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# AGENDA

- Executive Summary
- Analytical Techniques
- Segmentation Overview
- Actionable Insights
- Financial Implication
- Holistic View

# Executive Summary

## ➤ **Introduction:**

- TGI Fridays is an American restaurant chain focusing on casual dining. The name is asserted to stand for "Thank God It's Friday".
- Founded in 1965.
- The headquarters of the company is located in Dallas, Texas.

## ➤ **Business Objective:**

To maximize revenue based on

1. Pricing
2. Product Bundling
3. Marcom

# Analytical Techniques

## Segmentation

Grouping similar customers with K-Means based on transactions and marcom response data to target specific audiences

## Elasticity Modelling

Change price and marcom to increase total revenue

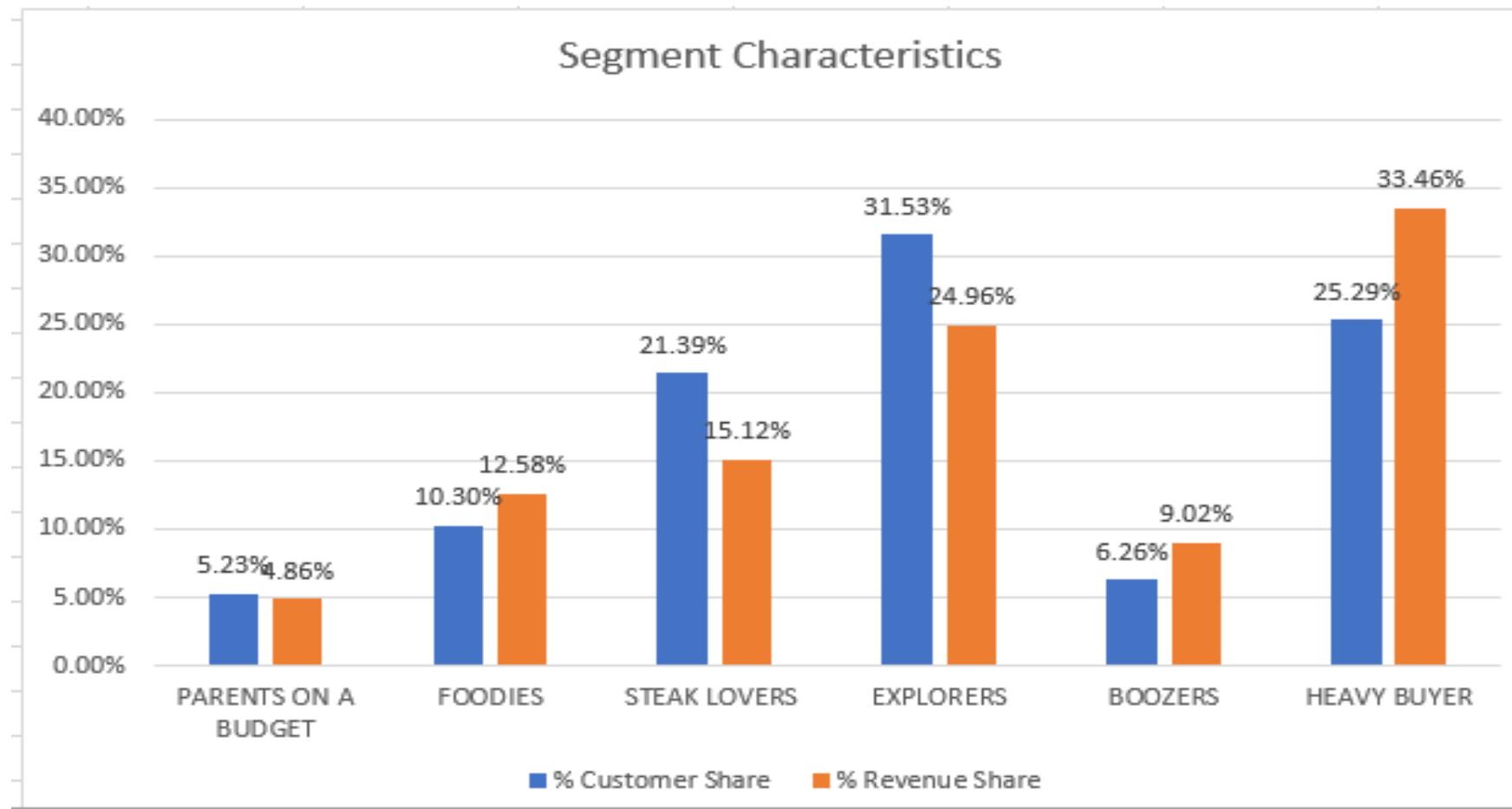
## Market Basket Analysis

Bundling different products to increase revenue

## Ordinary Regression Analysis

Effect of discount type and discount channel

# Segmentation Overview



# Segment 1: Parents On a Budget

## Key Characteristics:

- Smallest Customer Share (5.23%)
- Lowest Revenue Share (4.86%)
- Purchases more kids meal and burgers
- Popular dining time is during Lunch
- Mostly visited by younger crowd
- Lowest Email Forward Rate



