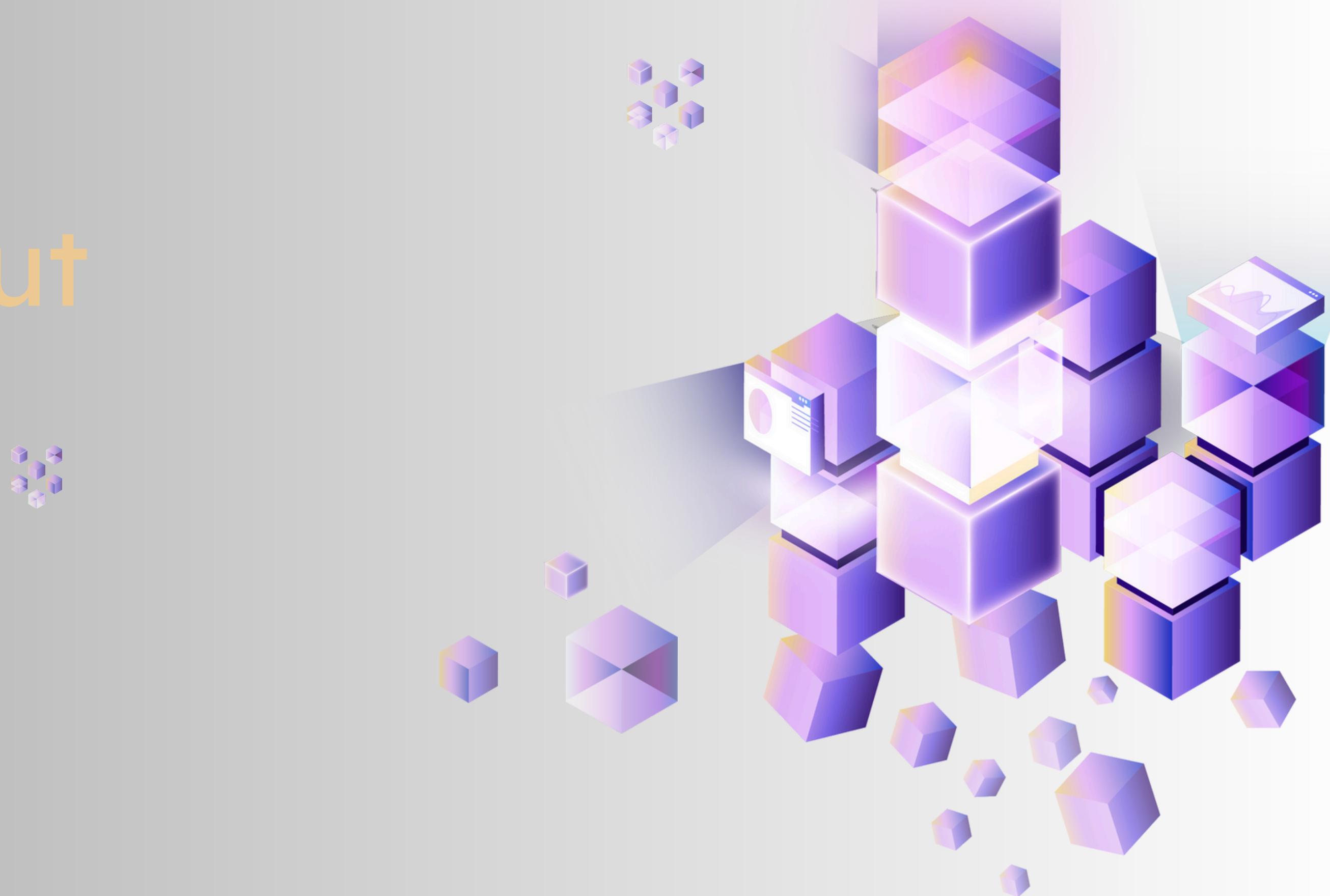


Pizza Hut Report

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EXECUTIVE SUMMARY

PIZZA HUT BUSINESS ANALYSIS & STRATEGIC OUTLOOK (OCT 2021 - JAN 2023)

1. BUSINESS OVERVIEW

- Total Revenue: 319.68 billion VND.
- Total Orders: 1.05 million.
- AOV: ~305,000 VND (Healthy mid-to-high range).
- Current State: Strong acquisition but reliant on transient traffic; lacks sustainable retention.

2. CRITICAL INSIGHTS (PAIN POINTS)

- The Retention Crisis: Customer retention drops to 8.3% after month 1. >50% of revenue relies on "At Risk" customers.
- The Data Blind Spot: ~60% of sales come from "Unknown" profiles, blocking personalized CRM.
- Digital Inefficiency: Mobile App revenue (27bn) is critically low vs. Call Center (53bn).
- Regional Skew: Revenue is concentrated in Hanoi/HCMC and Weekends. North provinces and Weekday lunches are under-monetized.

3. STRATEGIC RECOMMENDATIONS (4-PILLAR PLAN)

- **3.1: Foundation (Data & Loyalty)**
 - Goal: Eliminate the "Unknown" gap.
 - Action: Enforce Mandatory POS Data Capture & launch a Points Membership Program.
 - Target: 70% customer ID rate in Q1.
- **3.2: Precision (Segmentation)**
 - Goal: Optimize ROI via LightGBM Model.
 - Action: Stop mass discounts. Target price-sensitive users with vouchers; target organic buyers with Upsell Offers. Automate Win-back SMS.
- **3.3: Channel Transformation (App First)**
 - Goal: Cut costs & own data.
 - Action: Shift 30% of Call Center traffic to App via "App-Exclusive Deals" & Express Pick-up Lines.
- **3.4: Revenue Optimization**
 - Goal: Flatten peaks & expand reach.
 - Action: Launch "Business Lunch Sets" (Weekdays). Expand in Southern Provinces; Audit/Close underperforming Northern stores.

