

Executive Summary

A leading loyalty program (LP) offers reward miles to its members for their purchases. The LP announced a one-year anniversary “Block Party” promotion with the intent to increase subsequent purchases. This report analyzes and evaluates the effect of the promotion on member purchases. To gain further knowledge on consumer behavior, the LP also allowed members to discuss their purchase experiences via a members only portal. Using a sample set of 12,302 members, we created multiple regression models to find out if participation in “Block Party” increased spending. Based on our models, we concluded that on average “Block Party” participation increased purchases. We also ran a series of analyses that showed the lasting effect of social media posts during the four weeks into the promotion for both participants and non-participants. Our analysis concluded that all four weeks had a positive lasting effect with the first week exhibiting the strongest results. Finally, we analyzed whether the number of words from participant postings had an effect on purchases. Based on our findings, we have evidence to conclude that the “Block Party” promotion increased consumer spending but that expressing one’s opinion about it on social media has a negligible effect on other members’ purchases.