## Managing customer value in multi-brand setting: the case of dining out industry

Rebozos

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... 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)

#exisiting customers #marketing strategy #multibrand portfolio



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



Saint-Petersburg Russian 1 386 projects Italian 611 projects Japanese 467 projects American 463 projects

## **Consumer variety seeking behavior**

Favorite cuisines in Russia: Russian Italian Japanese American



Moscow Russian 2 128 projects Italian 1 465 projects Japanese 1 081 projects American 1 300 projects

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)

#multibrand\_portfolio #dining-out #variety-seeking\_behaviour







#variety-seeking behaviour

**#VSB** drivers

McAlister and Pessemier, 1982





**#VSB** drivers

### **Taxonomy of varied behavior** Explicable Direct variation Interpersonal Intrapersonal motives motives Change in Distinction constraints Desire for the Alteration among Information the familiar unfamiliar

**#VSB** metrics







# 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 program

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

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

#exisiting\_customers #multibrand\_portfolio #personalization





## Pre-test phase

Number of brands, in which a particular	Custor
customer is marked as High PCV	
3 and more	
2	
1	
0	

#empirical\_evidence #HighPCV #variety\_seeking





# 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:

response rate 3,2%, final number of responses -1700.

- Experiment sampling same segment randomly divided into experimental (approx. 52 000) and control (approx. 20 000) groups.
- 72 000 customers totally, random sampling for approx. 52 000 respondents,

### #HighPCV #VSB metrics #data



### 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

1. HHI across cuisines — the sum of squares of the visit shares within total restaurant visits as perceived by respondent.

#VSB metrics #HHI



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# Findings

### Transaction data

min	median	max	mean
0.000	0.410	1.000	0.461
0.000	0.244	1.000	0.269
0.072	0.567	1.000	0.603
0.295	0.919	1.000	0.873
	min 0.000 0.000 0.072 0.295	<pre>min median 0.000 0.410 0.000 0.244 0.072 0.567 0.295 0.919</pre>	min medianmax0.0000.4101.0000.0000.2441.0000.0720.5671.0000.2950.9191.000

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









# Findings



#survey\_data #HHI\_cuisines







# 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.



#prediction insights #disappointment



MTS RUS

## 18:16 Пятница, 21 сентября



сейчас

👗 Наталья, вам зачислено 50 бонусных баллов за прохождение опроса.

### 🧡 ПОЧ. ГОСТЬ

сейчас

📩 👮 Первая загадка уже внутри! Кликните, чтобы узнать подробности

### 🥲 поч. гость

сейчас

🎁 🌴 Вот ваш первый подарок! Кликните, чтобы узнать подробности

### 🥲 поч. гость

1 мин назад

Приглашаем в путешествие и дарим блюда! Кликните, чтобы выбрать подарок.



## Experiment

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

the lens of VSB metrics.

• targeted at the segment of profitable

- Aim offer the stimuli for variety seeking and get the reaction and then analyze it through
  - #experiment #reaction on the stimuli







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

Answer a question about this cuisine

### ВЫБЕРИТЕ КУХНЮ



Улучшить пищеварение







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?

> Очистить вкус при смене блюд

Чтобы необычно было

Усилить вкус соевого соуса

### #gamification #complicated tactic



Pseudo R-squared: 0.062 Log-likelihood: -9372.148, AIC: 18772.296, BIC: 18896.536 Chi-squared: 1242.293 df(13), p.value < .001 Nr obs: 52,801

## Preliminary results

- Number of participants approx. 2 500 (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.

*#activation #experiment* 



# Preliminary results

	OR	coefficient	std.error	z.value	p.value	
(Intercept)		-2.473	0.166	-14.876	< .001	***
HH_within_week	0.699	-0.358	0.125	-2.875	0.004	**
HH_meal	0.693	-0.367	0.211	-1.743	0.081	•
HH_location	0.748	-0.290	0.086	-3.361	< .001	***
HH_Brand	0.764	-0.269	0.157	-1.719	0.086	•
SD_NumItems	0.998	-0.002	0.010	-0.225	0.822	
SD_AvItemPrice	1.001	0.001	0.000	2.487	0.013	*
SD_VisitDuration	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 df(13), p.value < .001 Nr obs: 52,801 Control variables: Num\_Checks, Recency, Frequency, Avg\_Discount, Avg\_NumItems, Avg\_Origsum #regression #relation #results



## Your questions, comments and ideas are welcome!

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THE ALL

