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RMIT BUSINESS ANALYTICS CHAMPION

SEASON 4

ROUND 2

CASE STUDY

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EXECUTIVE SUMMARY

CONTEXT OBJECTIVE



used to be leader of the pizza market in Vietnam

In the highly competitive market

Want to make informed customer-centric strategies to boost growth

KEY INSIGHTS

Opportunity

The 'consume-more' lifestyle is on the rise



While the food market in Vietnam is on a positive trajectory, Pizza Hut is currently facing a decline in revenue growth.

Issues

1

Promising and Recent Customer segments continue dominated with the lead in the non-churn customer volume.

2



1

Mismatch between customers' trends and Pizza Hut's offerings

2

Pizza Hut does not have a clear brand voice to define themselves among the intense competitive landscape

RECOMMENDATIONS

BIG IDEA:
Celebration Your Pride

Short-term: MarCom Campaign => Grow market attention

Medium-term: Construct brand consistency through renovation activities => Convey the brand voice to customers

Long-term:
Become the TOM of customers when "Celebration/Pride" mentioned and become pioneer in providing professional celebration services



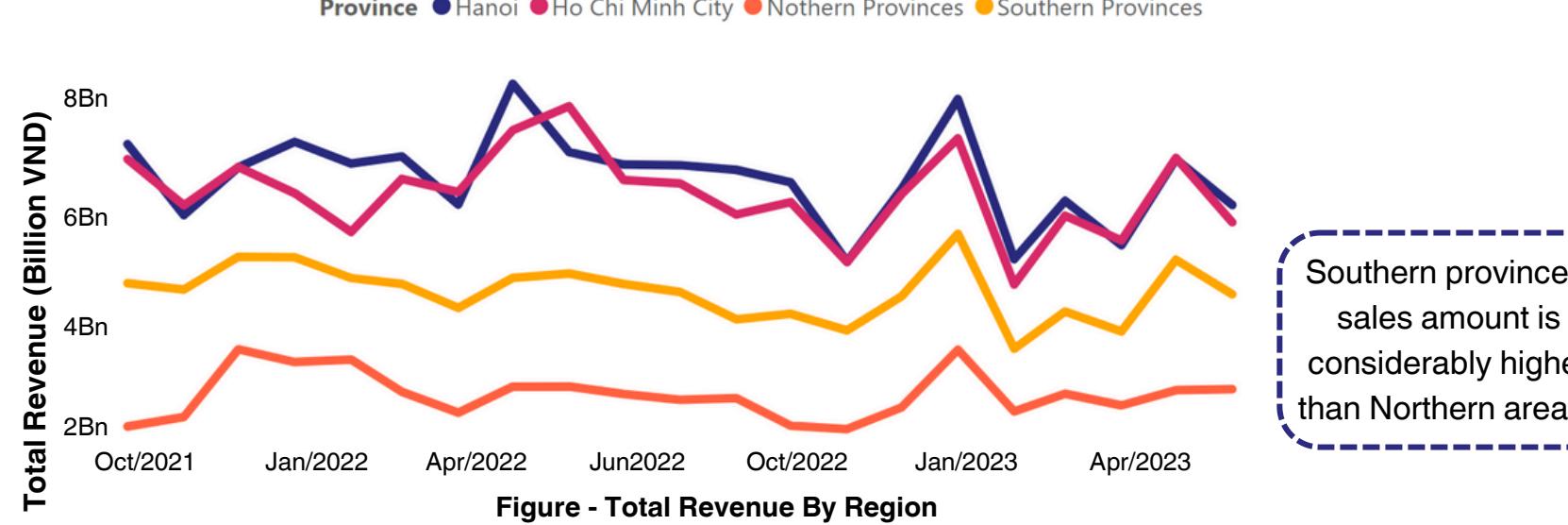
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Customer Persona

