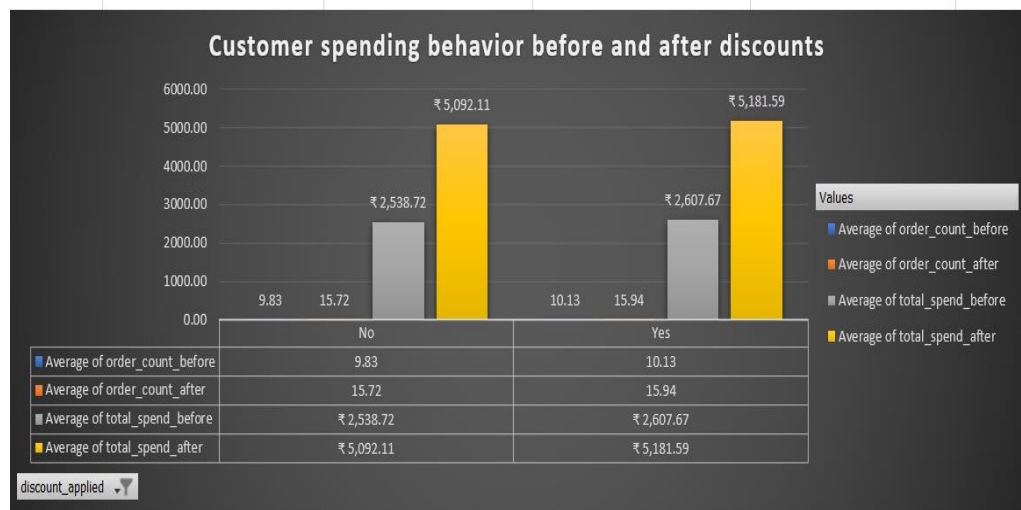# Business Case Study: Discount Impact Analysis

I. Compare Customer Spending Behaviour Before and After Discounts

A. Order Count Impact:

- Customers without discounts increased their orders from **9.83 to 15.72**.

- Customers with discounts increased their orders from **10.13 to 15.94**.

- **Insight:** Discounted customers had a slightly higher increase in order count compared to non-discounted customers.
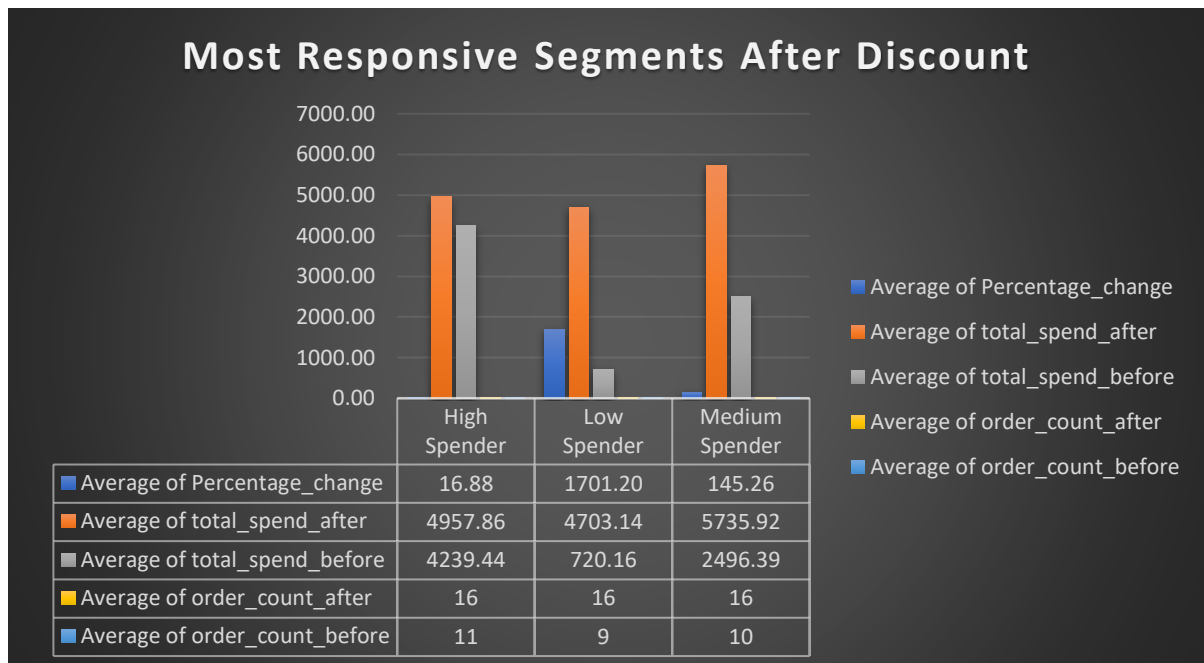
B. Spending Impact:

- **Non-discounted customers:** Spending increased from **₹2,538.72 to ₹5,092.11**.

