



RETENTION STRATEGIES FOR LOYALTY CUSTOMERS

Presented by
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AGENDA

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**02 LOYALTY CUSTOMERS
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**03 STRATEGIES TO RETAIN & GROW
LOYALTY CUSTOMERS**

04 CONCLUSION & RECOMMENDATION



01

CONTEXT

ABOUT THE DATASET

03

The dataset contains **sales transaction records** of an electronics company over a one-year period, from **09/2023 - 09/2024**. It includes detailed information on product types, customer characteristics, and purchase behavior.

After receiving their orders, customers are invited to complete a **satisfaction ratings**. These ratings, combined with **loyalty membership** data, serve as a basis to identify and better understand the behavior of loyalty customers. The goal is to analyze this segment in depth in order to **improve service quality**, strengthen retention strategies, and **drive long-term customer loyalty**.

- Dataset was sourced from [Kaggle](#)
- Data included 20000 rows và 16 columns



DATA DICTIONARY

Column Name	Description
Customer ID	Unique identifier for each customer.
Age	Customer's age.
Gender	Customer's gender.
Loyalty Member	Yes/No (Can change over time depending on customer's sign-up status).
Product Type	Type of electronic product sold.
SKU	Unique identifier for each product.
Rating	Customer rating of the product (1-5 stars).
Order Status	Status of the order.
Payment Method	Method used for payment.
Total Price	Total transaction amount.
Unit Price	Price per unit of the product.
Quantity	Number of units purchased.
Purchase Date	Date of purchase.
Shipping Type	Type of shipping method.
Add-ons Purchased	List of additional items purchased.
Add-on Total	Total cost of additional items.

