THRIVE
— MARKET —

Case Study

Ensuring Every Next Dollar is the Best Dollar

Achieves Real-time Mix Modeling with Budget Fluidity

LiftLab and Thrive: Optimizing Customer Acquisition Costs (CAC) with Weekly Investment Forecasts Across 13 Channels

liftlab

Your Online, Healthy Grocery Store

Thrive Market was launched in November 2014 to address the geographical and monetary challenges that bar communities from healthy food. Thrive Market's mission is to make healthy living easy and affordable for everyone. Thrive Market is based on an annual membership model, which allows the company to keep prices low. Thrive Market offers incentives with membership including discounts, gifts, exclusive product collaborations, and samples with orders. For every paid Thrive Market membership, a free membership is donated to a family in need in the United States as part of the company's Thrive Gives program. Students, teachers, veterans, nurses, and first responders are also eligible for™ free memberships. Thrive Market has given away over 2 million memberships since launch.

Thrive Market is proud to carry thousands of premium products—from 100% non-GMO food to cruelty-free beauty to plant-powered cleaning and more. Thrive also offers around 700 of its own products, available exclusively to members. The company allows users to filter their search results by more than 90 different diets and lifestyle choices. To best understand and optimize customer acquisition costs without exceeding customer lifetime value, Thrive Market invests in marketing measurement to maximize its efficiency and derive the greatest possible revenue from its marketing.

Founded in	Members	Deliver to
2014	>1M	**all the lower 48 states**

BUSINESS CHALLENGE

Thrive Market sought to

- Optimize CAC without exceeding customer LTV
- Maximize spend across 13 channels
- Eliminate dependency on last click and multi-touch attribution

Thrive Market, the health-first membership for conscious living, faced the challenge of optimizing customer acquisition costs (CAC) without exceeding their customer's lifetime value (LTV). Backed by their customer's LTV, Thrive Market had to determine the incremental cost of acquiring customers from each marketing channel. Previous approaches, such as multi-touch attribution, fell short in delivering the trusted insights needed in a timely manner.

THE SOLUTION

To solve this problem, Thrive Market turned to LiftLab.

To evaluate their entire marketing mix, quickly determine optimal spend across all paid channels to maintain an efficient CAC and identify missed scaling opportunities — ultimately leading to more efficient customer acquisition costs and new growth opportunities.

Leading to more efficient customer acquisition costs and new growth opportunities.

1 Enter the LiftLab System

Thrive Market chose LiftLab Experiments to isolate individual marketing channels which produced actionable insights with optimal spend levels for each channel while remaining under their iCPA target. As a result, the business was able to allocate more resources and increase spending in media with the most significant potential, generating more new members at or below their iCPA goal. Thrive Market maximized its impact by keeping these channels running for an extended period.

