrics, corresponding sales (and maybe web traffic), controlling for external factors (seasonality, promotions, etc.). This is usually compiled from finance and marketing reports.
- **Business benefit: Maximizes the effectiveness of marketing investments** by shifting spend to the highest-ROI channels and cutting wasteful spend. MMM provides the "big picture" attribution that digital last-click metrics miss, guiding strategic budget decisions. For Élanova, this means potentially significant savings and/or higher revenue from the same budget – **data-driven budget allocation can increase marketing ROI by up to 20%**. For instance, MMM might reveal that certain social campaigns have low ROI, whereas search ads drive more incremental sales per € spent; Élanova could reallocate accordingly and get more sales out of the same marketing euros. In an environment of rising customer acquisition costs, this efficiency is crucial. Additionally, MMM can simulate outcomes (e.g. "if we increase online video spend by €100k, we expect X% sales lift") enabling **evidence-based planning**. Overall, companies using advanced marketing mix models consistently find **higher growth** due to optimized spend – essentially doing more with less by **eliminating underperforming spend and doubling down on what works**.

- **Estimated annual uplift: ~€10M (≈2% of revenue)**
  higher sales or equivalent budget savings. *Assumption:* By reallocating marketing spend optimally, Élanova improves marketing-driven sales by ~10–15% (consistent with that up to 20% ROI gain; if marketing currently drives say 20% of sales, a 15% improvement yields ~3% increase in total sales = ~€14M; or the firm could achieve the same sales with ~15% less budget). We take a conservative 2% net revenue impact (~€10M). Importantly, this is **profit-efficient growth** – it improves the marketing ROI, often translating almost directly into bottom-line improvement or allowing reinvestment for further growth.
- **Time-to-value: ~8 weeks**. Gathering and aligning historical data is the longest step, but Graphite Note can ingest spreadsheets and run automated regression modeling quickly. Within two months, Élanova can have an initial MMM reading of channel ROIs and spend sensitivities. This means the **next fiscal planning cycle** could be informed by solid analytics (rather than gut feel or agency advice alone). Fine-tuning the model and integrating it into an ongoing dashboard might take a quarter, but early insights and **budget reallocation recommendations can come fast** – likely yielding benefits in the same financial year (breakeven on this effort well under one quarter).

Summary Table – High-Impact AI/ML Models
The table below summarizes each model, the primary business lever it pulls, benchmark impact, estimated annual benefit for Élanova, and the rapid time-to-value using no-code AI:

Model	Primary Business Lever	Benchmark Uplift (%)	Annual Benefit (est.)	Time-to-Value (no-code)
CLV Prediction	Customer loyalty & focus	+25% profit per +5% retention *(Fully engaged customers = 3-5× CLV)*	~€20M (≈5% of revenue)	~6 weeks
Churn Prediction	Retention (prevent loss)	5% higher retention ⇒ +25–95% profit *(Churn reduction of 5pp ⇒ +25–125% profit)*	~€15M (≈3% revenue retained)	~4–6 weeks
RFM Segmentation	Targeted marketing by value	Repeat buyers spend 67% more	~€10M (≈2% revenue)	~2 weeks
Customer Clustering	Personalized experiences	+10–15% avg revenue lift via personalization	~€14M (≈3% revenue)	~4 weeks
Next-Best Offer (Recs)	Cross-sell / Upsell	~35% of Amazon sales via recs *(+17% AOV case study)*	~€24M (≈5% revenue)	~6–8 weeks
Demand Forecasting	Inventory & service levels	+2–3% revenue, –5% inventory costs	~€10M (≈2% revenue) + cost savings	~8 weeks

Price Optimization	Margin (smart pricing)	+10% profit per +1% price *(+23.9% margin case)*	~€14M (≈3% revenue in profit)	~6–8 weeks
Promo Optimization	Promotion ROI (trade spend)	~60% of promos unprofitable *(+10% gross profit case)*	~€20M (≈4% revenue in profit)	~6 weeks
ABC/Pareto (Inventory)	Assortment efficiency	Top 20% SKUs ⇒ ~80% revenue (Pareto) *(+€30M margin case)*	~€8M (≈1.5% revenue)	~4 weeks
Marketing Mix Modeling	Marketing ROI (budget alloc.)	+10–20% marketing ROI	~€10M (≈2% revenue)	~8 weeks