RFM Model

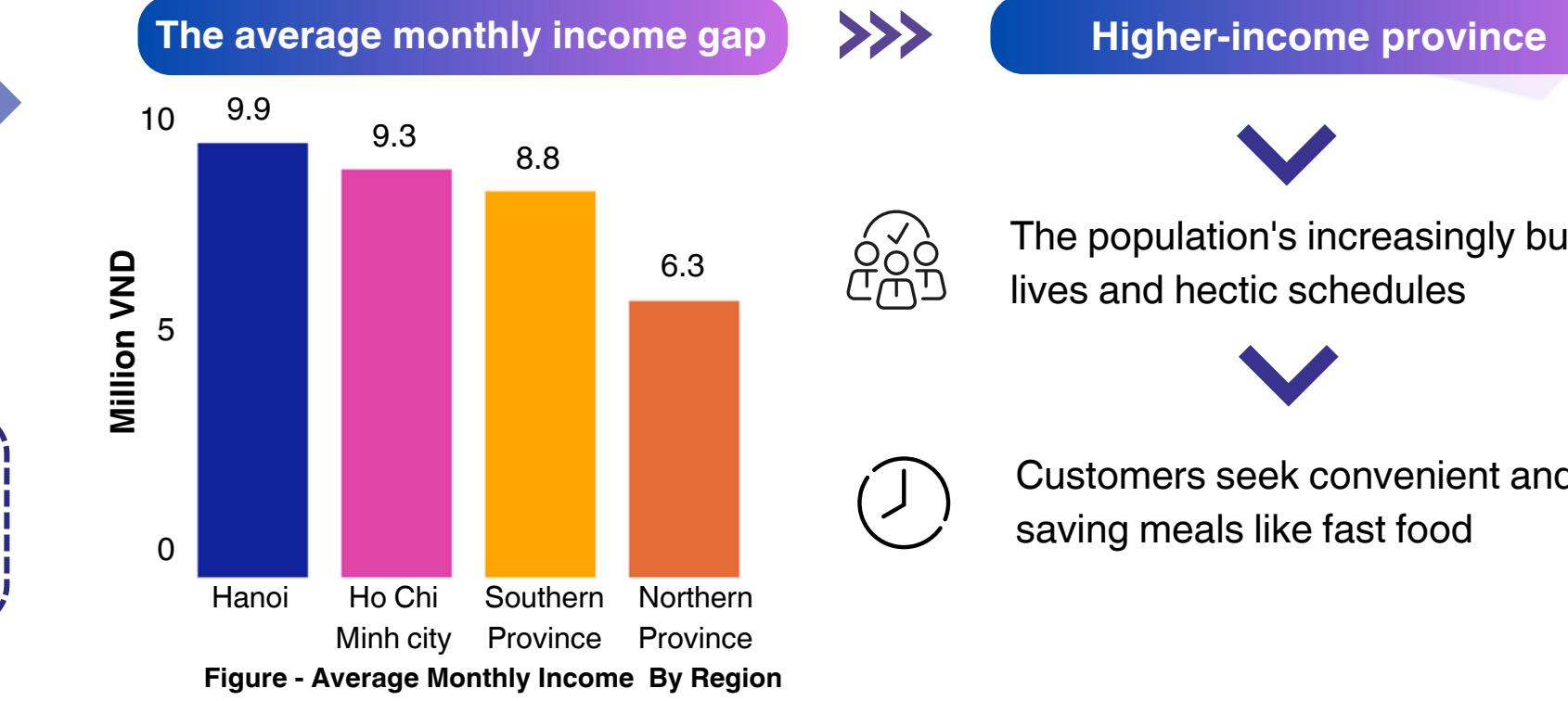
CLV and Churn Rate

Recommendation

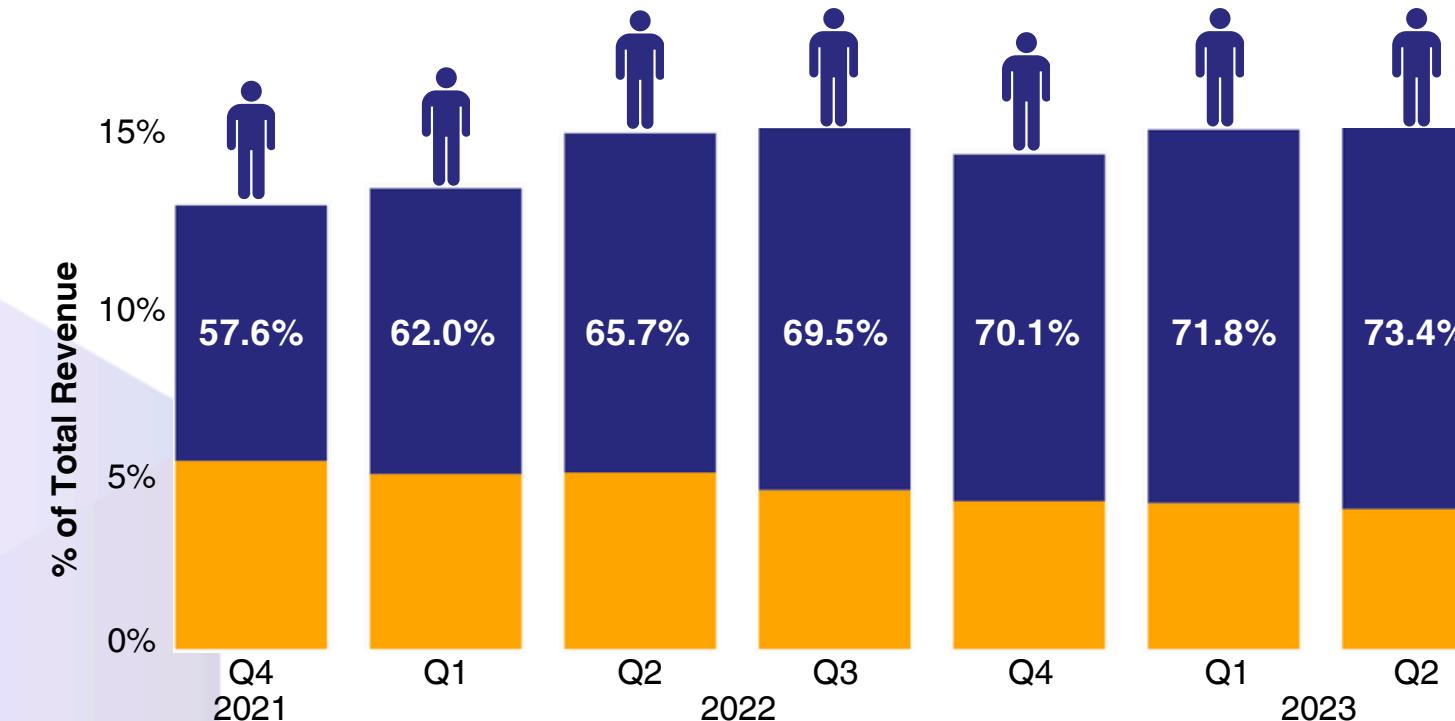


DEMOGRAPHIC AND GEOGRAPHIC SEGMENTATION

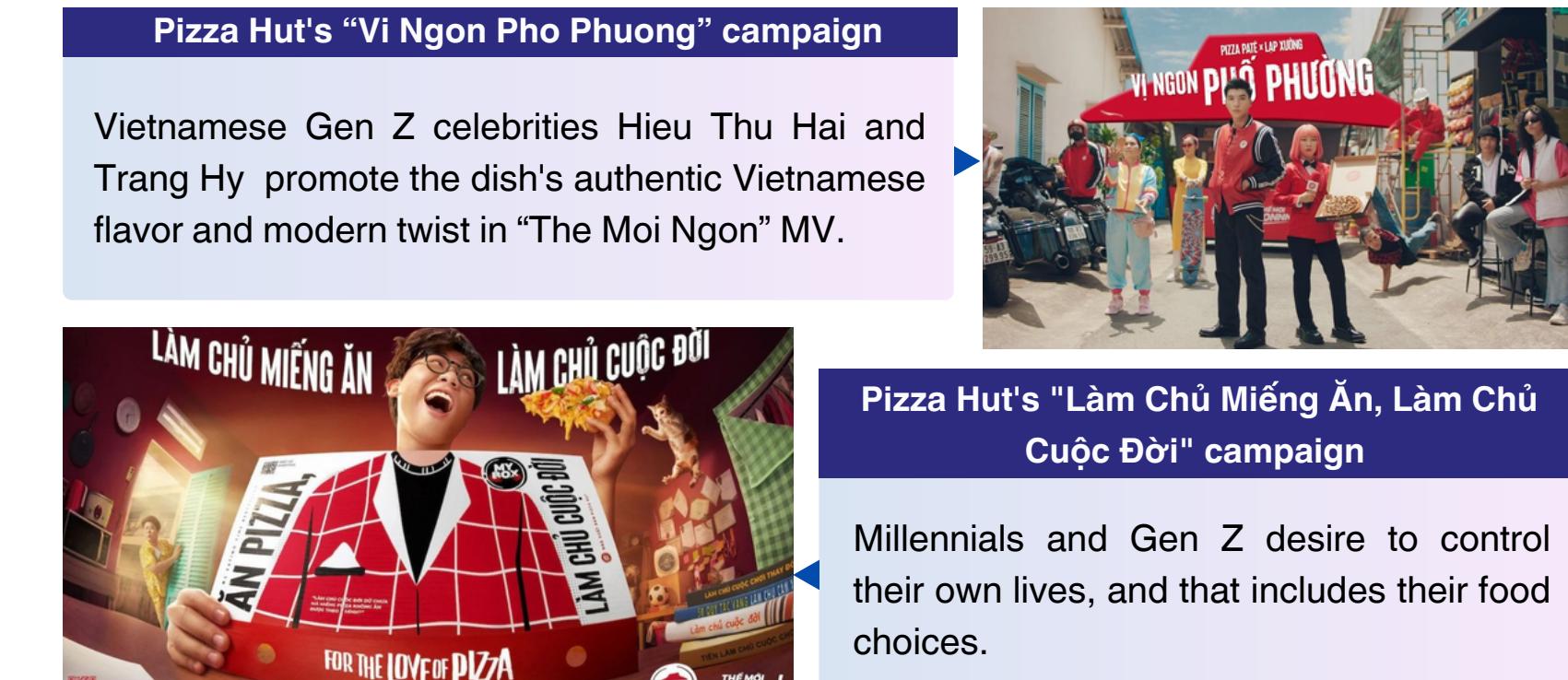
Due to



[2] Pizza Hut consumption was higher among male consumers than female consumers over time...