Use Cases

Planning

Direct quarterly and annual budget allocations based on past performance

Optimization

Adjust in real-time to weekly indicators on how to allocate future spend

Triangulation

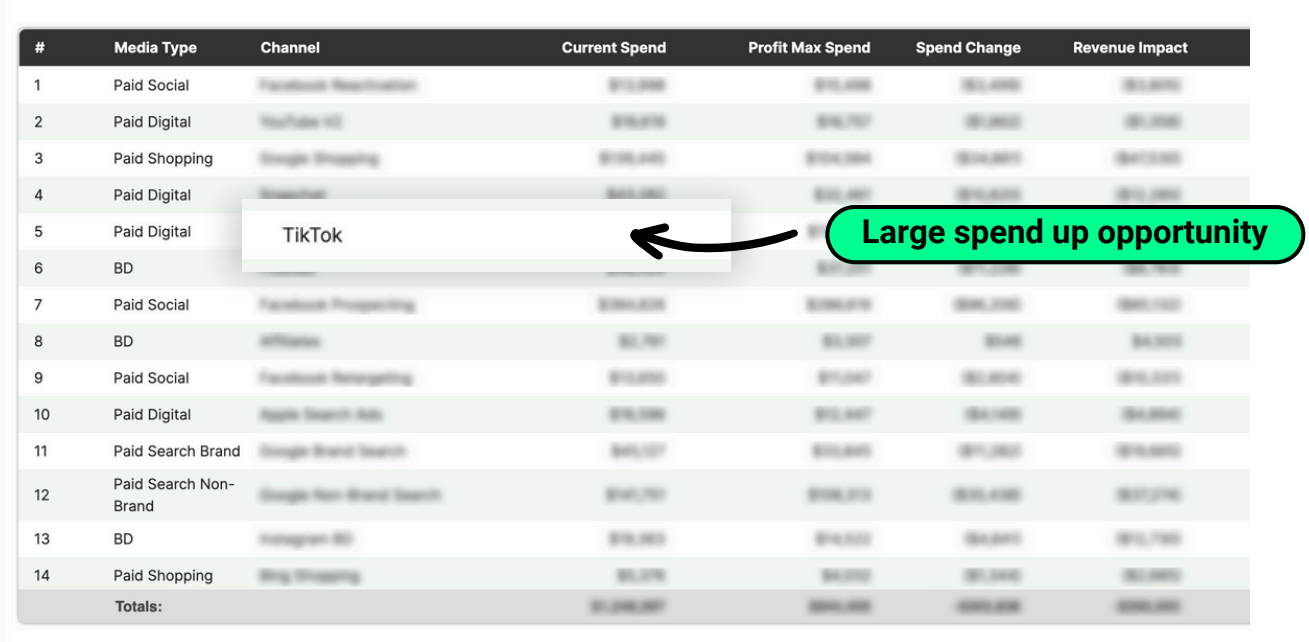
Continually validate the output of the model by running incremental lift tests to validate that the results are correct

> We heavily rely on data to guide our decisions. Our goal is to test quickly while ensuring that every dollar is allocated. We focus on the marginal return and avoid channel bias by regularly validating the accuracy of our model's output, and running incremental lift tests to confirm the results. This level of precision would not be possible with traditional marketing measurement methods like MMM or MTA."

Devin Griswold
Vice President of Marketing

2 A Detailed View of Marketing Effectiveness

With the LiftLab system, the Thrive Market team conducted experiments with control and exposed groups across TikTok, Tatari Streaming, SnapChat, Google Performance Max, and Google Brand Search. LiftLab determined each channel's effectiveness by comparing the lift in conversions of the treatment audience to that of the control audience. Additionally, LiftLab shepherded Thrive Market's position on the diminishing returns curve for each channel, using different spend levels to identify the optimal spend level and reduce learning time.

