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## MENU

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## As competition increases. . .

... maintenance and development of existing customers becomes the crucial basis of competitive advantage

... the significance of defensive marketing strategies is growing
... multi-brand solutions seem to be the relevant strategy, especially when we apply marketing tactics which influence customer switch within brand portfolio (Kim, 2009)

Market volume of the dining out industry in Russia, mlrd.rulbes

Saint-Petersburg Russian 1386 projects Italian 611 projects Japanese 467 projects American 463 projects

## Consumer variety seeking behavior

Favorite cuisines in Russia:
Russian
Italian
Japanese
American


Perm
Russian 62 projects Italian 42 projects Japanese 83 projects American 44 projects Russian 2128 projects Italian 1465 projects Japanese 1081 projects American 1300 projects

$$
00000
$$

Variety seeking orientation means that the possibility of purchasing a specific brand reduces the possibility of buying the same brand in future consumption situation (Kahn, 1995; Ratneshwar and Mick, 2005)

## Taxonomy of varied behavior



## Taxonomy of varied behavior



## Company profile

Leading casual dining chain: 200 restaurants across 10 major Russian cities
"House of brands" portfolio type - 6 brands + planned extension of brand portfolio

Bonus loyalty program, common for all brands, more than 1 mln . customers in the © ㄴ. PATIO program

General marketing strategy - develop profitable customers with respect to their VSB

Main touch points: SMS, email and push notifications in LP application

## Pre-test phase

| Number of brands, in <br> which a particular <br> customer is marked as <br> High PCV | Customer contribution to the gross chain revenue |  |
| :---: | :---: | :---: |
| 3 and more | $3.7 \%$ | Low PCV |
| 2 | $17.6 \%$ | - |
| 1 | $27.9 \%$ | - |
| 0 | $0.8 \%$ | $39.2 \%$ |

[^0]
## Data description

- Transaction data on individual level since 2015
- Survey data of 'mono-brand customers' - those, who spent more than $50 \%$ of total spendings in one brand and less than $5 \%$ in any other:

72000 customers totally, random sampling for approx. 52000 respondents, response rate $3,2 \%$, final number of responses -1700 .

- Experiment sampling — same segment randomly divided into experimental (approx. 52000 ) and control (approx. 20 000) groups.


## Metrics

## Transaction data

1. General metric of VSB — modified HHI the sum of the squares of the spending shares across various domains: meals, restaurant locations, "within week".
2. HHI across brands (close to 1 for this segment).
3. Variation of duration, meal price, number of items in the check.
Survey data
4. HHI across cuisines - the sum of squares of the visit shares within total restaurant visits as perceived by respondent.


## Findings

Transaction data

| variable | min median | max | mean | sd |  |
| ---: | ---: | ---: | ---: | ---: | ---: |
| HH_within_week | 0.000 | 0.410 | 1.000 | 0.461 | 0.194 |
| HH_meal | 0.000 | 0.244 | 1.000 | 0.269 | 0.109 |
| HH_location 0.072 | 0.567 | 1.000 | 0.603 | 0.269 |  |
| HH_brand | 0.295 | 0.919 | 1.000 | 0.873 | 0.139 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| SD_NumItems | 0.000 | 2.754 | 131.505 | 3.618 | 3.466 |
| SD_AvItemPrice | 0.000 | 86.358 | $1,732.977$ | 98.461 | 68.243 |
| SD_VisitDuration | 0.000 | 23.320 | $1,036.619$ | 46.221 | 92.322 |

\#VSB_metrics \#HHI \#distribution

HH_location


## Findings



## Insights

- Metrics built on transaction data and metrics built on survey data are not correlated.
- None of the observed VSB metrics could allow for prediction of the variety seeking behavior within the multibrand portfolio of the chain.
- Data is enough to describe VSB, but not enough to drive it.


Пятница, 21 сентября баллов за прохождение опроса.

Первая загадка уже внутри! Кликните, чтобы узнать подробности

поч. гость
(1) Вот ваш первый подарок! Кликните, чтобы узнать подробности

поч. гость
1 мин назад
(3) Приглашаем в путешествие и дарим блюда! Кликните, чтобы выбрать подарок.

## Experiment

- Gamificated promotion offer to take the gourmet trip
- personalized: we offer "nonpreferable brands"
- targeted at the segment of profitable customers
- August, 10 - September, 20

Aim - offer the stimuli for variety seeking and get the reaction and then analyze it through the lens of VSB metrics.

\#experiment \#reaction_on_the_stimuli



Select the cuisine and visit a restaurant
One meal is free of charge


Answer a question about this cuisine

Get the bonus


Grand Prix random selection

## РАСКРОЙТЕ ТАЙНУ ЯПОНСКОЙ КУХНИ!

Если вы едите имбирь вместе с роллами, то вы совершаете ошибку
Немедленно перестаньте, и ответьте, зачем самом деле нужно есть имбирь?

## Улучшить пищеварение <br> Очистить вкус при смене блюд

Чтобы необычно
было
Усилить вкус coeboro coyca

## Preliminary results

- Number of participants - approx. 2500 (5\% of the experiment group)
- Rather high conversion rate to the first stage
- Dependent variable: activation in the game ("I agree" button)
- Independent variables: VSB metrics and control variables.


## Preliminary results

OR coefficient std.error z.value p.value
(Intercept)
HH_within_week
HH_meal
HH_location
HH_Brand
SD_NumItems
SD_AvItemPrice
SD_VisitDuration

|  | -2.473 | 0.166 | -14.876 | $<.001 \quad * *$ |
| :--- | ---: | ---: | ---: | :--- |
| 0.699 | -0.358 | 0.125 | -2.875 | $0.004^{* *}$ |
| 0.693 | -0.367 | 0.211 | -1.743 | $0.081 \quad$. |
| 0.748 | -0.290 | 0.086 | -3.361 | $<.001 \quad * *$ |
| 0.764 | -0.269 | 0.157 | -1.719 | 0.086. |
| 0.998 | -0.002 | 0.010 | -0.225 | 0.822 |
| 1.001 | 0.001 | 0.000 | 2.487 | $0.013 \quad *$ |
| 1.000 | -0.000 | 0.000 | -0.433 | 0.665 |

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Pseudo R-squared: 0.062
Log-likelihood: -9372.148, AIC: 18772.296, BIC: 18896.536
Chi-squared: $1242.293 \mathrm{df}(13), \mathrm{p}$. value < . 001
Nr obs: 52,801
Control variables: Num_Checks, Recency, Frequency, Avg_Discount, Avg_NumItems, Avg_Origsum


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[^0]:    \#empirical_evidence \#HighPCV \#variety_seeking