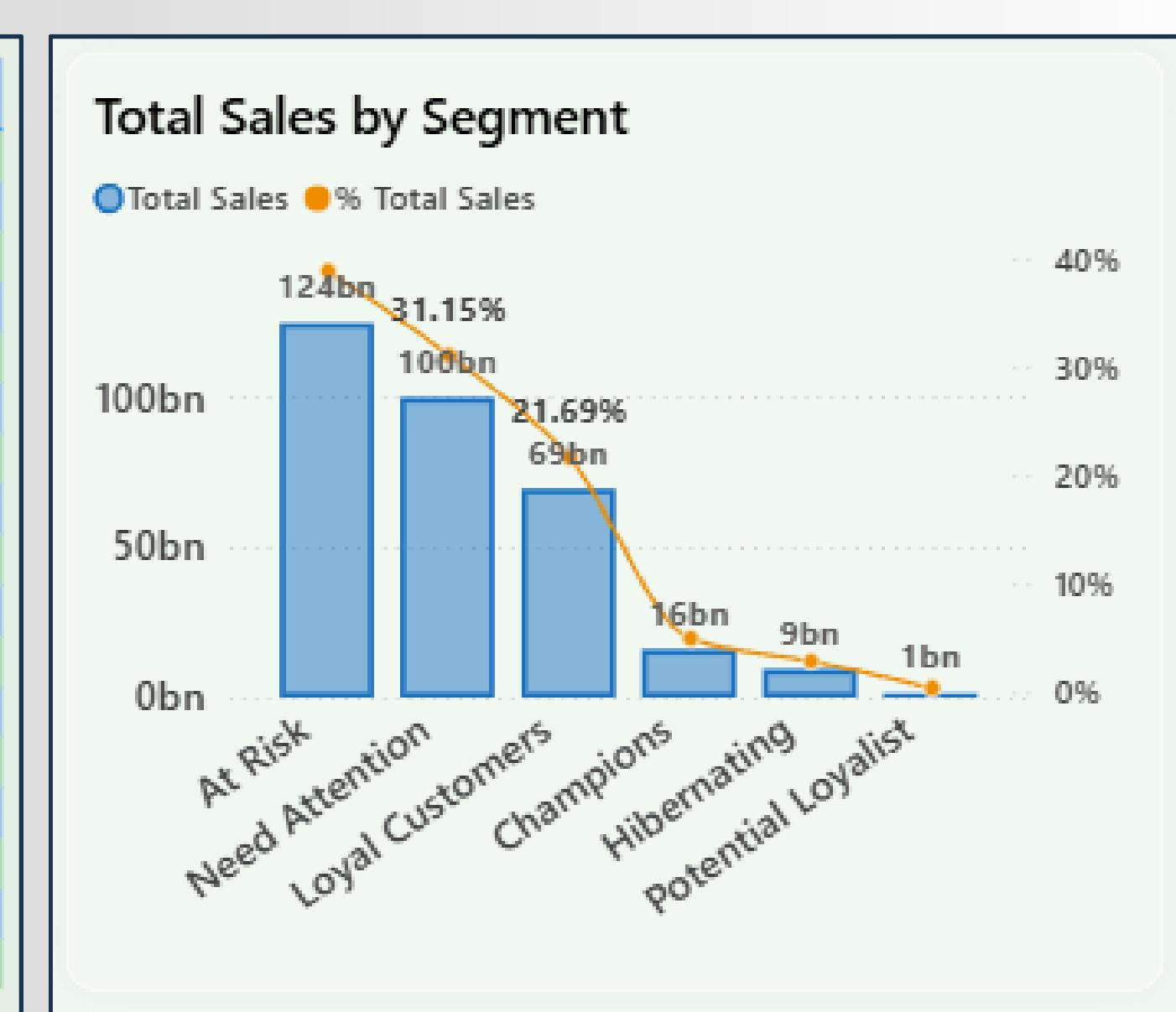
2. Current Situation

The Cohort Chart shows that customer retention is very low (8.3%). After the first purchase, the number of customers who come back drops significantly and stays low in the following months.

Additionally, the Customer Segmentation data confirms that over 50% of revenue comes from 'At Risk' customers, while loyal customers contribute a very small amount.

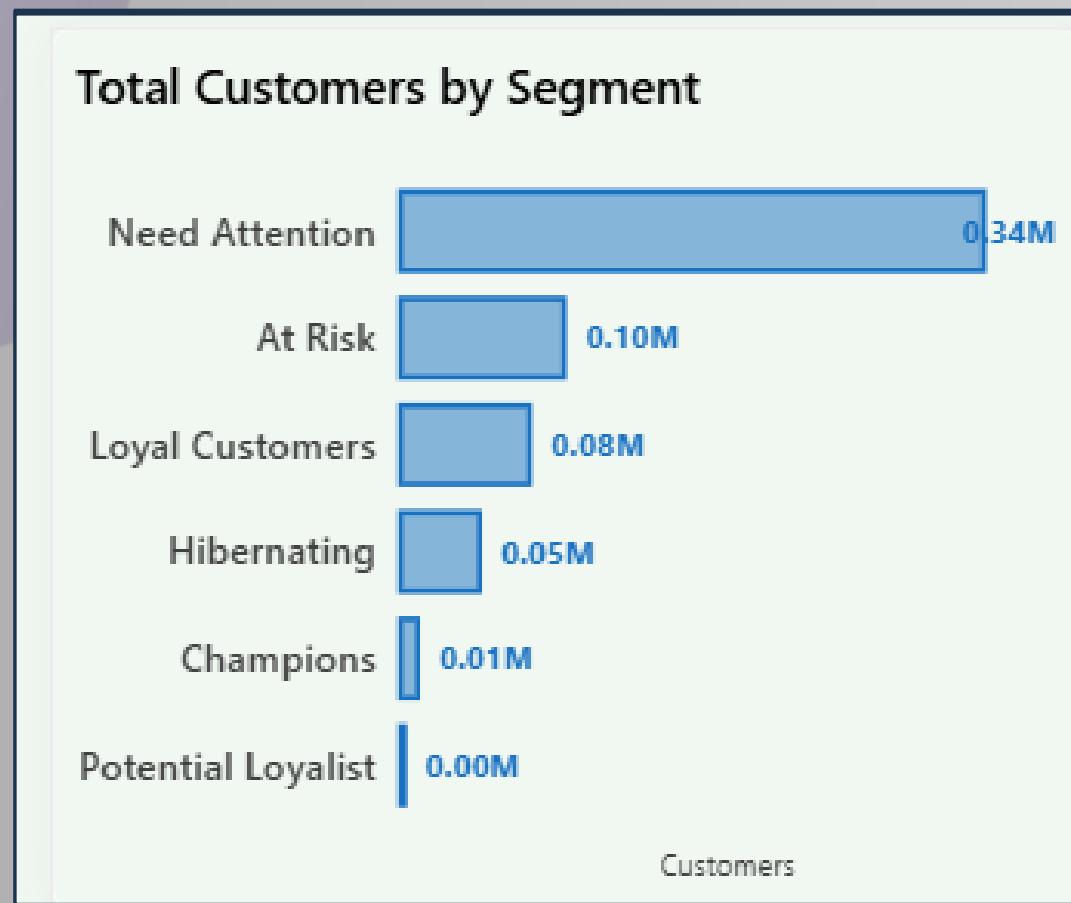
=> Conclusion: Pizza Hut is good at finding new customers but struggles to keep them. The brand relies too much on one-time buyers instead of building long-term loyalty.

