



Calyx Flowers

HW.1 Case Study

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Calyx's profitability problem is driven by inefficient customer acquisition

- Gross margins near 50%, but overall financial performance underwhelms
- Heavy reliance on costly catalog marketing
- Low response rates from rented mailing lists (~1%)
- Marketing spend misaligned with how customers will shop in 2025

This is a marketing efficiency and targeting problem, not a product quality issue.

Catalog-heavy marketing



Low response rates (~1%)



High acquisition costs



Weak overall performance

Calyx's market should be segmented beyond basic demographics

- Demographic: upper-income, professional adults
- Psychographic: value quality, aesthetics, and meaningful gifts
- Behavioral:
 - Occasion-based purchases
 - Repeat buyers (subscriptions, holidays)
 - Willingness to pay for freshness and longevity

Behavioral differences explain who values Calyx's premium offering most.

<u>Segmentation Base</u>	<u>Key Characteristics</u>
Demographic	Upper-income professionals
Psychographic	Value quality and aesthetics
Behavioral	Occasion-based, repeat buyers

Calyx should focus on affluent, time-constrained gift buyers

- Primary target: professional women ages 30–55
- Frequent gift-givers with limited time
- Prefer online ordering over in-store shopping
- Willing to pay for reliability and premium quality

What they care about:

- Freshness and longevity
- Convenience and trust
- Presentation and perceived thoughtfulness

This segment aligns directly with Calyx's strengths and delivers higher lifetime value.



Name: “Busy Professional Gift Giver”

Age: 30–55

Needs: Reliable, premium gifts

Pain point: Lack of time

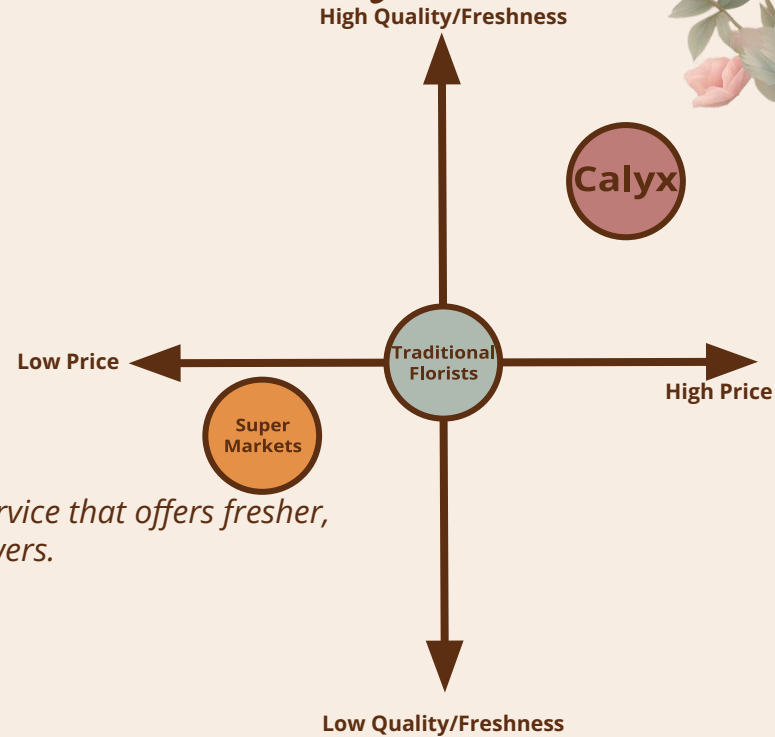
Calyx's differentiation is freshness enabled by its supply chain

- Flowers shipped directly from growers
- Reduced time from cut to delivery
- Longer-lasting, higher-quality flowers
- Premium gifting experience vs traditional florists

Positioning statement:

To quality-focused gift buyers, Calyx Flowers is the premium flower delivery service that offers fresher, longer-lasting flowers because they are shipped directly from world-class growers.

Calyx competes on quality and experience, not price.



Increase Internet advertising to improve marketing ROI

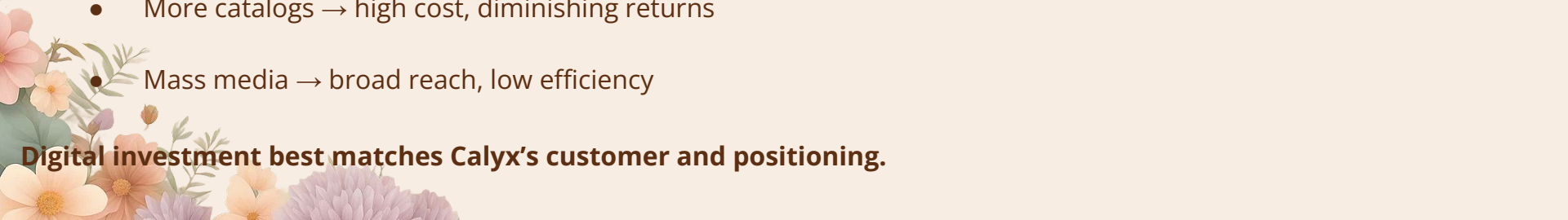


- Online already generates ~40% of revenue
- Digital channels allow:
 - Precise targeting
 - Better measurement
 - Lower cost per acquisition
- Strong fit with target customer behavior

<u>Channel</u>	<u>Cost Efficiency</u>
Catalogs	Low
Mass Media	Medium
Digital	High

Why not alternatives:

- More catalogs → high cost, diminishing returns
- Mass media → broad reach, low efficiency



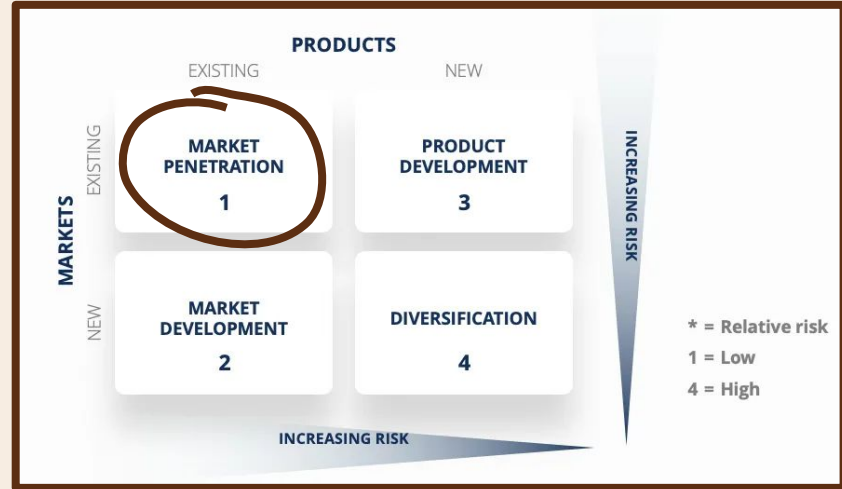
Digital investment best matches Calyx's customer and positioning.

This recommendation reflects a market penetration strategy

- Same product
- Same target market
- Improved marketing execution
- Focus on efficiency, not expansion

Strategic implications:

- Higher ROI on marketing spend
- Stronger customer relationships
- Foundation for future subscription growth



Peterdy, Kyle. "Ansoff Matrix." *Corporate Finance Institute*, 26 Oct. 2023,

corporatefinanceinstitute.com/resources/management/ansoff-matrix/. Accessed 23 Jan. 2026.

Reallocate marketing spend toward targeted digital advertising to drive profitable growth.