## Actionable Insights:

- **Pricing:**  
Inelastic(0.34) - 20.00% Price Increase
- **Marcom>Email Send:**  
Inelastic(0.24) - 20.00% Email Send Decrease
- **Discount Type & Channel:**  
Focusing on Other discount type and Employment discount channel
- **Basket Analysis:**
  - ✓ **Favorable Bundling -**  
Alcohol + Appetizer increases probability of buying appetizer by 338.00%  
Combo + Steak increases probability of buying Combo by 316.10%  
Heavy Entrée + Appetizer increases probability of buying Heavy Entrée by 266.20%
  - ✗ **Not to be Bundled -**  
Light Entrée + Burger decreases probability of buying Light Entrée by 66.20%
- **Change in Revenue:**  
17.68% Revenue Increase  
Incremental Revenue Change is \$17833.44



## Segment 2: Foodies

### Key Characteristics:

- 4<sup>th</sup> Largest Customer Share (10.23%)
- 4<sup>th</sup> Highest Revenue Share (12.58%)
- Like to have buffets and Combos
- Popular dining time is late nights
- Largest email Forward Rate



# Actionable Insights:

## ➤ Pricing:

Inelastic(0.79) - 13.05% Price Increase

## ➤ Marcom:

Inelastic(0.23) - 20.00% Email Send Decrease

## ➤ Discount Type & Channel:

Focusing on Other and Dolfood discount type and GMMS discount channel

## ➤ Basket Analysis:

### ✓ **Favorable Bundling -**

Kids Meal + Beverages increases probability of buying Kids Meal by 413.00%

Combo + Beverages increases probability of buying Combo Meal by 250.30%

### ✗ **Not to be Bundled -**

Alcohol + Beverages decreases probability of buying beverages by 66.9%

## ➤ Change in Revenue:

6.45% Revenue Increase

Incremental Revenue Change is \$17311.51



## Segment 3: Steak Lovers

### Key Characteristics:

- 3<sup>rd</sup> Largest Customer Share (21.39%)
- 3<sup>rd</sup> Highest Revenue Share (24.96%)
- Love to have Steaks and is the highest purchased product.
- Unpopular dining time is late nights and lunch
- Unlikely to have beverages



# Actionable Insights:

## ➤ Pricing:

Elastic(1.07) - 3.38% Price Decrease

## ➤ Marcom:

Inelastic(0.18) - 20.00% Email Send Decrease

## ➤ Discount Type & Channel:

Focusing on Free and Other discount type and GMMS discount channel

## ➤ Basket Analysis:

### ✓ **Favorable Bundling -**

Other + Appetizer increases probability of buying Other by 188.7%

Appetizer + Alcohol increases probability of buying Appetizer by 171.3%

Kids Meal + Beverage increases probability of buying Kids Meal by 142.2%

### ✗ **Not to be Bundled -**

Beverages + Alcohol decreases probability of buying Beverages by 75.4%

Combo + Burger decreases probability of buying Combo by 31.8%

Steak + Burger decreases probability of buying Steak by 22.4%

## ➤ Change in Revenue:

3.66% Revenue Increase

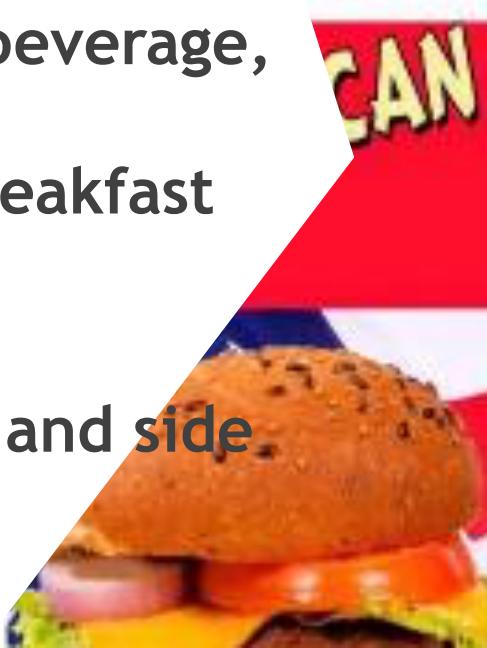
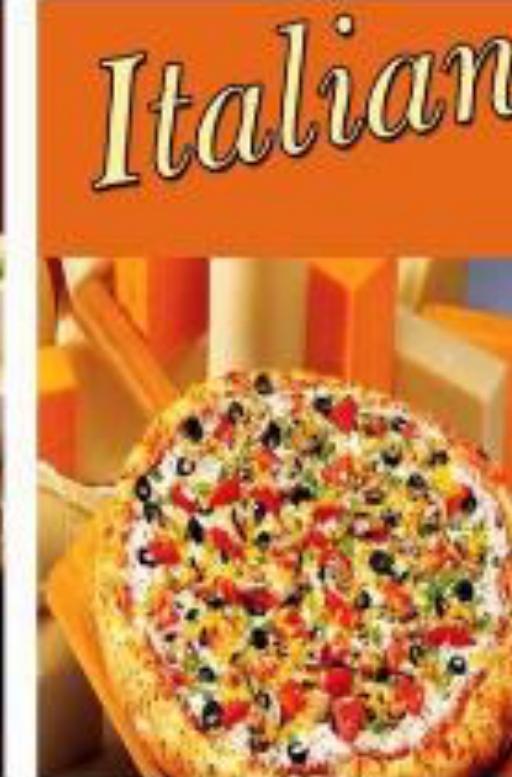
Incremental Revenue Change is \$12584.65