YearMonth	T + 0	T + 1	T + 2	T + 3	T + 4	T + 5	T + 6	T + 7	T + 8	T + 9	T + 10	T + 11	T + 12
2021-10	64,247	14.51%	14.31%	13.49%	11.83%	12.01%	10.31%	10.81%	9.96%	9.52%	9.80%	8.78%	8.85%
2021-11	51,021	12.51%	11.21%	9.32%	10.05%	8.62%	8.86%	8.13%	7.85%	7.98%	7.09%	7.05%	6.10%
2021-12	52,547	10.74%	8.71%	8.88%	7.39%	7.46%	6.95%	6.62%	6.64%	6.03%	5.66%	4.84%	5.69%
2022-01	48,625	8.30%	7.85%	6.42%	6.67%	6.18%	6.14%	6.50%	5.23%	5.01%	4.27%	5.07%	1.81%
2022-02	44,710	7.72%	5.74%	5.99%	5.38%	5.10%	5.48%	4.36%	4.38%	3.64%	4.03%	1.64%	
2022-03	41,968	6.99%	6.34%	6.05%	5.55%	5.61%	4.72%	4.74%	4.00%	4.25%	1.56%		
2022-04	35,517	6.96%	6.23%	5.34%	5.58%	4.59%	4.59%	3.86%	4.22%	1.56%			
2022-05	37,181	6.83%	5.94%	5.77%	4.66%	4.51%	3.66%	4.18%	1.47%				
2022-06	37,132	7.11%	5.52%	4.44%	4.26%	3.70%	3.88%	1.35%					
2022-07	34,102	6.28%	4.96%	4.48%	3.85%	4.04%	1.55%						
2022-08	30,223	5.97%	5.30%	4.13%	4.54%	1.41%							
2022-09	26,183	6.13%	4.64%	4.86%	1.57%								
2022-10	26,151	5.70%	5.30%	1.60%									
2022-11	21,952	6.28%	1.75%										
2022-12	24,177	2.54%											
2023-01	7,906												
Total	583,642	8.30%	7.07%	6.27%	5.65%	5.17%	4.65%	4.30%	3.79%	3.39%	2.98%	2.57%	2.17%

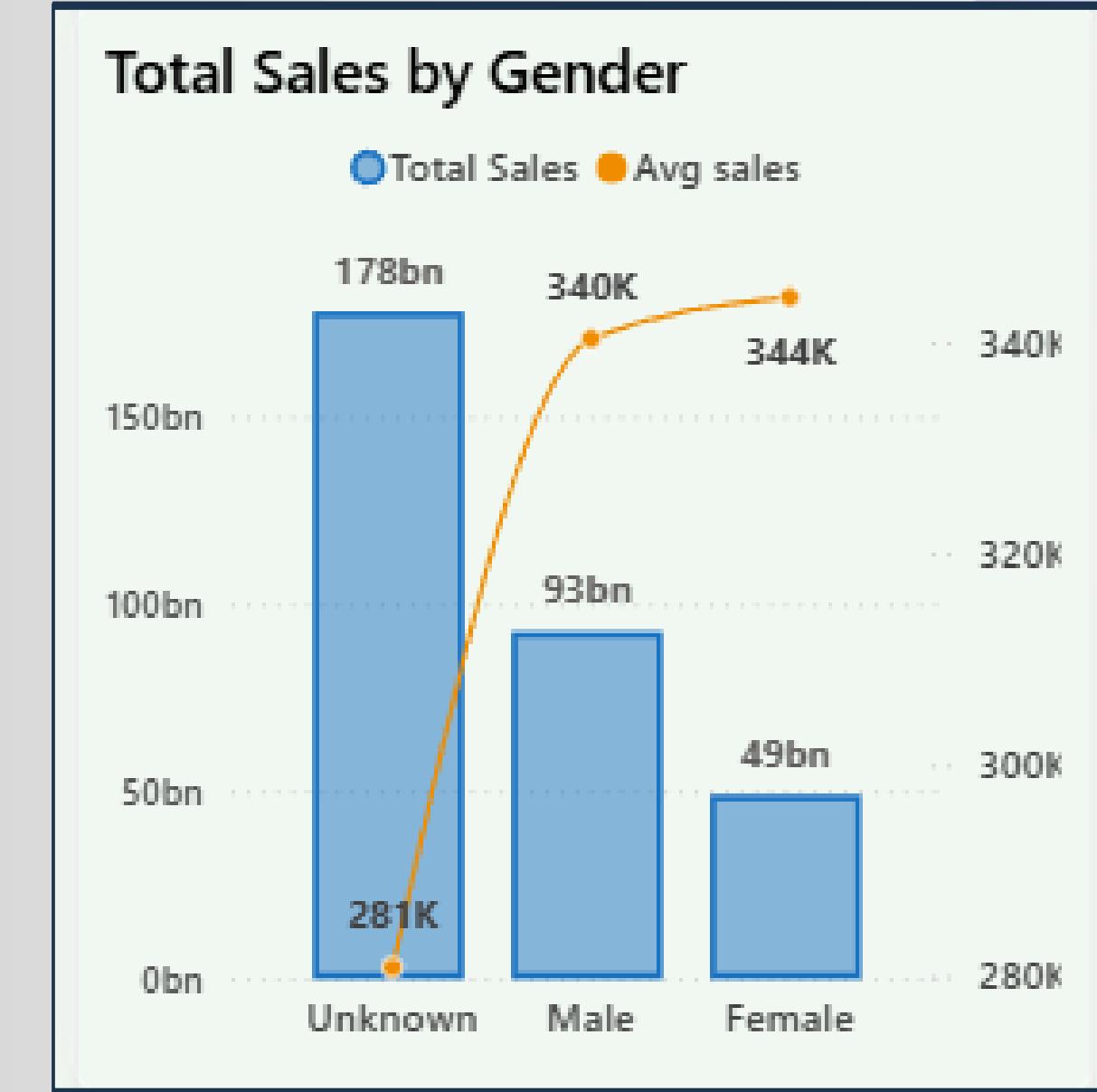


3. Customer Profile & Purchasing Behavior Analysis

Who are the customers?



The "At Risk" and "Need Attention" segments drive >50% of total revenue and > 80% total customers. The business model relies on transient/one-time traffic. There is almost no "Loyal" base supporting the bottom line.
=> Stop prioritizing new acquisition. Immediately launch targeted campaigns for the "At Risk" segment (which holds >50% of revenue) to prevent churn.