[3] Pizza Hut target the young labor force (Millennials and Gen Z) aging 20-35 through their campaigns





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PURCHASING - BEHAVIORAL SEGMENTATION

[1] Pizza Hut offer a wide range of channel options where **Store** is the most popular order place...

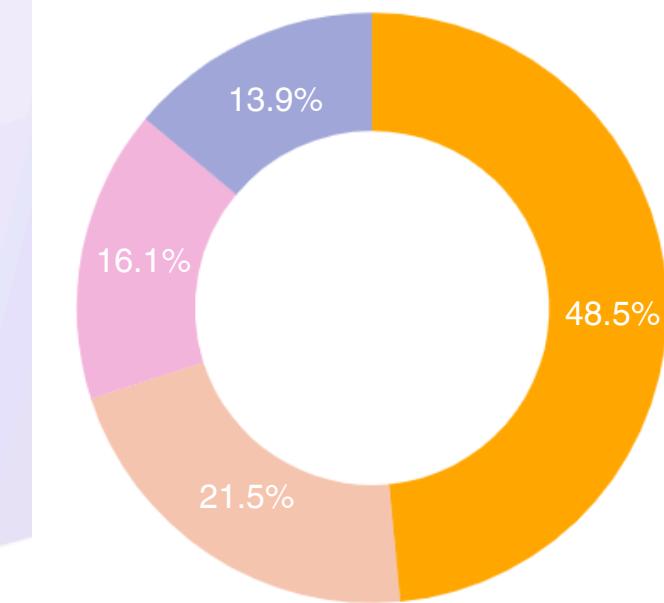


Figure - Pizza Hut's Order Places

48.5%

of total bills were taken place from Store

OrderFrom
 ● STORE
 ● WEBSITE
 ● CALL CENTER
 ● APP

[3] Delivery is the most popular channel in HCM, while Take Away makes up the highest bill counts in Hanoi, Southern & Northern provinces

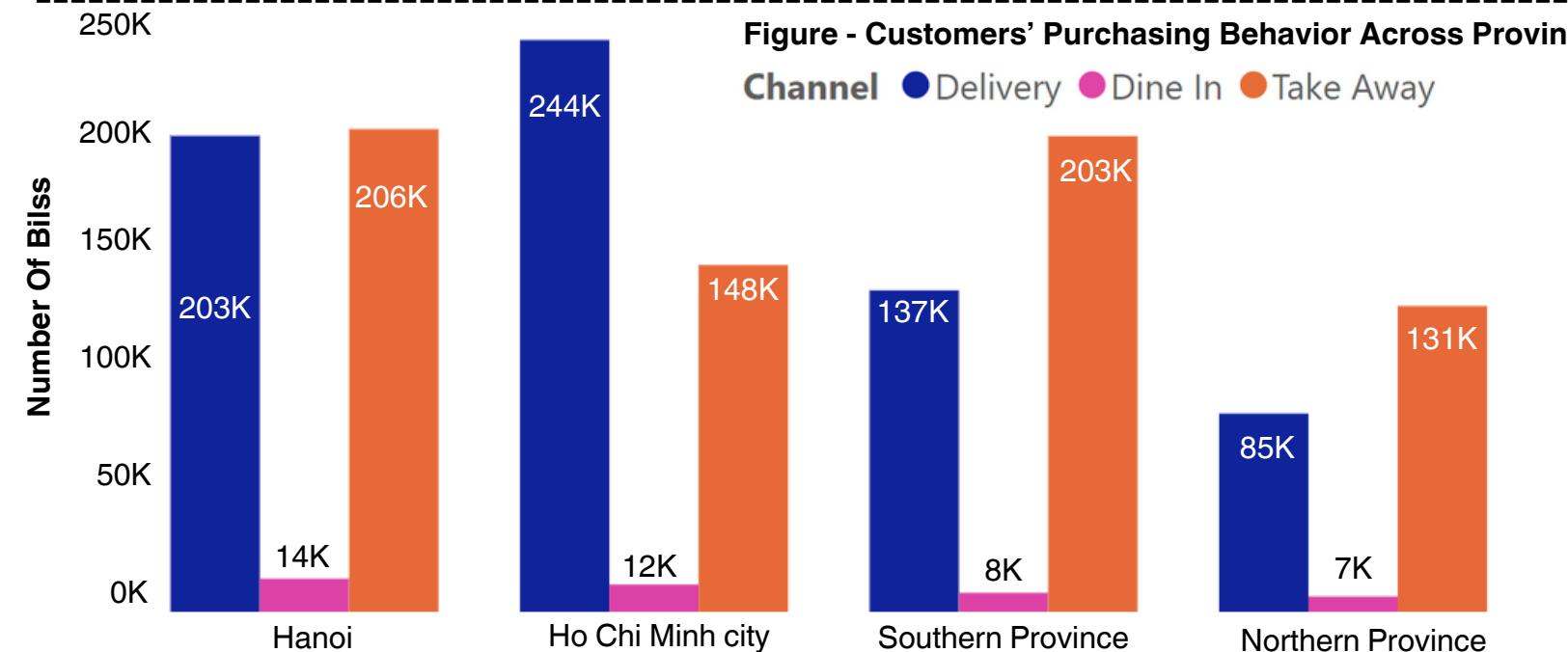


Figure - Customers' Purchasing Behavior Across Provinces

Channel ● Delivery ● Dine In ● Take Away

[2] Customer primarily Take Away from the store, while Delivery is from Call Center and Website.