- **Discounted customers:** Spending increased from **₹2,607.67 to ₹5,181.59**.

- **Insight:** Customers who received discounts showed a slightly greater spending increase.

C. Overall Insights:

- **Average Percentage Change: 531.00%** – Customers saw a significant increase in spending across all segments after the discount.

- **Average Total Spend Before Discount: ₹2,607.67** – Customers were spending moderately before the discount.

- **Average Total Spend After Discount: ₹5,181.59** – Their spending almost doubled after the discount.

- **Average Order Count Before Discount: 10 orders**.

- **Average Order Count After Discount: 16 orders** – Customers made more frequent purchases, indicating higher responsiveness.

II. Identify Customer Segments Most Responsive to Discounts

Based on the analysis, the following customer segments demonstrated varying levels of responsiveness:

Most Responsive Segments After Discount

	High Spender	Low Spender	Medium Spender
Average of Percentage_change	16.88	1701.20	145.26
Average of total_spend_after	4957.86	4703.14	5735.92
Average of total_spend_before	4239.44	720.16	2496.39
Average of order_count_after	16	16	16
Average of order_count_before	11	9	10

Legend:
- Average of Percentage_change
- Average of total_spend_after
- Average of total_spend_before
- Average of order_count_after
- Average of order_count_before

1. Low Spenders:

- **Percentage Change: 1701.20%** (highest responsiveness).

- Spending increased from **₹720.16 to ₹4,703.14** (6.5x increase).

- Order frequency increased from **9 to 16 orders**.

- **Conclusion:** Low Spenders are the most responsive to discounts. They exhibit a dramatic increase in both total spend and order frequency, making them the best target group for future discount campaigns.

2. Medium Spenders:

- **Percentage Change: 145.26%**.

- Spending increased significantly but was lower than Low Spenders.

- **Conclusion:** Moderate responsiveness; can be converted into higher spenders with targeted offers.

3. High Spenders:

- **Percentage Change: 16.88%** (least responsive).

- **Conclusion:** Their spending was less influenced by discounts, so a different strategy is needed to boost their engagement.

Summary of Responsiveness:

1. **Most Responsive:** Low Spenders (**1701.20% increase in spending**).

2. **Moderately Responsive:** Medium Spenders (**145.26% increase in spending**).

3. **Least Responsive:** High Spenders (**16.88% increase in spending**).

III. <u>Recommended Strategy to Maximize Revenue While Maintaining Profitability</u>

1. Target Low Spenders with Aggressive Discounts

- **Why?** Low Spenders showed the highest responsiveness to discounts (**1701.20% increase in spending**). Offering them larger or more frequent discounts can significantly increase revenue.
- **Strategy:** Implement **tiered discounts** (e.g., **20% off for purchases above ₹500, 30% off for purchases above ₹1,000**).
- Use **time-limited offers** to create urgency (e.g., **"Flat 30% off for the next 48 hours"**).

2. Focus on Medium Spenders with Personalized Offers

- **Why?** Medium Spenders responded well to discounts (**145.26% increase in spending**). Personalized targeting can help convert them into higher spenders.
- **Strategy:** Offer **personalized discounts** based on past purchases (e.g., **"Based on your previous purchases, enjoy 20% off our premium products"**).
- Implement **loyalty programs** where Medium Spenders earn points redeemable for future discounts.

3. Increase Order Frequency for High Spenders

- **Why?** High Spenders had a **moderate** increase in spending (**16.88%**). The goal should be to encourage **more frequent** purchases.
- **Strategy:** Introduce **subscription programs** (e.g., **monthly discounts on repeat purchases**).
- Offer **personalized discounts** on preferred items to encourage more frequent purchasing.

4. Leverage Customer Loyalty and Retention

- **Why?** Retaining customers is more profitable than acquiring new ones.
- **Strategy:** Implement a **customer loyalty program** that rewards repeat purchases, referrals, and social media engagement.

- Offer **exclusive early access to sales** for loyal customers (e.g., **Myntra's Insider program** grants early access to sales for frequent buyers).

Conclusion: By tailoring discount strategies based on customer responsiveness, businesses can maximize revenue while maintaining profitability. **Low Spenders should receive aggressive discounts, Medium Spenders should be engaged with personalized offers, and High Spenders should be encouraged to order more frequently.** Additionally, a strong customer loyalty program will ensure long-term retention and sustained profitability.