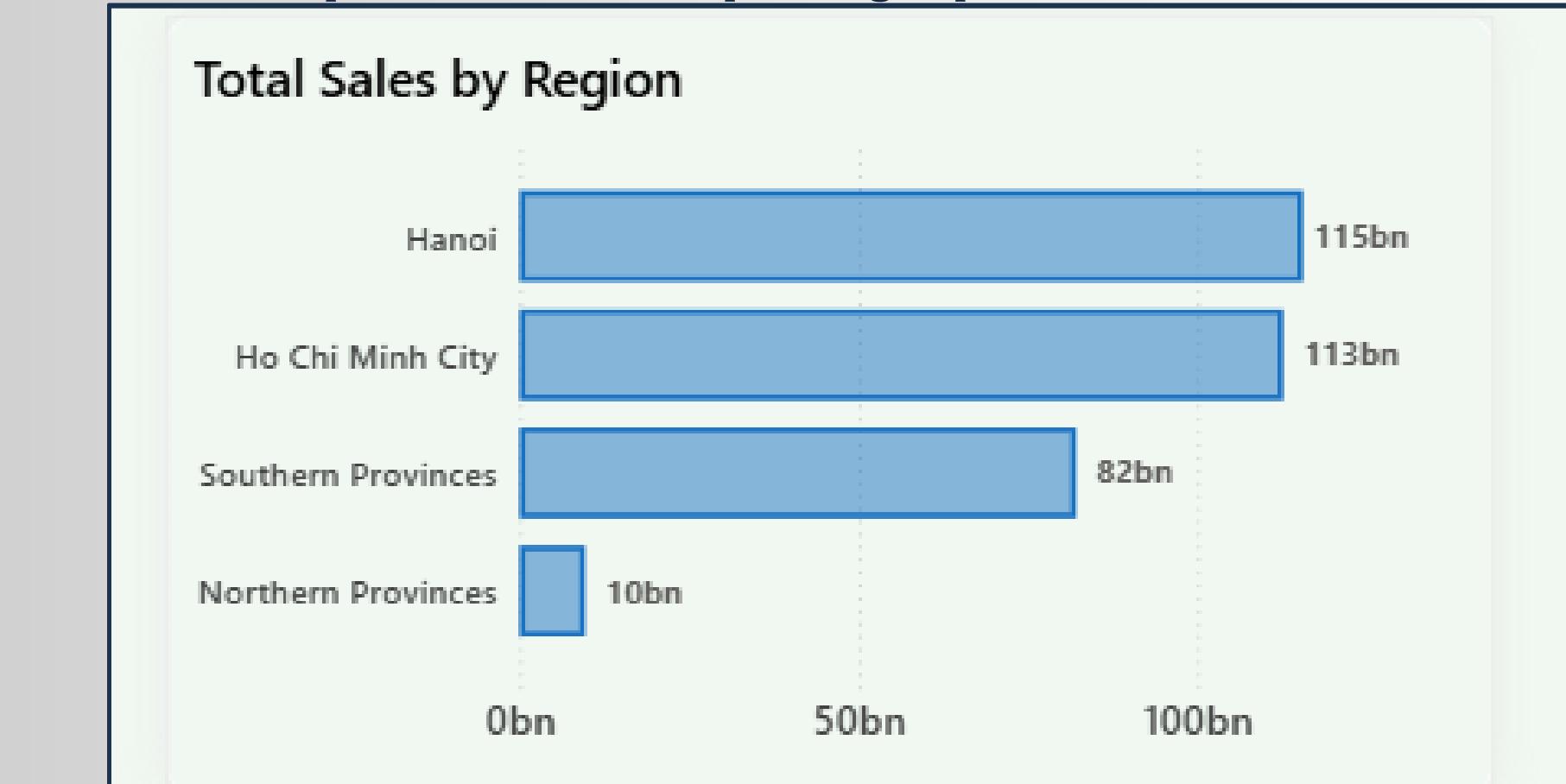
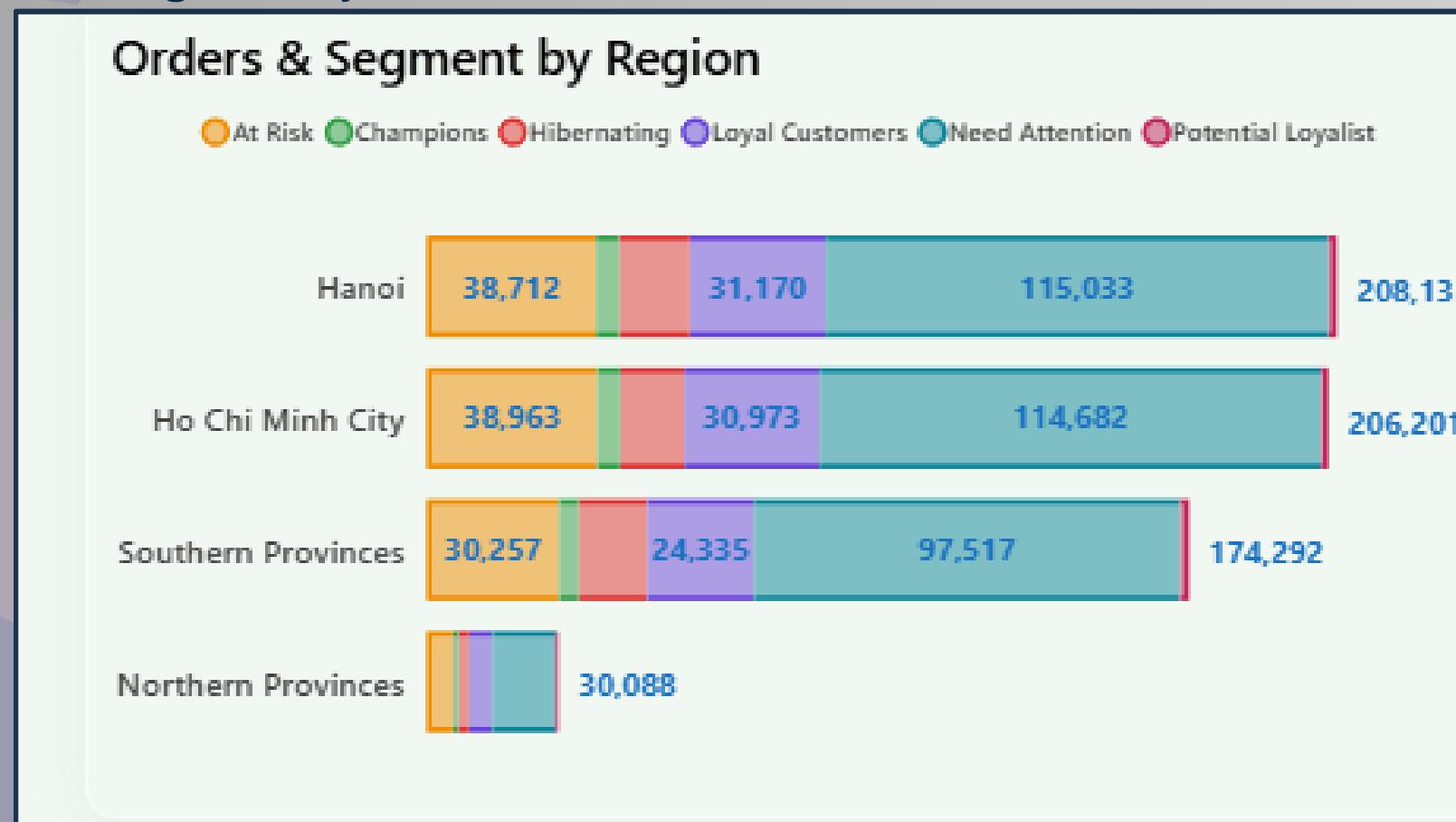
~60% of total revenue (~178bn VND) comes from "Unknown" customers. Men generate 2x total sales (93bn) compared to Women (49bn). However, Average Order Value (AOV) is identical (~344k for Women vs. ~340k for Men).

=> Women are willing to spend just as much per meal as men. Launch specific marketing (e.g., Family Combos, Ladies' Promos) to increase their frequency and mandate customer data collection at POS.

3. Customer Profile & Purchasing Behavior Analysis

Where do they live?