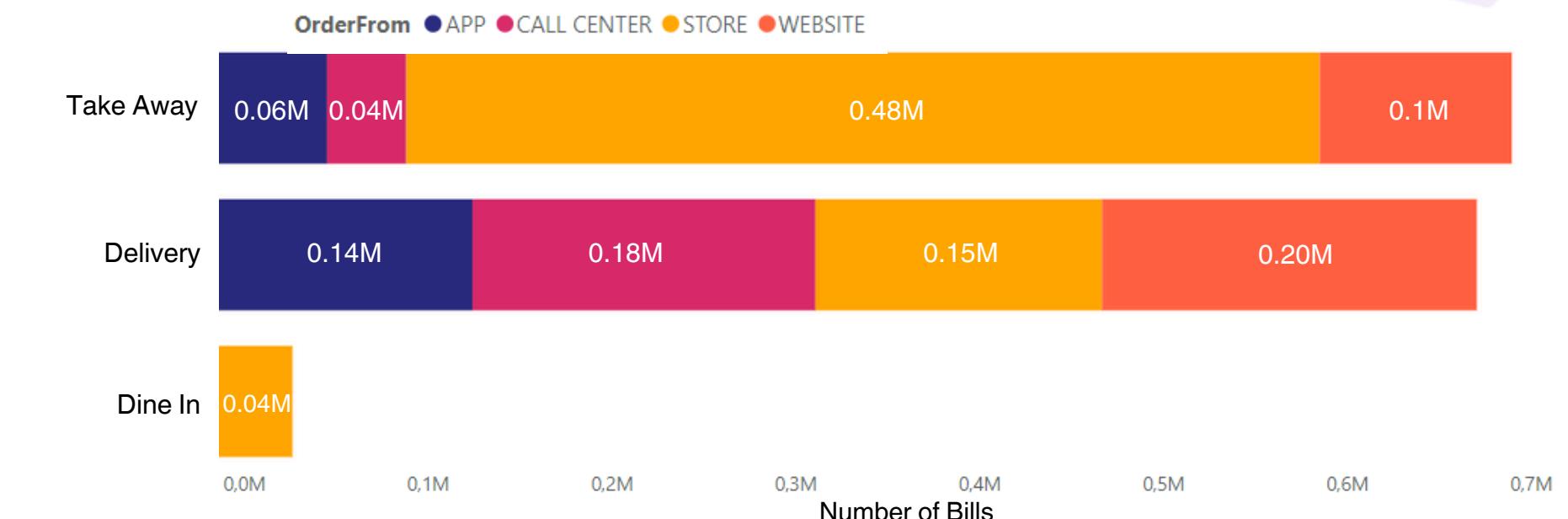


Figure - Customers Purchasing's Behavior Through Channels and Order Places

[4] Male and female customers both prefer buying products at Pizza Hut's store. Also, male mostly order through Pizza Hut's App while female use Website.

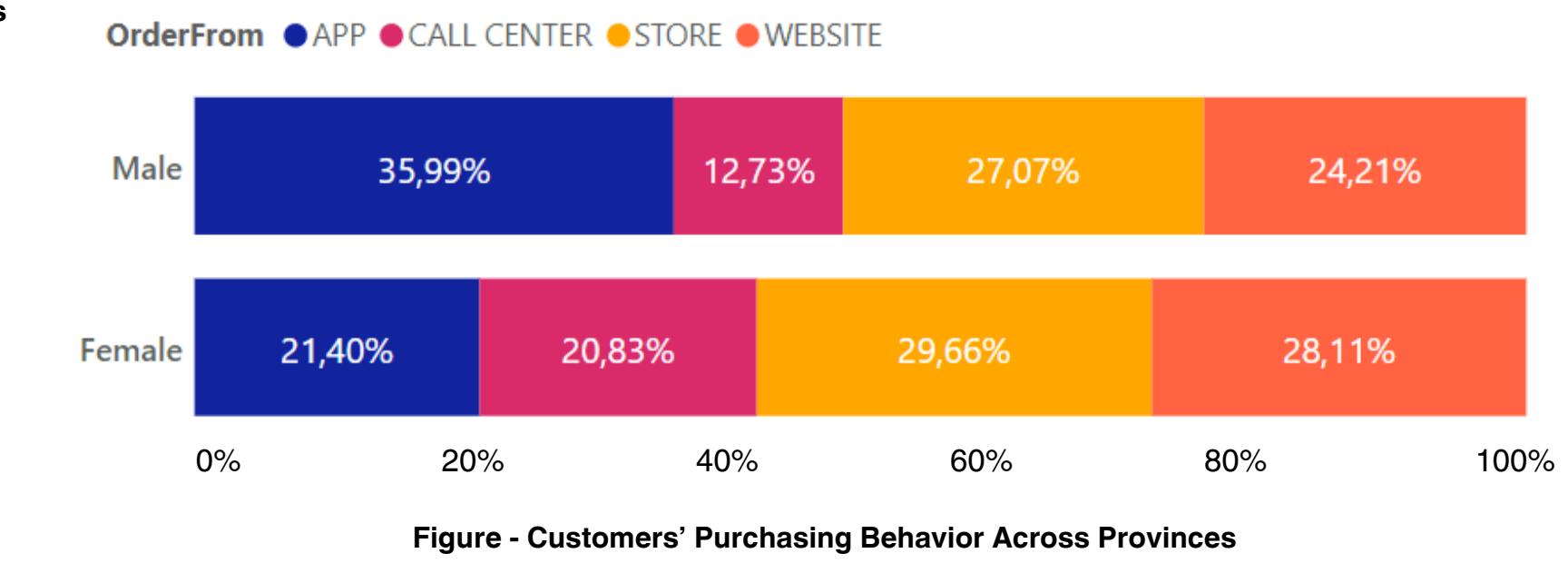


Figure - Customers' Purchasing Behavior Across Provinces



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PURCHASING - BEHAVIORAL SEGMENTATION

[1] Lower bill counts using voucher, yet average sales amount per bill applied voucher were 370,000VND, higher than those not applied voucher (nearly 300,000VND)

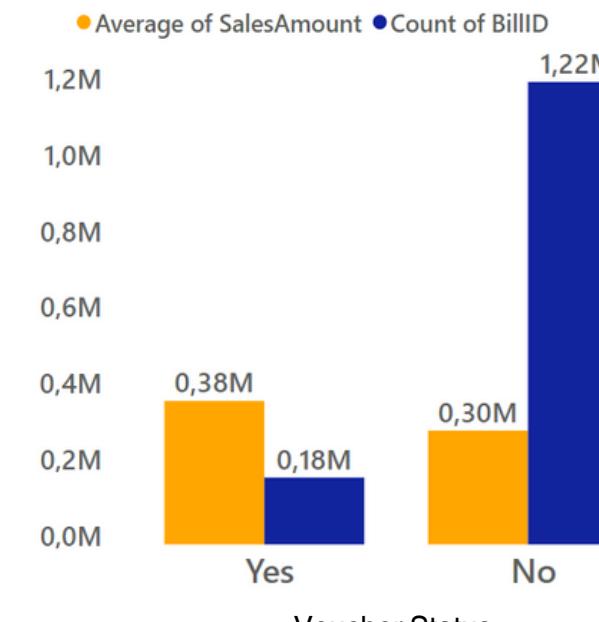


Figure - Sales Amount And Number Of Bills Having Voucher



Having voucher encourages customer to spend more money

[2] Bills with vouchers witnessed an uptrend (5.8x), while bills with no vouchers showed bills show the opposite

