Project Summary & Conclusion - Sean Henry

Our Business Objective is to explore customer demographics & develop a customer cohort analysis to pinpoint viable marketing strategies and understand consumer behavior

Please note: This is an analysis of ALL restaurants under Zomato and should be advised that this paints an overall picture of customer analysis and their spending habits. This is also based on Indian Rupee (INR) as the common currency. In addition, the dataset stops after 2020 Q2, so it is hard to draw a more accurate conclusion without the full year to compare to 2018 and 2019. A deeper detailed cohort analysis should be considered if the stakeholder wants to further segment customer purchasing trends across restaurant accounts. It can also be helpful to show the frequency of orders during each hour to break down when it is most busy.

Page 1: Customer Demographic Overview - Who is our Customer?

With the right demographic data, we can spend more marketing to the most enthusiastic clients and stop spending to reach those who aren't interested - cutting down on costs per lead and sale. We can also see who our brand and services appeal to the most based on this demographic information, determine what is considered regular user activity, and overall user activity trends. This will require a combination of user and order datasets in order to match up findings.

We can see from this page that the majority make-up of the consumer is: a student, either Graduate or Post-Graduate education, Single, and has no reported income. You can use the filtering tools on the right-hand side to make a data slice by gender or by age. You will notice only slight differences in the charts between genders.

Page 2: Retention Analysis

Page 2 is all about **Customer Loyalty - How often do they interact with our services? How frequently do they order? Average spend?**

Top left: Shows how often a customer returns to do another order in a day - summarized across the total date range (2017 to 2020) of the data. A majority of consumers order only once per day.

Top right: This is a further breakdown of order frequency, separated by each quarter of each year. The darkest shade represents the highest order frequency (4) in a day during

that time period. It shows a pattern of peaks occurring in Q4 and the lowest amount of business occurring in Q1 annually thus far.

Bottom Left: This visualization shows how loyal a customer is to the Zomato brand/restaurant brand over the years. For example, a customer who purchased in the first year is ~50% less likely to return the following year, as shown in the number of customers who ordered in 2017 going into 2018.

Bottom Right: You'll see a scorecard showing the Average Spend per Customer (in Indian Rupees) across all Zomato restaurants. This tells how much a customer is typically willing to spend for a meal at our restaurants per order.

In summary, we can see that an increase in order frequency correlates to the seasons - with more ordering more often during the fourth quarter annually. The order frequency over our timeline shows fewer customers are ordering from our restaurants overall. Our loyalty customer base after their 1st year does not return on average of 64.73% - churn rate - between 2017 to 2020.

Page 3: User Economics

On page 3, we're monitoring Initial User Economics. There are 3 metrics to measure user engagement: Daily Active Users, Weekly Active Users, and Monthly Active Users. Ideally, we want customers to be active every day because loyal, repeat customers pay more. A decrease in active users could signal a problem - as seen in this slightly downward trend line from our data across the years. The Sticky Factor measures user interest and engagement against the base time period. 20% is the ideal percentage. To increase the Sticky Factor, we need to retain and encourage customers to want to purchase more at restaurants and become repeat customers. The Sticky Factor is not directly linked to income, but it does affect monetization and income, A stable user base leads to more sales, so we can track this metric over time to see what affects it.

Conclusion:

Between the Order Frequency & Active User data across days, weeks, and months, we are looking at a downward trend in expected sales going into Q3 2020. The Average spend per Customer compared to different years show that 2020 is not looking as strong in its initial month as it did during previous years as customers are tightening their purses slightly. The ideal retention rate for the restaurant industry may differ from country to country so it would be helpful in comparing this dataset's retention & churn rate to the relevant country. However, we can surmise that since the majority of

customers are students and have no reported income, it could mean affordability is a factor in the downward trends.

Actionable Insights:

With this data, we can then begin to build a case for two types of business strategies with this analysis as a base model to reflect on.

1) **Acquisition Strategy:**

By Identifying our Customers, and knowing who, what, when, where, and why, we can then estimate the ideal targeted marketing strategy to affect the majority customer base. In addition to the measurements shown here, the next step would be to develop the:
LTV - Lifetime Value
CAC - Customer Acquisition Cost

This would help derive the estimated amount of marketing investment needed to increase the customer base pool.

2) **Retention Strategy:**

We'd want to implement a strategy to prevent current customers from churning before it happens will help boost your restaurant's revenue. Considering the majority type of consumers we have, we'd expect a high churn rate (student, no declared income). By reducing it we can expect higher revenue from retained loyal customers.

With the combination of the restaurant and menu data sets, we can also engage in pricing strategy and how a customer responds to a restaurant's updated pricing model when it is placed into effect. With affordability in mind, a strong consideration of menu food cost, retail pricing, and execution will play a role in sales.