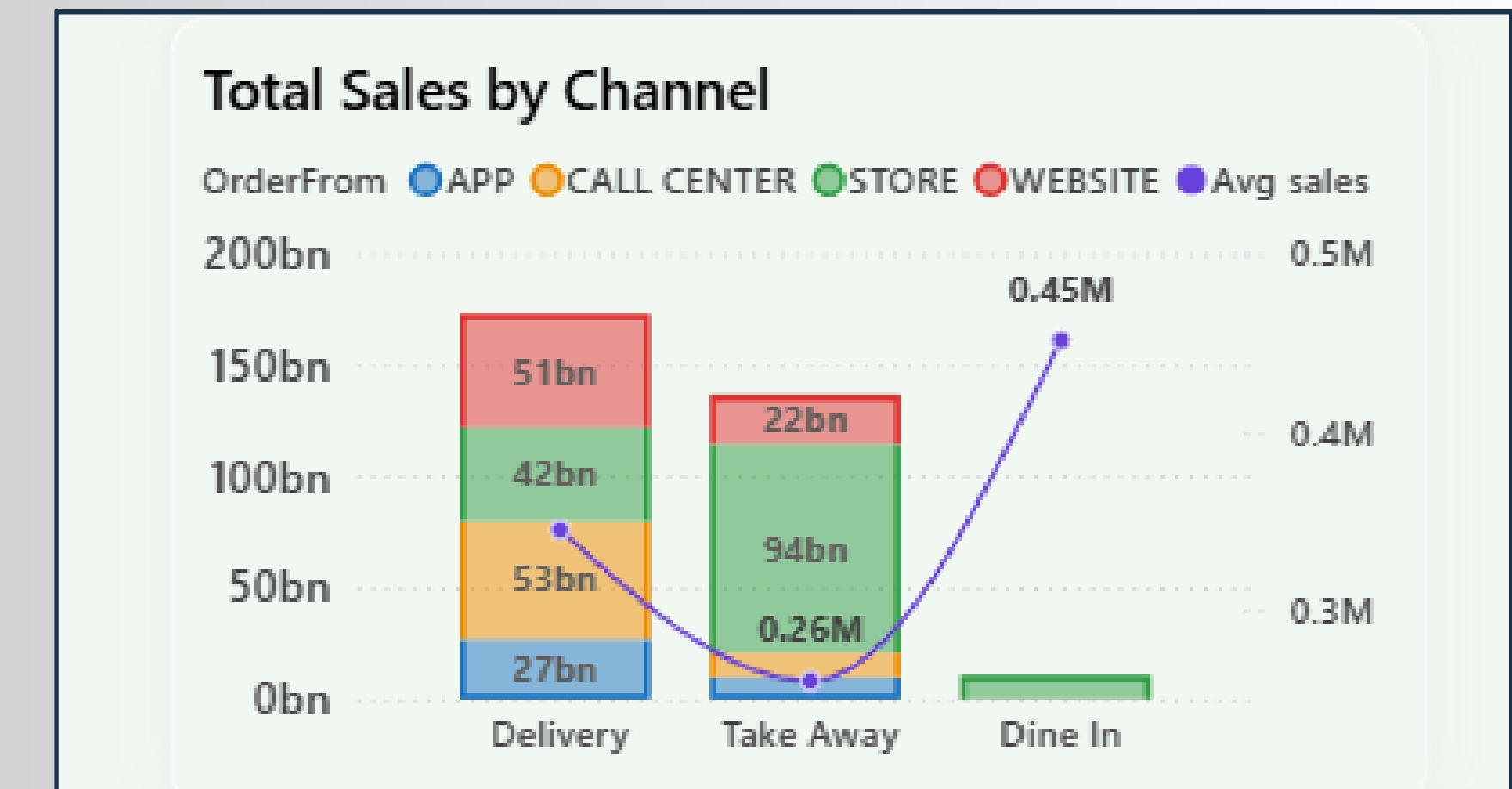
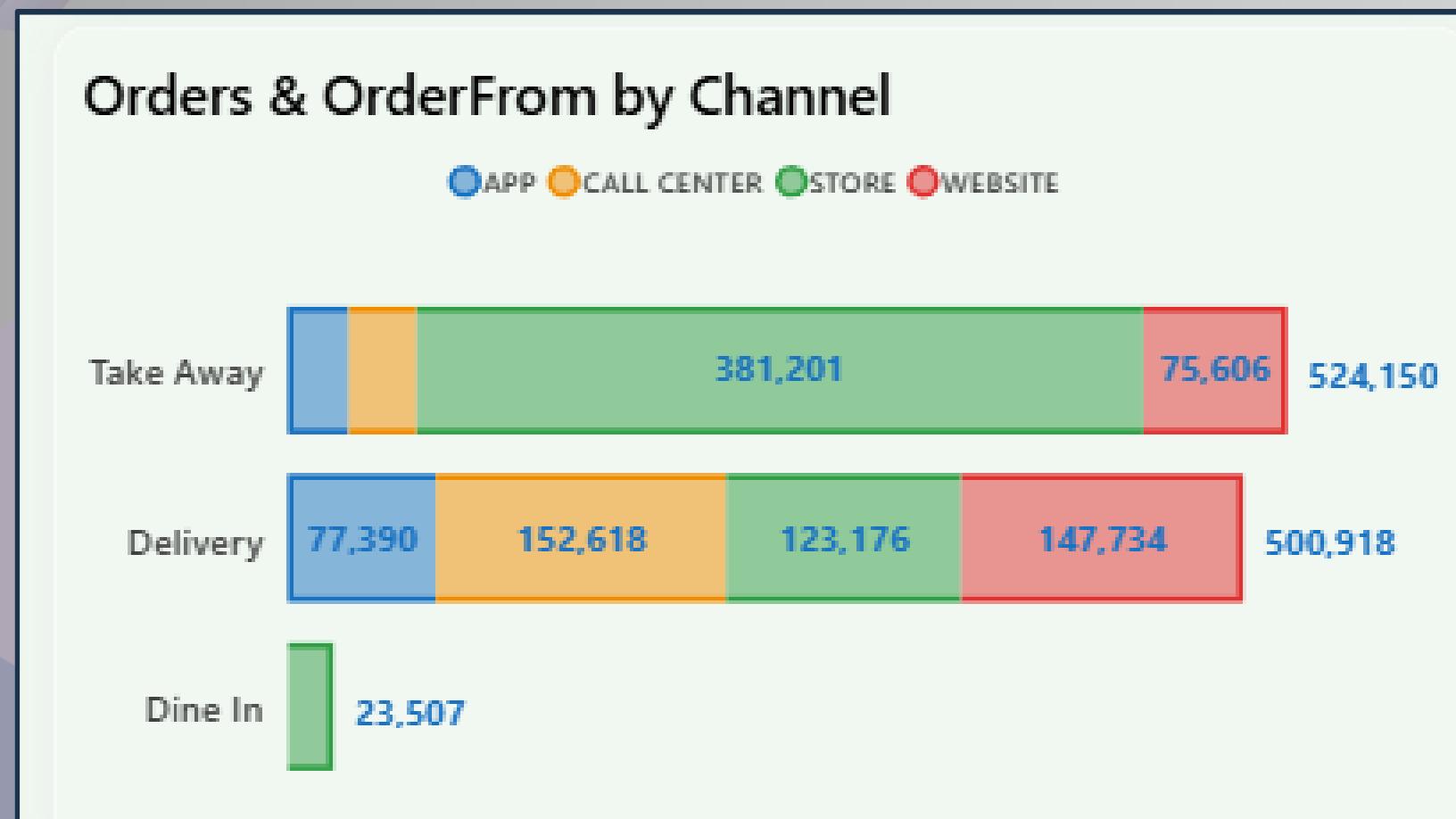
- Most customers live in Hanoi (115 billion VND) and Ho Chi Minh City (113 billion VND). These two cities alone account for nearly 71% of total revenue, with almost equal performance.
 - Beyond HCMC, customers in Southern Provinces are a key group, contributing 82 billion VND (a solid 3rd place). This shows the brand is popular throughout the Southern region.
 - In contrast, customers in Northern Provinces contribute very little (only 10 billion VND). Outside of Hanoi, the brand footprint in the North is weak.
- => Consolidate success in HCMC and aggressively expand in Southern Provinces, as the data proves there is high demand there and investigate why success is limited to Hanoi. If Northern Provinces continue to underperform, consider pausing expansion there to save costs.