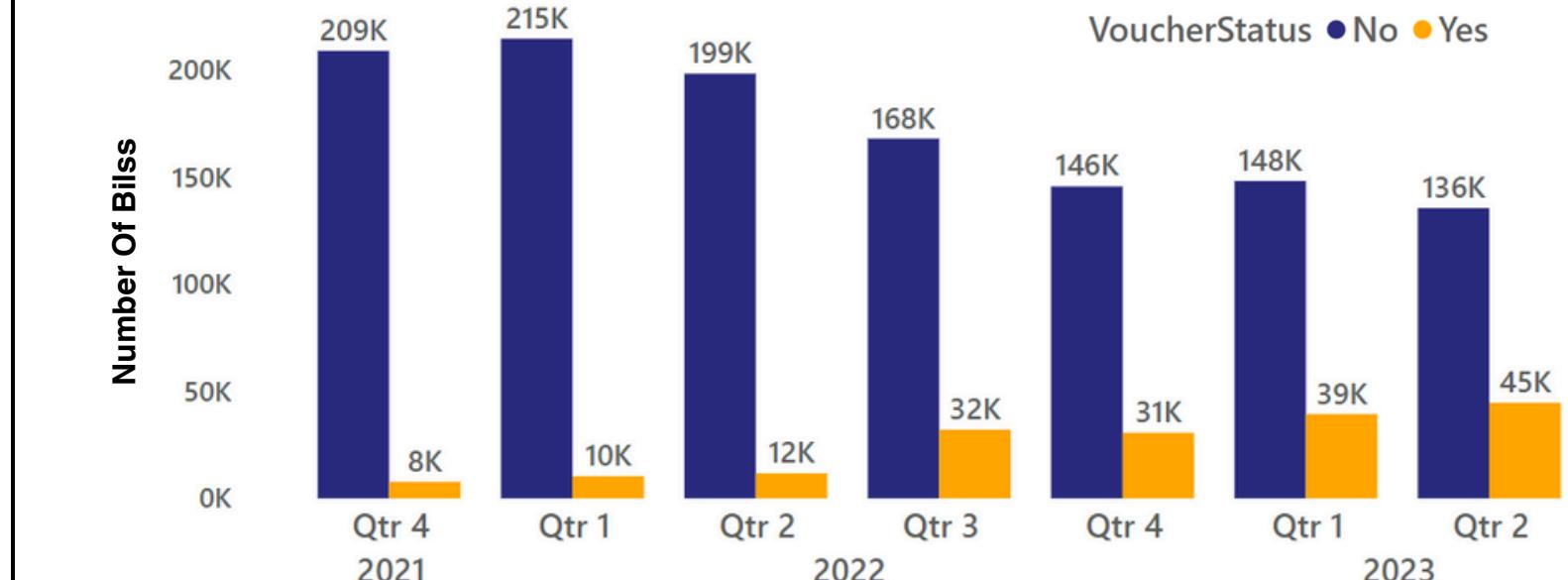


Figure - Number Of Bills Having Voucher Over Time

[3] Occasion-Based Behavior: Pizza Hut's sales amount jumped on special days...

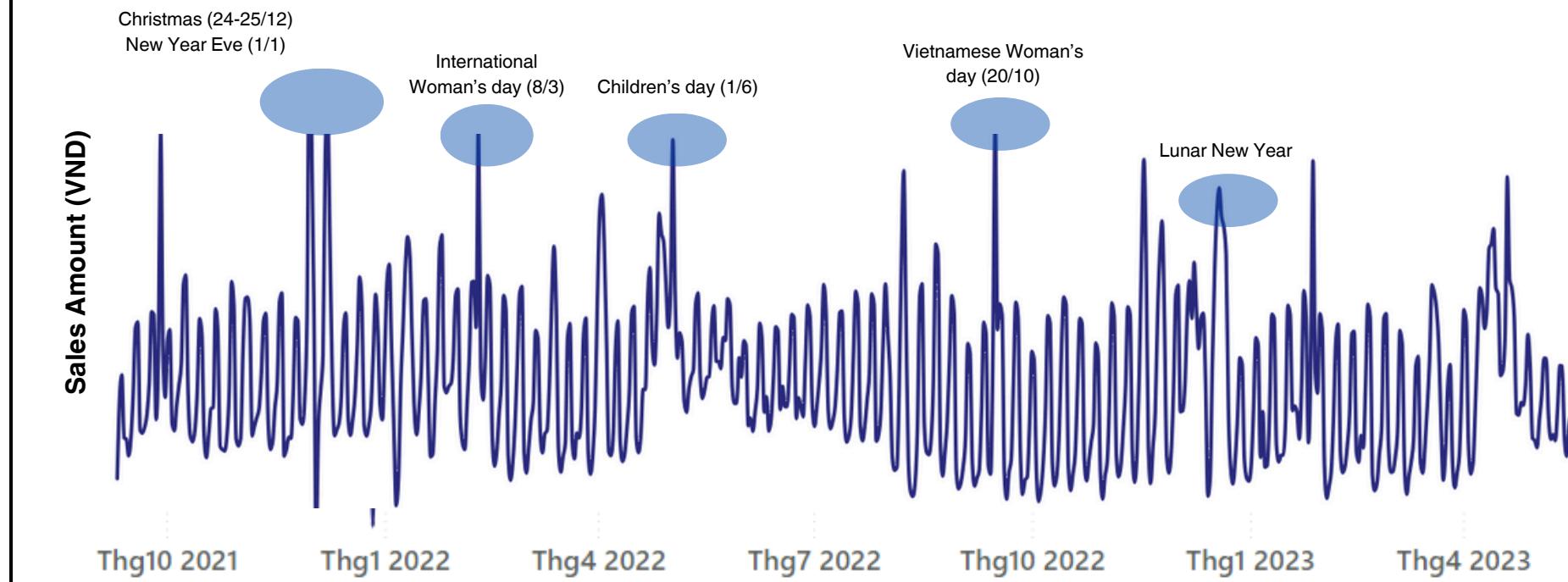


Figure - Sales Amount Over Time



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RECENCY, FREQUENCY, MONETARY MODEL ANALYSIS

By ranking customer on the scale 1-5 of RFM metrics, customers are divided in to **10** segments.

