**Objective:**

We have identified customer segments based on order history, household and neighborhood level details and responsiveness towards mailers. Using the coupon usage pattern, the most effective offers sets are derived for the customer segments.

**Analysis:**

Initial Analysis was conducted to identify if there is any obvious pattern in order frequency, order amount, meal period, leading promotions. For further analysis, we segmented the transactional data and demographical data with variables explaining variance of 52% and 70% respectively. We found below parameters to be most significant and defining each segment.

*Transactions: Order Item, Frequency of Purchase, Day of order, Time of order*

*Demographic: College Education, Population settlement, Members in household, Race, Profession, Dwelling type, Travel time for work*

These are the customer segments Identified as the largest microsegment

Country Dweller who Order large pizza (4.08%), Passive buyer from Countryside (3.9%), Weekend dinner at Countryside(3.67%), Upper middleclass eat Large pizza for dinner(3.37%), Upper middleclass weekend diner(3.33%), Upper middle class passive buyers(3.24%), Upper middleclass eat 2 medium pies(2.59%) , Passive established suburb dweller(2.88%), Established suburb dweller eat Large pizzas(2.76%), 2 Medium pies at countryside(2.55%).

Interestingly, *2* Medium pies at countryside, Upper middleclass eat 2 medium pies segments shows a very good coupon usage rate of 88% and 90% respectively. The Upper middleclass weekend diner and Weekend dinner at Countryside shows very high response rate at about 35%.

We found that customer transaction cluster determined which coupon they used more than their demographic cluster and thus further analysis and recommendations are based on the transactional clusters.

**Recommendations:**

1.Use the Coupon Set by Cluster chart on the following slide to choose what offers to mail.

2.Add ability to include large pizzas at an upcharge within the “MIX 2 or More” Coupons.

3.Ensure coupon delivery to customer between 6-7 days after their order.

4.Mail coupons to “Passive customers” and “Readymade meal seeker” for delivery on Monday so they make use of them during the week

5.Stop sending coupons to “Readymade meal seeker” and “Weekend Pizza party” on experimental basis to determine if the coupons really are the driver for purchase.

6.Mail coupons to “Fill Stomach on Weekend” for delivery on Thursdays and offer on Large pies.