## Segment 4: Explorers

### Key Characteristics:

- Largest Customer Share (31.53%)
- 2<sup>nd</sup> Highest Revenue Share (24.96%)
- Like to have appetizer, beverage, brunch, soup & salad
- Popular dining time is breakfast and lunch
- Mostly visits restaurants
- Unlikely to have alcohol and side



# Actionable Insights:

- **Pricing:**  
Inelastic(0.74) - 17.13% Price Increase
- **Marcom:**  
Inelastic(0.09) - 20.00% Email Send Decrease
- **Discount Type & Channel:**  
Focusing on Other and Dolfood discount type and GMMS discount channel
- **Basket Analysis:**
  - ✓ **Favorable Bundling -**  
Appetizer + Other increases probability of buying Appetizer by 294.90%  
Alcohol + Appetizer increases probability of buying Alcohol by 204.90%
  - ✗ **Not to be Bundled -**  
Alcohol + Beverages decreases probability of buying Alcohol by 59.30%  
Light Entrée + Appetizer decrease probability of buying Light Entrée by 40.40%
- **Change in Revenue:**  
4.28% Revenue Increase  
Incremental Revenue Change is \$22675.76



# Segment 5: Boozers

## Key Characteristics:

- 2<sup>nd</sup> Smallest Customer Share (6.26%)
- 2<sup>nd</sup> Smallest Revenue Share (9.02%)
- Like to have Alcohol
- Preferred dining time is dinner and late nights
- Mostly visits bar and prefer take out
- Largest Email Forward Rate



# Actionable Insights:

- **Pricing:**  
Inelastic(0.11) - 20.00% Price Increase
- **Marcom:**  
Inelastic(0.41) - 20.00% Email Send Decrease
- **Discount Type & Channel:**  
Focusing on Dolfood and free discount type and GPS discount channel  
Other discount type should be avoided
- **Basket Analysis:**
  - ✓ **Favorable Bundling -**  
Kids + Brunch increases probability of buying Kids by 874.80%  
Alcohol + Appetizer increases probability of buying Alcohol by 365.76%
  - ✗ **Not to be Bundled -**  
Alcohol + Beverages decreases probability of buying beverages by 76.08%
- **Change in Revenue:**  
27.14% Revenue Increase  
Incremental Revenue Change is \$49586.97



## Segment 6: Heavy Buyers

### Key Characteristics:

- **2<sup>nd</sup> Largest Customer Share (25.29%)**
- **Highest Revenue Share (33.46%)**
- **Like to have drinks and side dishes**
- **Unpopular dining time is breakfast**
- **Mostly visited by Elderly crowd**
- **High email Interaction**



# Actionable Insights:

## ➤ Pricing:

Inelastic(0.77) - 15.32% Price Increase

## ➤ Marcom:

Inelastic(0.21) - 20.00% Email Send Decrease

## ➤ Discount Type & Channel:

Focusing on Other discount type

Avoid provide discount from GMMS and Local channel

## ➤ Basket Analysis:

### ✓ **Favorable Bundling -**

Appetizer + Other increases probability of buying Appetizer by 205.30%

Beverage + Heavy Entrée increases probability of buying Beverage by 167.00%

### ✗ **Not to be Bundled -**

Beverages + Alcohol decreases probability of buying Beverages by 72.20%

Steak + Beverage decreases probability of buying Steak by 69.80%

Alcohol + Drink decreases probability of buying Alcohol by 66.00%

## ➤ Change in Revenue:

6.58% Revenue Increase

Incremental Revenue Change is \$46052.77



# Financial Implication:

Cluster	Current Total Revenue	Projected Incremental Revenue	Forecasted Total Revenue	% Revenue Change
Parents on a Budget	100885.86	17833.44	118719.31	17.68%
Foodies	268393.48	17311.51	285704.99	6.45%
Steak Lovers	344127.97	12584.65	356712.62	3.66%
Explorers	529799.30	22675.76	552475.05	4.28%
Boozers	182714.03	49586.97	232301.00	27.14%
Heavy Buyer	700405.18	46052.77	746457.95	6.58%
<b>TOTAL</b>	<b>2126325.83</b>	<b>166045.10</b>	<b>2292370.92</b>	<b>7.81%</b>

## Holistic View

- ▶ Out of 6 Segments five segments are inelastic and one segment is elastic.
- ▶ It seems if we bundle Alcohol and Appetizers together there would be more probability of buying appetizers along with the alcohol
- ▶ Similarly Alcohol and beverages should not be bundled together this decreases the probability of buying beverages.
- ▶ Segment 5 shows highest revenue change of 27.14% increase.
- ▶ With changes in the price, we can increase the overall revenue by \$166045.10

Thank You!