TOTAL CUSTOMERS
718,050

AVERAGE RECENCY
303.8 days

AVERAGE FREQUENCY
1.95 times

AVERAGE MONETARY
304,506VND

[1] Promising segments take up the majority,

average purchasing of 2.71 times

spending an average of 410,388 VND

have purchased within the last average 5 months (156.67 days)

...[2] whereas, the least proportional segments are Potential Loyalist, Need Attention, Champion, and At Risk.

- Potential Loyalist (230 customers)

- Need Attention (55 customers)

- Champion (19 customers)

- At Risk (4 customers)



PROMISING
37,2%

RECENT CUSTOMER
18,6%

CANNOT LOSE THEM

14.6%

HIBERNATING

12.8%

LOST CUSTOMERS

12.6%

ABOUT TO SLEEP

8.3%

[3] Need Attention, Potential Loyalists, and Champion dominate the average for Recency and Frequency value,...

Figure - Average Recency Value

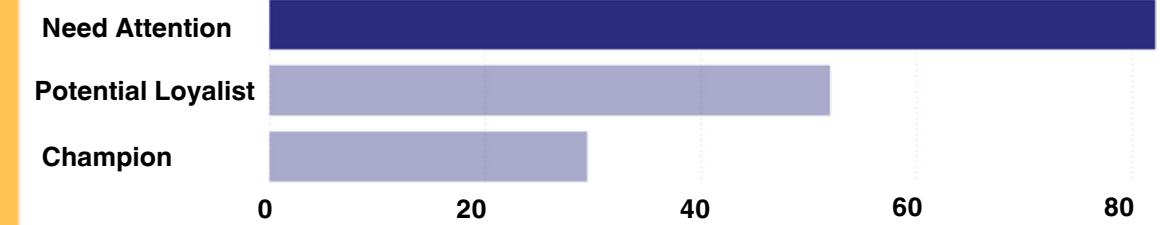
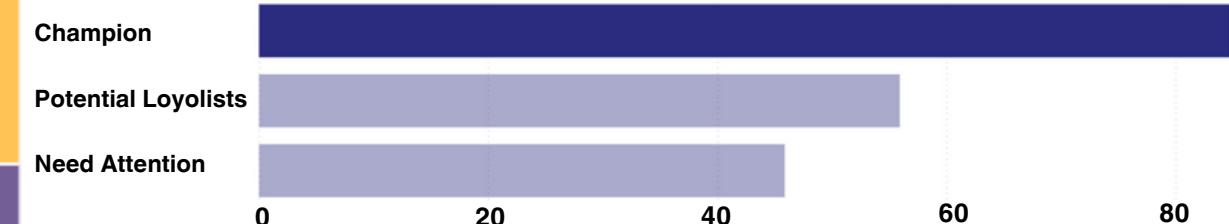
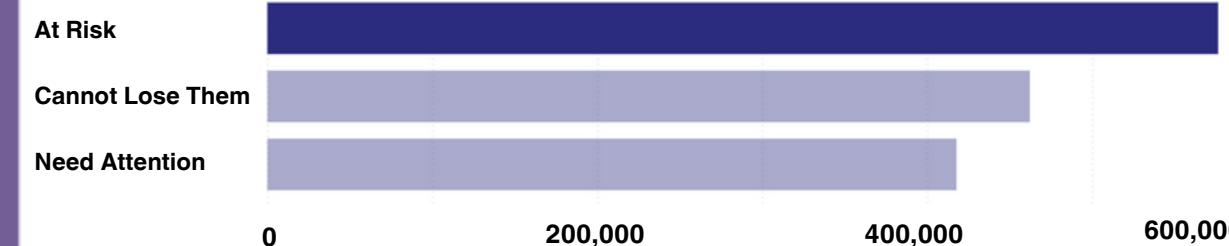


Figure - Average Frequency Value



...[4] however, At Risk, Cannot Lose Them, and Need Attention are the biggest spenders.

Figure - Average Monetary Value





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CUSTOMER LIFETIME VALUE OF EACH SEGMENTS

The lowest CLV segments got the highest CLV per customer. Half of the segements has non-continuous life span.

[1] In aligning with the RFM model, **Promising, Recency Customers** and **Cannot Lose Them** segments continue to contribute the highest CLV toward Pizza Hut,...

...[2] and the four lowest-CLV-performing segments - **Potential Loyalists, Need Attention, Champion, and At Risk** - remain the same.

[3] Nevertheless, the bottom four segments exhibit the highest CLV per customer, with Champion having the largest value at 61,501,675VND.



To boost company growth in both branding and sales, end goal is to **increase the volume of Champion segment** with policy such as upselling **Need Attention Segment** or spreading **Brand value to Promising Segment**.

SEGMENTS	CLV (VND)	CLV PER CUSTOMER (VND)
Promising	483,478,878,985	1,811,400
Recent Customer	69,839,583,274	521,783
1 Cannot Lose Them	43,468,436,813	413,725
About to Sleep	22,588,401,133	377,840
Hibernating	17,127,041,903	186,930
Lost Customers	7,233,629,947	80,100
2 Potential Loyalists	4,056,461,089	17,636,787
Need Attention	1,817,897,452	33,052,681
3 Champion	1,168,531,821	61,501,675
At Risk	41,683,157	10,420,789

Figure - Customer Lifetime Value (Billion VND)



NON-CONTINUOUS LIFE SPAN

Other segments have full life span over the research period, but the five segments of **Cannot Lose Them, About To Sleep, Hibernating, At Risk, and Lost Customers** experienced an interrupted life span.

1 Highly Competitive Market

Monopolistic rivals: Pizza Company, Domino's Pizza, etc....continuously differentiate products, dine-in preferences, culinary experiences, promotions, etc. to attract customers. Customers have various of choices instead of bearing one Top-of-Mind Pizza Brand.

2 Low-switching Cost

Due to the highly competitive market, pizza can be deemed as a low-switching cost product due to the high-availability and low perceived risk of switching to other brands (Sahagun and Vasquez-Parraga 2014).