Notes: Uplift percentages are industry benchmarks; actual Élanova impact will depend on baseline performance and execution. Annual benefits in € assume partial capture of benchmark gains (prudent, not "best case"). Time-to-value reflects rapid deployment via Graphite Note's no-code AI platform, delivering insights in weeks. Each model's benefits can overlap – the total opportunity is best measured holistically (the Executive Take-away will size this "prize"). All figures trace to cited benchmarks or stated assumptions for transparency.

Why No-Code AI Is the Fastest Path

Implementing these high-impact models via a **no-code AI platform (Graphite Note)** offers distinct advantages in speed and ROI versus traditional in-house builds or consulting projects:

- **Speed from Data to Insights:** No-code tools dramatically compress development time. **Models can be configured in days, not months**, because pre-built algorithms and drag-and-drop interfaces replace coding from scratch. This means Élanova's team can spin up prototypes immediately using their data – **delivering working predictive models within a single quarter** (many of the above in under 8 weeks), where a from-scratch project might take 6–12 months. Fast deployment translates to capturing value sooner (often models can **pay for themselves within one quarter** of going live).
- **Empowering Domain Experts:** With no-code, Élanova's own Finance and Marketing analysts (who know the business best) can drive the AI projects, rather than relying solely on external data scientists. The learning curve is minimal – no complex programming – so **business teams can iterate rapidly** on scenarios ("What if we reduce price on this line by 5%?") and immediately see model outcomes. This agility and *ownership* leads to better adoption of the insights, and strategies that are **more fine-tuned to on-the-ground reality**.
- **Lower Cost, Higher ROI:** No-code AI platforms eliminate the need for heavy IT development or large consulting fees. Élanova can avoid hiring a team of data scientists or paying for lengthy integrations. The platform provides out-of-the-box connectors and automated ML. This **significantly lowers implementation cost** – making advanced models accessible within a mid-sized budget. Consequently, the projects have a **short payback period (<1 quarter)** because the investment is lower and the benefits (revenue

uplift, cost savings) start accruing almost immediately.
ROI is typically very high, as the platform subscription and effort cost are a fraction of the gains unlocked.

- **Seamless Integration & Scale:** Modern no-code solutions are cloud-based and integrate with existing systems (ERP, CRM) easily through APIs. Models can be deployed with one click and start generating daily predictions (e.g. churn scores) that feed into Élanova's CRM or e-commerce engine. There's no heavy lifting in productionizing the models – Graphite Note handles it – so **Élanova gets live, actionable outputs in real time**. Moreover, as data grows or business needs change, the models can be quickly reconfigured or scaled without re-engineering, ensuring the AI capabilities grow with the business.

In short, **no-code AI delivers speed, simplicity, and strategic value**. Élanova can have **live predictive models and clear "what-to-do-next" strategies in weeks**, not the multi-quarter timeline of a custom build. This speed to insight is a competitive advantage in itself, allowing the company to respond to market changes faster. And by minimizing upfront costs and using internal talent, the approach is low-risk – it can be piloted and scaled rapidly based on results, **fostering a data-driven culture without a massive IT overhaul**.

Prescriptive Analytics – From Insights to Action (Graphite Note Advantage)

Adopting these ML models isn't just about predictions – it's about **driving business decisions**. Graphite Note's platform excels by providing **prescriptive analytics** on top of each model, translating data insights into clear recommendations tailored to Élanova's context. Here's how Graphite Note ensures the output of each model is **100% relevant to the company and immediately actionable**:

- **Feature Importance → Strategy Guides:** For every model, Graphite Note analyzes which factors (features) most influence the prediction. This means we don't just get a churn risk score – we see *why* a customer might churn (e.g. "inactivity for 60 days" or "below-average order value"). **Knowing the drivers lets teams craft targeted interventions.** Graphite Note will output plain-language insights like: "Lapse in last purchase and low engagement are key churn indicators – consider a win-back offer for these customers." Each model comes with such guidance. For example, a CLV model might reveal that customers buying product line X have 2x higher LTV – **prescriptive advice:** "Invest in promoting product X to new customers to boost their lifetime value."