3. Customer Profile & Purchasing Behavior Analysis

Which channels do they purchase from?

- Delivery generates the highest revenue (~173bn VND) but order sources are fragmented. Surprisingly, Call Center (~53bn) and Website (~51bn) revenue far exceed the App (~27bn).
- The Mobile App is the weakest performer. Customers still prefer "traditional" methods like calling or using a browser, missing a huge opportunity for data collection and loyalty engagement.
- The Take-away channel (~120bn) is driven almost entirely by Store walk-ins (~94bn) rather than pre-orders. Location visibility is key here.
=> Launch "App-Only" exclusives to convert high-cost Call Center users to the App. This reduces operation costs and captures vital customer data and train staff to Upsell at the POS (drinks, sides) since store walk-in traffic is huge and impulsive.



3. Customer Profile & Purchasing Behavior Analysis

What influences purchasing behavior?

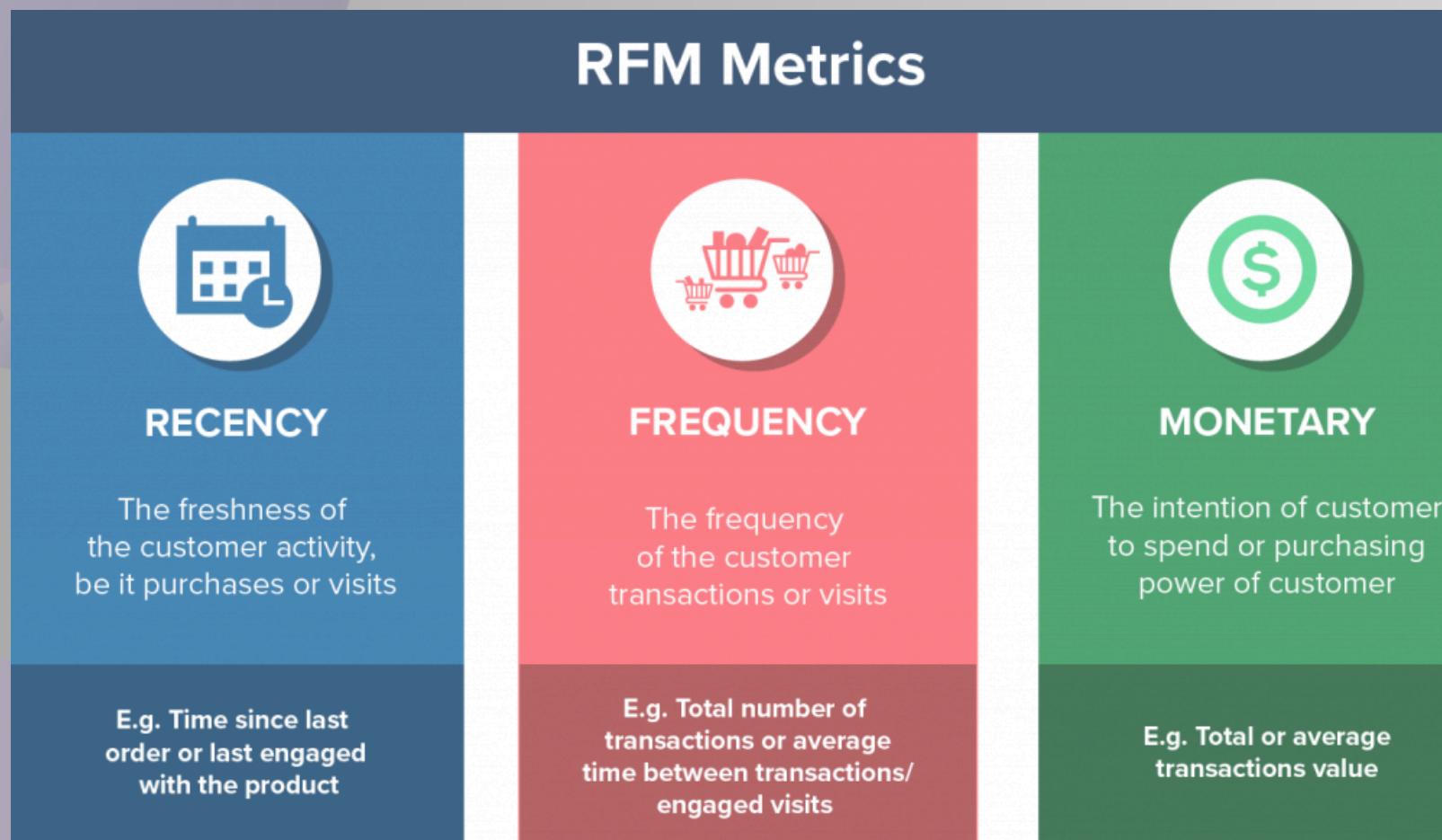
- Sales peak significantly in Dec, Jan, Feb (Year-End & Tet), confirming Pizza Hut is the go-to choice for celebrations.
- Orders on Saturday & Sunday are 2x higher than weekdays. Customers view pizza as a "Weekend Treat," not a daily staple.
- Sales dip during June-Sept (Summer/Rainy season), indicating a need for off-peak stimulus.
=> Launch "Pre-order Party Sets" in November to secure holiday sales early and introduce affordable "Business Lunch Combos" (Mon-Fri) to capture the daily office worker market.



	Apr	Aug	Dec	Feb	Jan	Jul	Jun	Mar	May	Nov	Oct	Sep
Monday	8,082	9,509	12,589	9,721	14,342	7,756	8,502	8,254	11,278	15,356	15,177	6,187
Tuesday	6,410	8,700	12,735	7,562	9,411	8,214	7,983	11,009	10,196	14,862	12,813	5,283
Wednesday	6,490	9,519	15,926	8,244	10,264	7,760	12,182	9,582	6,843	13,714	15,621	5,620
Thursday	7,031	8,074	18,977	9,231	10,717	7,818	11,569	10,377	7,451	14,536	16,089	8,837
Friday	10,960	9,406	26,272	10,899	12,175	11,353	9,024	10,045	8,375	17,996	18,066	11,394
Saturday	15,121	11,907	28,177	13,394	19,154	13,930	11,298	12,934	11,550	23,075	27,563	12,031
Sunday	12,085	11,738	23,359	13,496	20,921	13,969	11,636	12,978	16,156	22,241	28,212	11,282
Total	66,179	68,853	138,035	72,547	96,984	70,800	72,194	75,179	71,849	121,780	133,541	60,634

4. Customer Segmentation Using the RFM Model

What is the RFM model?