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CHURN RATE ANALYSIS

Cannot Lose Them

26,482

Hibernating

15,854

Promising

144,966

Lost Customers

20,474

Recent Customers

50,541

About To Sleep

9,553

8,432

Potential Loyalists

2014

Champions

598

Need Attention

535

At Risk

64

Churn

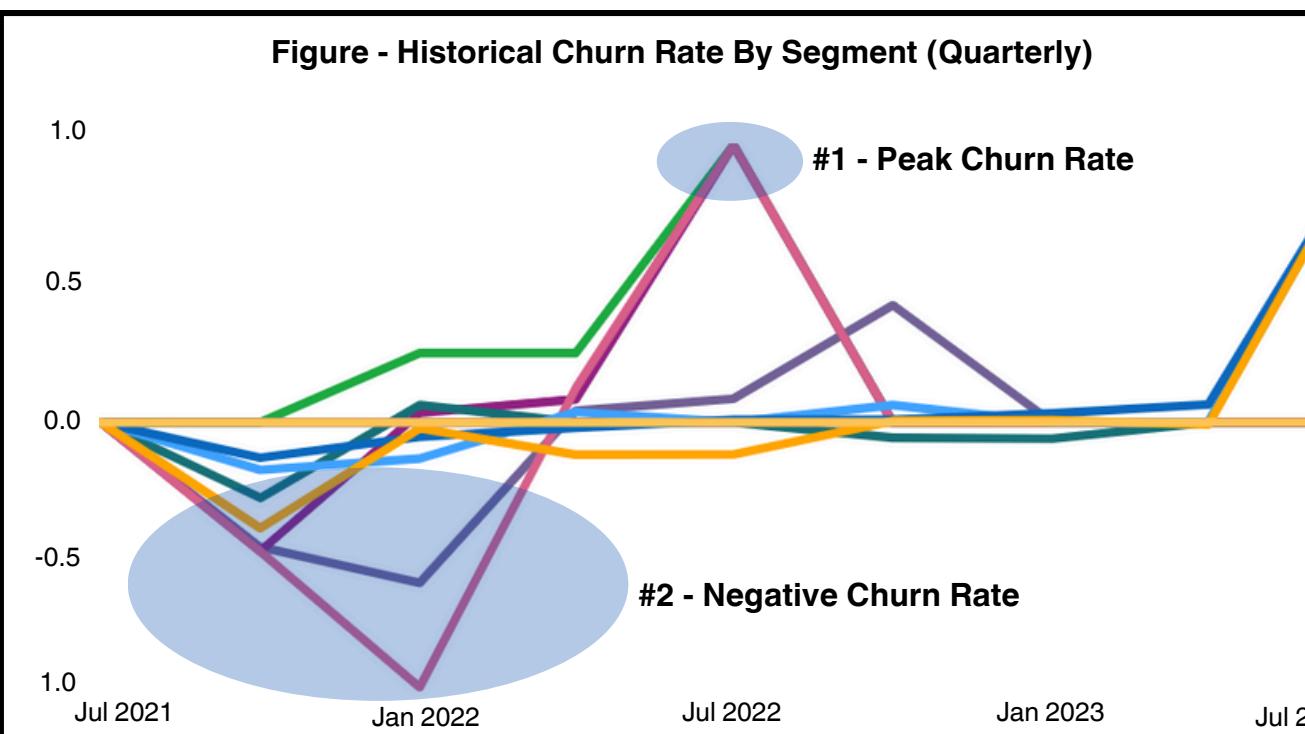
Non-churn

Figure - Present Churn and Non-Churn Customer By Segment

Present Churn

[1] **Promosing and Recent Customer** segment continue dominated with the lead in the non-churn customer volume.

[2] The churn segments (**Cannot Lose Them, Hibernating, Lost Customers, and About To Sleep**) truly reflect the non-continuous customer life span, as they take the lead in the number of churn customers.



Historical Churn

At glance, the churn rate of all segment maintain close around zero.

#1 - Peak Churn Rate

Hibernating, At Risk, and Cannot Lose Them segment reach its peak in Q3/2023, at **1% churn rate** → acceptable churn rate for business.

#2 - Negative Churn Rate

From Q4/2021 to Q1/2022, the majority of segments had negative churn rate, indicating the added revenue from current customers surpasses lost revenue from churned customers → Successfully delivering added value to existing customer.



RECOMMENDATION

Customer Persona

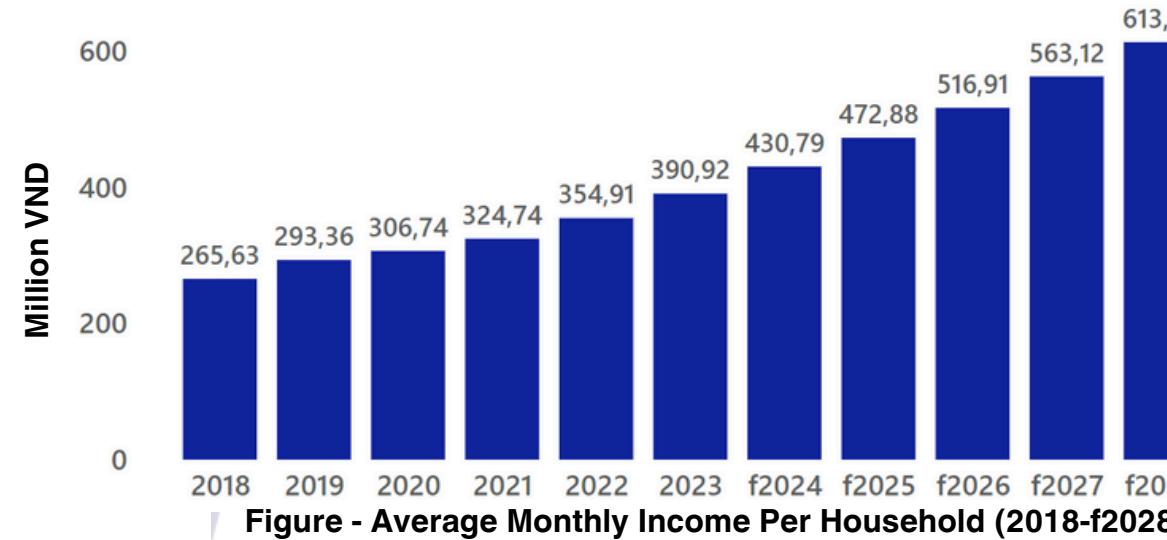
RFM Model

CLV and Churn Rate

Recommendation



[1] The disposable income of the Vietnam population has been on the rise...



Eating outside of home among affluent and young consumers Gen Z & Young Millennials (18-35):

As disposable income rises, greater spending power will further spur demand within the dining options

1/3

of their monthly income goes into eating out

HOWEVER

[3] Once being a leader, Pizza Hut Vietnam recently experienced a decline in revenue while an upward trend has been seen in the broader food service industry

Viet Nam food service industry revenue growth 2021-2023
4.9%

Pizza Hut Viet Nam revenue growth 2021-2023
6.5%

could lead to

An intense competition with early technology services from Domino's, Pizza Company, etc.

[2] Customer trends: with rising disposable income, Vietnamese young consumers are signs of evolving in four distinct ways



They are more value conscious yet willing to pay higher for branded quality, little luxury products

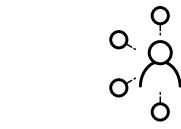


They prioritize self-esteem, seeking exclusive culinary experiences that resonate with their self-centered identity needs.



90% of Vietnam consumers switch stores or brands in the past three months.