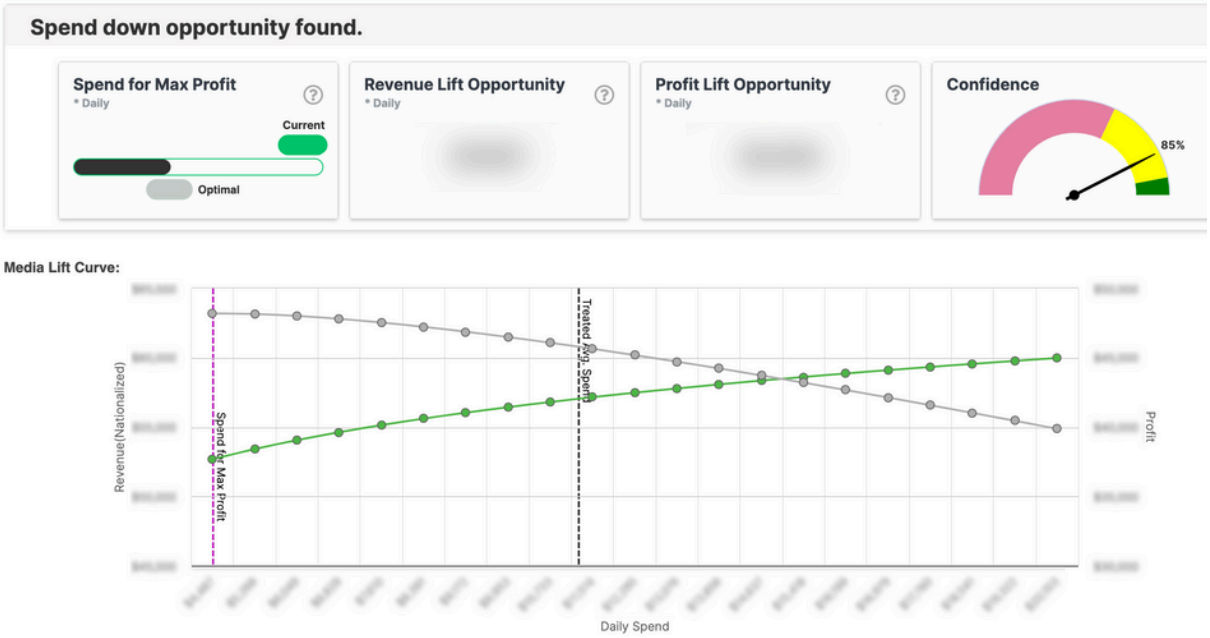


#	Media Type	Channel	Current Spend	Profit Max Spend	Spend Change	Revenue Impact
1	Paid Social					
2	Paid Digital					
3	Paid Shopping					
4	Paid Digital					
5	Paid Digital					
6	BD					
7	Paid Social					
8	BD					
9	Paid Social					
10	Paid Digital					
11	Paid Search Brand					
12	Paid Search Non-Brand					
13	BD					
14	Paid Shopping					
	Totals:					

3 Results put into action

Thrive Market initially allocated about one percent of their total monthly budget to TikTok due to the team's uncertainty regarding TikTok's profitability. However, after conducting experiments and gathering actionable insights from LiftLab, they better understood their optimal spend levels and the potential for new customer acquisition. TikTok now accounts for the second-largest percentage of transactions, indicating the success and accuracy of the experimentation results.

TikTok now accounts for the second-largest percentage of transactions



4 A Trusted Partner for Marketing Effectiveness Across the Organization

The experiments went beyond actionable results — they are also used to enhance the accuracy of the LiftLab Agile Mixed Model (AMM), which acts as guardrails and ensures greater precision. The AMM is integrated into the LiftLab ROI dashboard, enabling Thrive Market's analysts to evaluate the effectiveness of their marketing efforts across all channels, where they can review this dashboard weekly to identify opportunities for budget optimization, prioritizing high-performing marketing channels. With the LiftLab platform and the insights from 13 experiments, Thrive Market has experienced an impressive year-over-year growth. Today, Thrive Market intends to add existing customer data to garner greater visibility on LTV by channel and use the LiftLab CAC to LTV ratio to validate profitability regularly.

mROAS Model Advantage

"last $ spent" x **weekly basis** x **marketing mix** = **maximum ROI**

Narrow in on the impact of the "last dollar spent"

Understand where shifting spend on a weekly basis

Understand across all your channel mix

Provides a critical advantage in the ever-evolving entertainment exhibition business

> We run incremental lift tests to validate the output of the models. These platform lift tests ensure our CPA is always in line. Because of our confidence in the model and the experiments, we have become the trusted conduit for optimizing marketing spend across the organization.

Devin Griswold
Vice President of Marketing

Leading provider of science-driven software to optimize marketing spend and predict revenue for optimal spend levels.

Liftlab is the leading provider of science-driven software to optimize marketing spend and predict revenue for optimal spend levels. We call this the Science of Marketing Effectiveness. Our platform combines economic modeling with specialized media experimentation so brands and agencies can clearly see the tradeoffs of growth and profitability. With decades of experience in marketing analytics and data science, our team of industry experts and thought leaders is proud to enable leading and emerging brands such as Cinemark, Express, Hanna Anderson, Lulu & Georgia, Pandora, Skims, Tory Burch, Thrive Market, and Vionic, with our cutting-edge solutions and strategic guidance. For more information, please visit our website at ***www.liftlab.com*** or ***sales@liftlab.com.***

Want to learn more? Request a demo with our team. **liftlab.com/requestdemo**

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