The RFM model is an analytical approach that focuses on three key aspects of customer behavior: **Recency**, **Frequency**, and **Monetary value**. By analyzing these three metrics, businesses can gain valuable insights into customer value and behavior, enabling them to make more informed business decisions and personalize their marketing strategies. This model helps companies identify their best customers, allowing for more targeted and efficient marketing efforts.

- R- Recency refers to how recently a customer made their last purchase.

Recency = Date of report – Date of most recent use.

- F- Frequency measures how often a customer makes purchases over a given period.

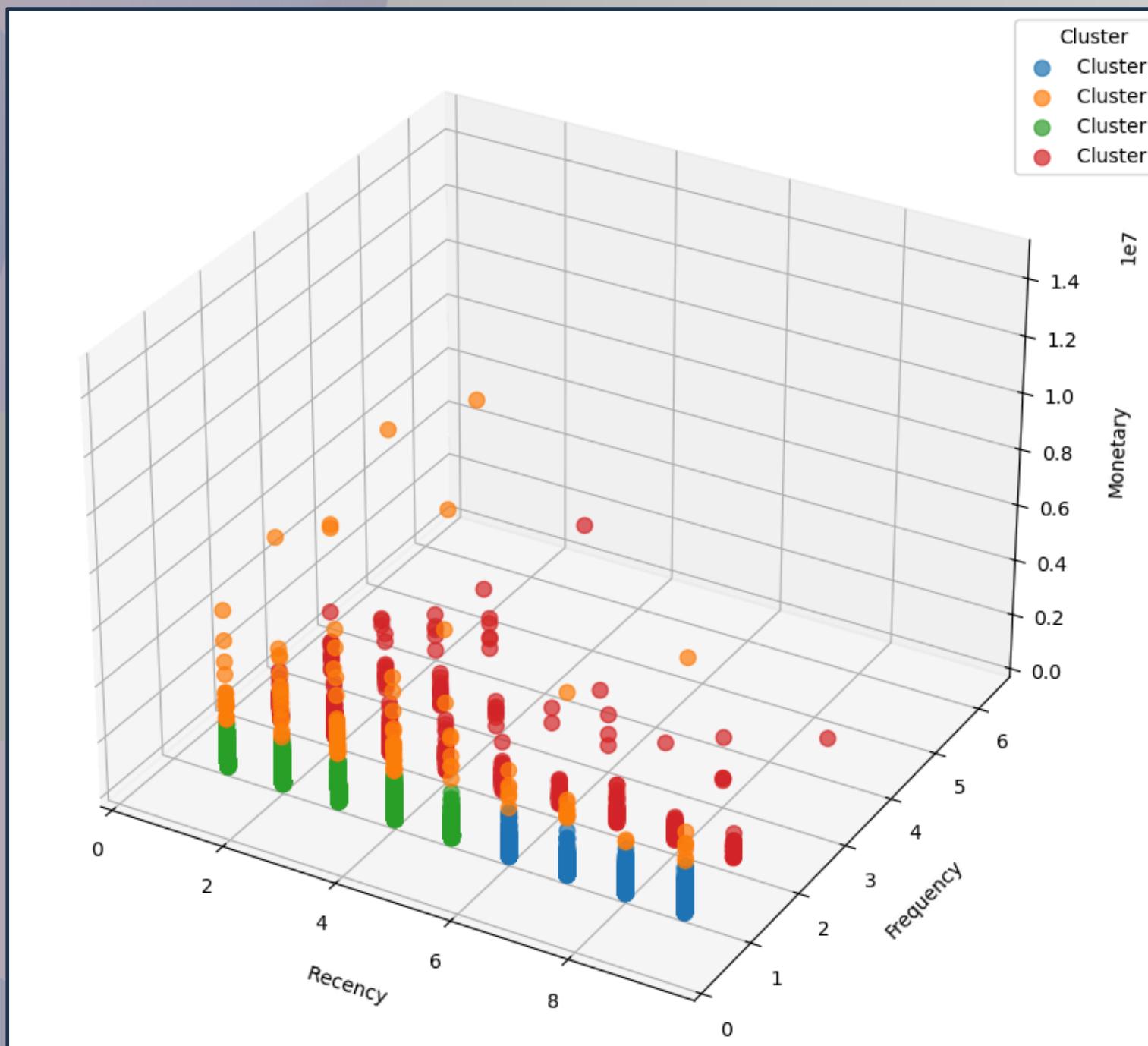
Frequency = Count number of times using the service/Number of contract years.

- M- Monetary value represents the total value of a customer's purchases.

Monetary = Sum(GMV)/ Number of years of contract.

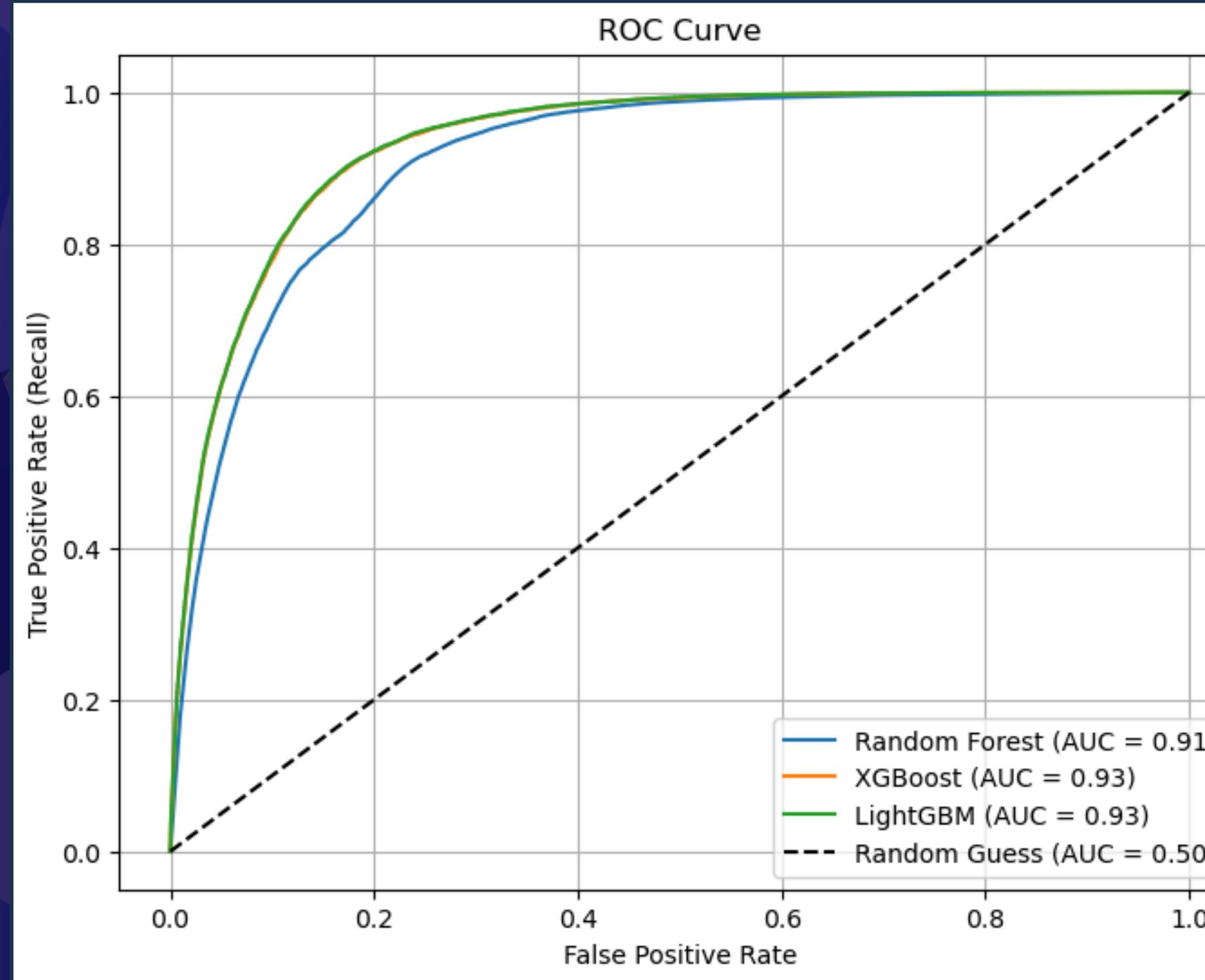
4. Customer Segmentation Using the RFM Model