They exhibit little loyalty



50 - 75% of consumers research and buy products through omni-channel platforms

They are connected and social media-savvy

1 Mismatching between customers trend/demands and Hut's offerings

2 Not having a clear brand voice to define themselves among the intense competitive landscape

Pizza Hut miscommunicates and misunderstands its Target Audience with ineffective IMC tool usage where the conversion rate is not compatible with the budget spent for campaigns.

Source: Mordor Intelligence 2023; McKinsey 2023 ; Mathur 2023 ; Fox 2022 ; Statista 2023

PIZZA HUT NEEDS BRAND REPOSITIONING



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REPOSITIONING RECOMMENDATION

BIG IDEA: CELEBRATE YOUR PRIDE

RATIONALE OF CHOOSING



[1] Based on insights of the target audience: High self-esteem and value self achievements



[2] Based on the existing brand image of Pizza Hut (masculinity, fast, exciting, fun, headspace of connection, colorful)



[3] The idea can be relevant to F&B industry, customer perception and brand image for long-term branding strategy



[4] Differentiate Pizza Hut from other competitors (Domino's - Technology; Pizza Company - Italian Taste)

Message: Every moment and achievement in your life can be the pride and a meaningful celebration. Pizza Hut believes every prides of you: identity, milestones, memories, worths wholehearted celebration!

KPI

Short Term (3 months):

- 40% awareness from TA (Gen Z & Millenials, key cities, culinary savvy)
- Top 3 discussion topic on social media
- 10% sales growth
- 5-10% new customers increase (R_score)

Middle Term (1-3 years):

- 60-70% awareness from TA (Gen Z & Millenials, key cities, culinary savvy)
- 20%-30% sales growth
- 10%-20% increase in Frequency score

Long Term (5-10 years):

- 80%~90% TA acknowledge brand keyword "Celebrate your Pride"
- 10% increase membership subscription
- 20% increase in retention rate (spot repeat-consumption pattern)



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Customer Behavior

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Prediction

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RECOMMENDATION EVALUATION: “FAR MORE THAN JUST CAMPAIGNS”

SHORT TERM



- Utilize rich IMC Tools Property of Brand to construct various Marketing Campaigns
=> Leverage brand awareness on new brand message
- Practice customer-centric plan to boost company growth favoring market attention from every segment of PH's TA

MIDDLE TERM



- With an orientated brand message, the R&D department will align with the theme of Celebration/ Pride to renovate themed flagship stores, menus, and products.
- Promotions are the brand's strength to leverage during campaigns to convey the brand's voice to customers.

LONG TERM



- Exclusively associate with “Celebration” or “Pride” keywords through constructed brand story (e.g. the case “Chill” of Strongbow - Appendix).
- Shape customers' perceptions when consuming company's products (from “fast food” -> food for celebration)
- Develop dine-in chain specified for celebartion purposes
- Industry pioneer in making celebration services become built-in product.





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Customer Behavior

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MOCK EXECUTION FOR BEGINNING PERIOD



OBJECTIVES

Make celebrations most convenient and than ever with Hut

Solve customers' pain point of being too busy to organize, yet their inner child is still craving for some fun
Create Nostalgic vibe of Brand image within Millenials's minds



EXECUTION

Offering an all-in-one celebration package, along with fast delivering food to aid the celebration's preparation with convenience



PARTNER

Collaborate with third-party cleaning service provider - BTaskee



Help customers save time so they can savor quality moments with their family



TACTIC

Integrated offline and online IMC tools, including display ads, social media usage and community activities are crucial to increase awareness among users



CAMPAIGN EFFICACY

Communications (brand awareness, discussion) and business (sales, conversion rate)

Marketing Campaign: 'Child-Hut Pride - It Has Always Been Hut'

Key Message: *Hut is here to bring your childhood favourites to the door*



MOCK EXECUTION FOR MIDDLE-TERM PERIOD

Construct brand consistency: Renovating themed stores



Pizza Hut will still be seen as within Fast Food Industry without rebranding to other services (fine dining restaurants)

Theme: Minimal, bright, spacious (Figure 1)

Still reminds of a fast-food place, not replicating any fine dining restaurants

Workshop activities: Handmade pizza (Figure 2)

-> Reminiscing about childhood

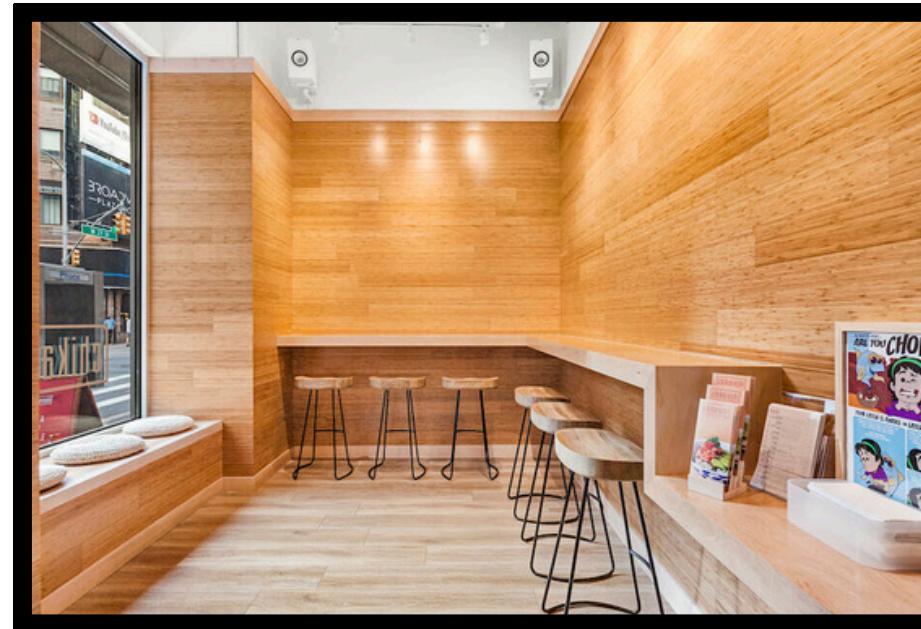


Figure 1



Figure 2



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Customer Behavior

RFM Model

Prediction

Recommendation

KEY MESSAGE

Pizza Hut is honored to celebrate the nation's special days with the community.

Hut Pride represents our commitment to being an integral part of local celebrations.

Organize joint activities, such as pizza tastings or contests, within the government event.

IN - EVENT ACTIVITIES

Set up Pizza Hut booths or stalls near the government event venue (if allowed) to increase visibility.

Distribute flyers, coupons, or branded items to event attendees.

Organize joint activities, such as pizza tastings or contests, within the government event.

MOCK EXECUTION FOR MIDDLE TERM PERIOD

CELEBRATE NATIONAL DAY WITH PRIDE HUT



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APPENDIX LIST

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Appendix Strongbow Case - Brand associated with the keyword “Chill” through different campaign and contents





REFERENCE LIST



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