- **Customized "Next-Best Actions" per Segment:** Graphite Note's prescriptive analytics engine uses the model results and patterns to suggest concrete next steps, **tailored to Élanova's data**. These are not generic tips – they stem from patterns in Élanova's own customer base. For instance, the platform might detect a cluster of high-value skincare enthusiasts through clustering and then *prescribe* a targeted campaign: "Launch a loyalty reward on skincare refills for Segment A to increase their frequency (predicted uplift +15%)." Each recommendation is backed by the model's findings, making it **highly relevant and convincing to stakeholders**.

- **Scenario Planning and Business "What-Ifs":** Graphite Note allows Élanova to simulate business decisions using the models. This goes beyond prediction to **prescription of optimal actions**. For example, with price optimization, the platform can answer "What if

we increase price by 5% on item Y?" showing the expected volume impact and net profit change. It can prescribe: "Optimal price for item Y is €18 (current €15), expected to increase profit by €200K with <2% volume loss." Similarly, for promotions: "Avoid blanket 30% off site-wide (model predicts 50% of that sales would have happened anyway). Instead, target 30% off to dormant customers only, expected to reactivate 20% of them." These **data-backed prescriptions** give management a clear playbook of what to do next and why.

- **Continuously Learning Playbooks:** As Élanova's data updates, Graphite Note's prescriptive suggestions evolve – ensuring strategies remain relevant. After deploying a model, the platform monitors outcomes (closing the loop). If, for example, a churn intervention is less effective than predicted, the model adjusts and the prescription might change (maybe a different incentive is recommended). This means Élanova gets a **living strategy guide** that refines itself with experience. Over time, the platform can even rank opportunities: e.g. "Our models indicate the biggest win is to optimize pricing in Category X (expected +3% margin), vs. a smaller gain (+1%) from increasing email frequency – focus on pricing first." This helps prioritize initiatives based on projected impact, essentially giving a **data-driven roadmap**.

In summary, Graphite Note doesn't just dump out numbers – it **tells Élanova exactly what those numbers mean and how to act on them**. Every model outcome is accompanied by **clear "So what? / Now what?" guidance**, rooted in Élanova's own data patterns. This ensures the company can confidently move from analytics to execution. Graphite Note's unique strength is delivering these **prescriptive insights at scale, in natural language,** effectively turning complex ML outputs into an understandable action plan for business users. Élanova's executives and teams will thus not only see predictive metrics but also receive a tailored strategy memo for each model – making advanced analytics truly usable in day-to-day decision-making.

Executive Take-Away

Élanova Beauty Corp stands at a **valuable inflection point**. By embracing a portfolio of no-code AI/ML models, the company can unlock an estimated **8–12% uptick in revenue and substantial margin gains** – a prize on the order of **tens of millions of euros annually**. These improvements directly align with our strategic objectives: higher customer lifetime value (through better retention, upselling, and loyalty) and healthier margins (through smarter pricing and reduced promo waste). Equally, the **risk of delay is real** – every quarter of inaction means more loyal customers quietly churn, more margin lost to blanket discounts, and competitors pulling ahead with personalized offerings. The data and benchmarks suggest that moving now is not a leap of faith but a prudent, evidence-based step that many in our industry are already taking to win. **Our recommendation is to pilot one high-impact model within the next 30 days** – for example, the churn prediction or price optimization model – using Graphite Note's no-code platform. This quick win will demonstrate the ROI (likely paying for itself within one quarter) and build internal momentum. From there, we scale to other models in succession. The path forward is clear: start small, move fast, and **let data-driven insights steer our finance and marketing decisions**. In a year, Élanova can transform into a more **customer-centric, analytically empowered organization**, with higher loyalty, stronger margins, and a playbook to sustain growth in an ever-evolving market. The time to act is now – the value of doing so has been quantified, and the tools to capture it are at our fingertips.

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