

A2: CASE ANALYSIS WRITE-UP

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INSIGHTS

Apprentice Chef, Inc. (AC) recently launched a new cross-selling promotion: *Halfway There*. The company tasked the data science department to run an analysis that will help in predicting which customers will sign up for this promotion. The following insights were generated from the analysis:

1. The email domain that customers are using is positively correlated with the probability that customers will sign up for the promotion. During the analysis, the email domain of existing customers was used to classify them between 3 categories: personal, junk, and professional. Based on those categories, customers were assigned a level of seriousness that helps in determining if customers will sign up for the promotion or not.
2. There is a strong positive correlation (46%) between the percentage of customers that followed the recommendation and the success of the cross-selling promotion. In other word, the more customers followed the recommendation that were generated for them, the more likely they are to sign up for the *HalfwayThere* promotion and vice versa.

RECOMMENDATION

According to the insights generated from our model, we suggests AC to classify their customers depending on how committed they are to the company based on the information they give away. When building the final model, one of the variables chosen to improve the prediction accuracy was seriousness level. Seriousness level and cross-selling promotion has a 28% Pearson correlation. This involves that classifying customers on the basis of the type of information they give could help predict if the customer will be sensitive to different promotion and generate profit opportunities. An example of variables that could be used to classify customers are names. By comparing the name of the payment method with the names entered when customers sign in at first, the company could determine if customer are serious or not about the services provided.

In addition, the success of the recommendation engine that AC suggests that it could help predict the success of the cross-selling promotion. In this matter, the company could also classify their customers depending on how much they followed the recommendation that were provided to them. If customers are likely to follow the recommendation, they are more likely to trust the company in terms of their own preferences and tastes and sign up for the promotion. Therefore, it is suggested to the company to focus on improving the recommendation engine for customers that do not have a high percentage of followed recommendation in order to regain their trust and get them to sign up for the promotion.