Customer segment Jan 2023



- **Cluster 2 - New Customers (Green):** This group consists of recently acquired customers (Low Recency) who have mostly made a single purchase (Frequency ~1). They are currently in the "onboarding phase."
- **Cluster 3 - Potential Loyalists (Yellow):** These customers are showing promising signs of retention. They have transacted recently and have developed a habit of returning, typically with 2-4 purchases.
- **Cluster 1 - VIP / Champions (Blue):** This is the most valuable segment, characterized by the highest Frequency (>6 times) and significantly higher Monetary value compared to other groups. However, the data shows some high-value customers with high Recency scores, indicating a risk of churn.
- **Cluster 0 - Hibernating / Lost (Purple):** This segment comprises one-time buyers who haven't returned in a long time (High Recency, 6-9 months). They represent "dead" traffic.

5. Predicting Voucher Usage Status of Customers



- Data Context: Severe imbalance (1:10 ratio). Overall Accuracy is unreliable; focus shifted to Recall and AUC.
 - Best Model: LightGBM outperforms others with excellent AUC of 0.93 and high Recall (~90%), capturing most potential customers.
 - The Trade-off: Default thresholds yield low Precision (~34%), posing a risk of inflated marketing costs (false positives).
- => Strategic Recommendation: Implement Threshold Tuning (increase probability > 0.5). This filters low-confidence predictions to boost Precision and maximize ROI without retraining.

B. Strategic Recommendations

1. FOUNDATIONAL STRATEGY: DATA OWNERSHIP & LOYALTY BUILDING

a. Data Collection Strategy (The "Unknown" Fix)

- **Reality:** 60% of revenue comes from anonymous customers. Personalized marketing is impossible without identification.
- **Actions:**
 - **Mandatory Data Capture:** Implement a strict POS protocol: Cashiers must input customer phone numbers to earn points or apply any promotion.
 - **QR Check-in:** Place QR codes at tables/counters with the message: "Scan for a Free Dessert." (Scan -> Auto-fill form -> Clean Data).

b. "Membership" Loyalty Program

- **Mechanism:**
 - **Simple Accumulation:** 10,000 VND = 1 Point.
 - **Benefits:** Points can be redeemed for direct discount vouchers or free side dishes.
- **Goal:** Increase Retention Rate from 8.3% to 15% within 6 months.
- **KPI:** Achieve a 70% Customer Identification Rate after the first Quarter.

2. CUSTOMER STRATEGY: SEGMENTATION & PREDICTIVE MODELING

a. Applying LightGBM Model & RFM Clustering

- Reality: 50% of customers are willing to buy without vouchers. The predictive model has high Recall (90%) but needs precision tuning.
- Actions:
 - Automated Segmentation: Split customers based on probability threshold (>0.6):
 - "Price Sensitive" Group: Send Discount Vouchers (15-20%) to trigger purchase.
 - "Organic/High Value" Group: DO NOT send discounts. Instead, send Upsell Offers (e.g., Buy Pizza get Salad) to protect profit margins.
 - "Win-back" Campaign (Cluster 0 - At Risk): Trigger automated SMS after 30 days of inactivity with a strong "Hook" offer (e.g., Pizza for 9k w/ drink purchase).

b. Unlocking the "Female Potential"

- Reality: Female customers have an AOV (~344k) equal to men but purchase less frequently.
- Actions:
 - "Girls' Night In" Campaign: Combos designed for female groups (Veggie/Light Pizza + Salad + Fruit Tea), targeting the "Eat well, stay fit" mindset.
 - Special Occasions: Exclusive gifts/vouchers for March 8th (Int'l Women's Day) and Oct 20th (Vietnamese Women's Day) to position Pizza Hut as the top choice for women.

3. CHANNEL STRATEGY: DIGITAL TRANSFORMATION

a. "App First" Campaign

- Reality: App revenue is only half of Call Center revenue. The App is the only zero-cost channel for automated CRM.
- Actions:
 - App-Only Deals: Migrate all "Hot" deals (like Buy 1 Get 1) to be App Exclusives. Website and Hotline should sell at full price or with minimal discounts.
 - Goal: Shift 30% of traffic from Call Center to App to reduce personnel costs.

b. Leveraging Walk-in Traffic

- Reality: In-store Take-away revenue (Walk-in) reached 94bn VND.
- Actions:
 - Express Pick-up Line: Create a dedicated counter for App/Web pre-orders to highlight the convenience (Skip the line).
 - In-Store Upsell: Train cashiers on upselling techniques (Drinks/Garlic Bread) specifically for walk-in customers at the POS.

4. REVENUE STRATEGY: SEASONALITY & GEOGRAPHY

(Addressing: Low Weekday Sales & Regional Disparity)

a. Weekday Optimization

- Reality: Revenue is concentrated on Sat-Sun. Weekdays are underperforming.
- Actions:
 - "Business Lunch" Sets: Quick & Affordable sets (Personal Pizza + Coke) priced at 59k-79k VND. Target office workers within a 2km radius.
 - Happy Wednesday: Maintain strong mid-week promotions to build habit.

b. Capitalizing on Seasonal Peaks

- Reality: Dec, Jan, Feb are revenue peaks.
- Actions:
 - Holiday Combos: Halloween (Spooky Pizza), Christmas (Family Party Set), Tet (Spring Luck Set).
 - Payday Push: Aggressive ads from the 25th-30th of the month with high-value combos (>400k) to capture spending power.

c. Geo-Strategy (North vs. South)

- Reality: The South contributes 82bn, while the North contributes only 10bn.
- Actions:
 - South: Aggressive expansion; open satellite stores in Binh Duong, Dong Nai.
 - North: Halt new openings. Audit all underperforming stores (<500m revenue)

SUMMARY

Pizza Hut needs to shift its focus from solely attracting new customers to retaining and re-engaging existing ones, while also optimizing revenue from different customer segments. Strategies such as building a loyalty program, personalizing customer experiences, and leveraging seasonal and regional shopping trends will help Pizza Hut improve customer return rates, enhance loyalty, and maximize revenue. Continuous measurement and adjustment will ensure these strategies deliver long-term effectiveness.