OVERVIEW

Total Revenue

43.46M

Total Order

13.43K

Total Customer

9465

Average Rating

3.10

Average Quantity

5.48

Loyalty Member

No

Yes

Purchase Date

9/24/2023

9/23/2024

Product Type

Headphones

Laptop

Smartphone

Smartwatch

Tablet

Shipping Type

Expedited

Express

Overnight

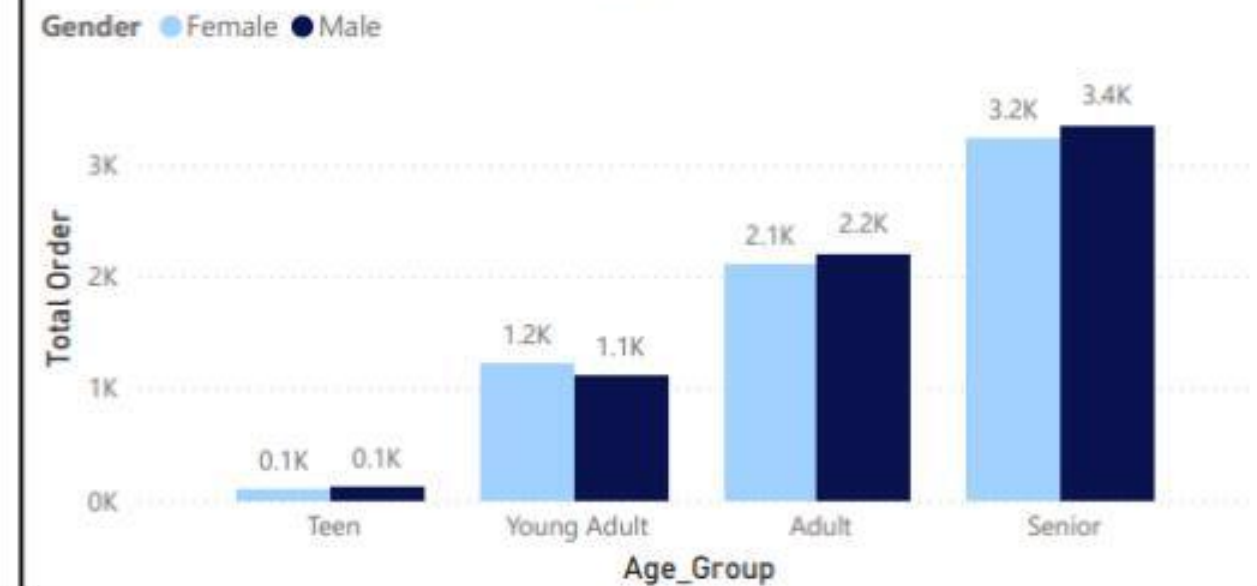
Same Day

Standard

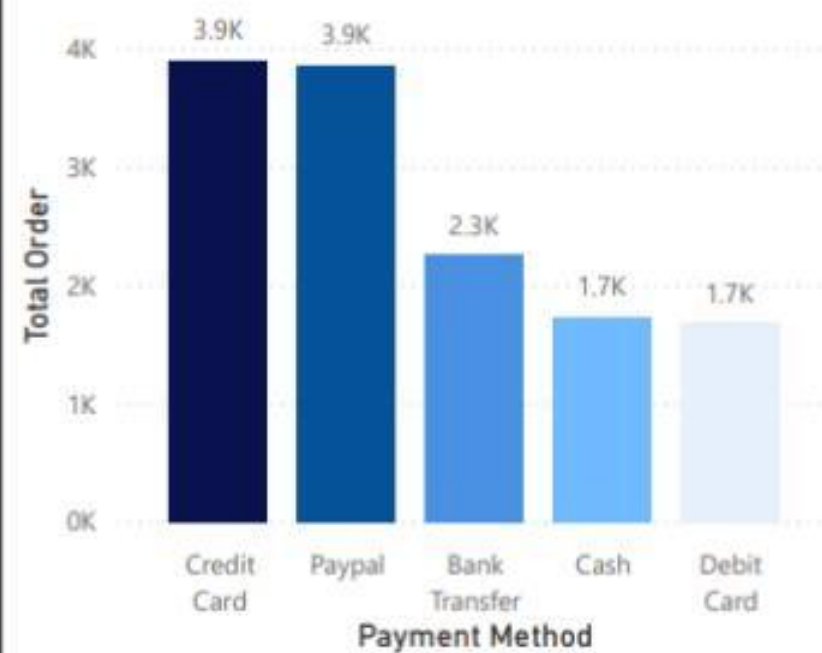
Total Payment by Month



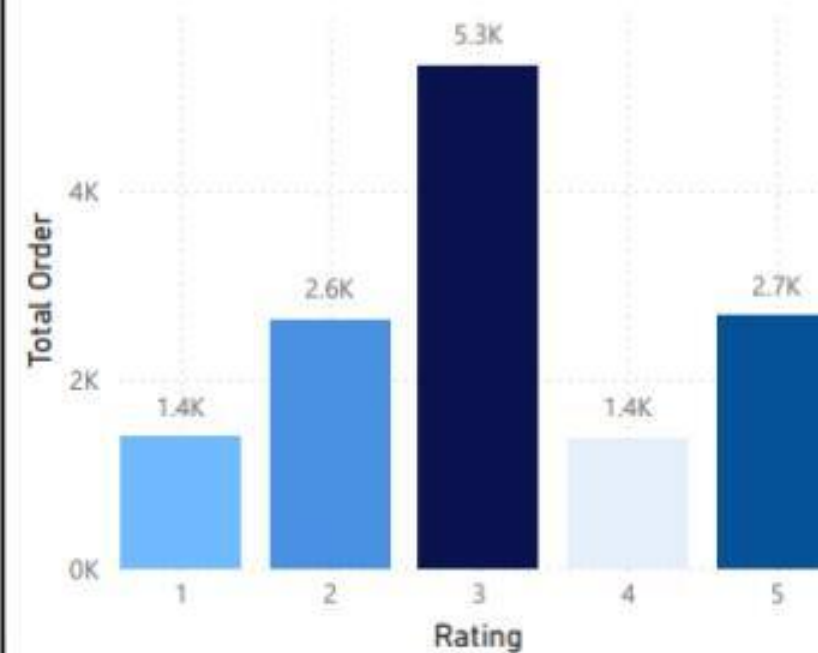
Gender by Age Group



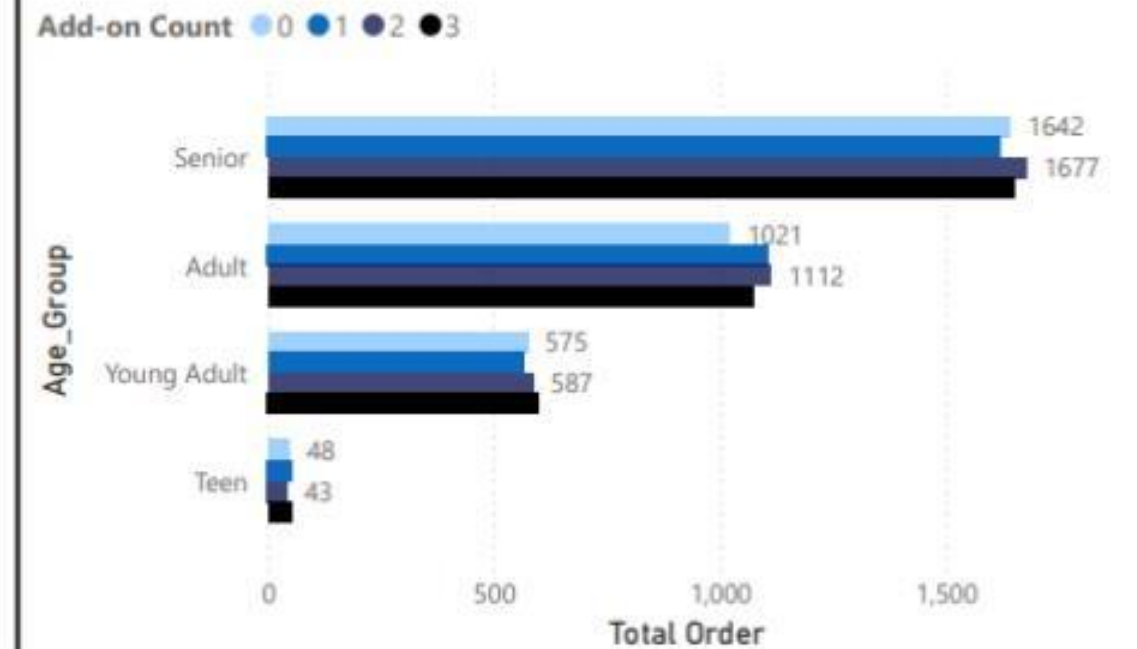
Payment Method Distribution



Customer Rating Distribution



Add-ons by Age Group



LOYALTY AFFECTS PURCHASE BEHAVIOUR ANALYSIS

Total Revenue

9.28M

Total Order

2919

Total Customer

2674

Average Rating

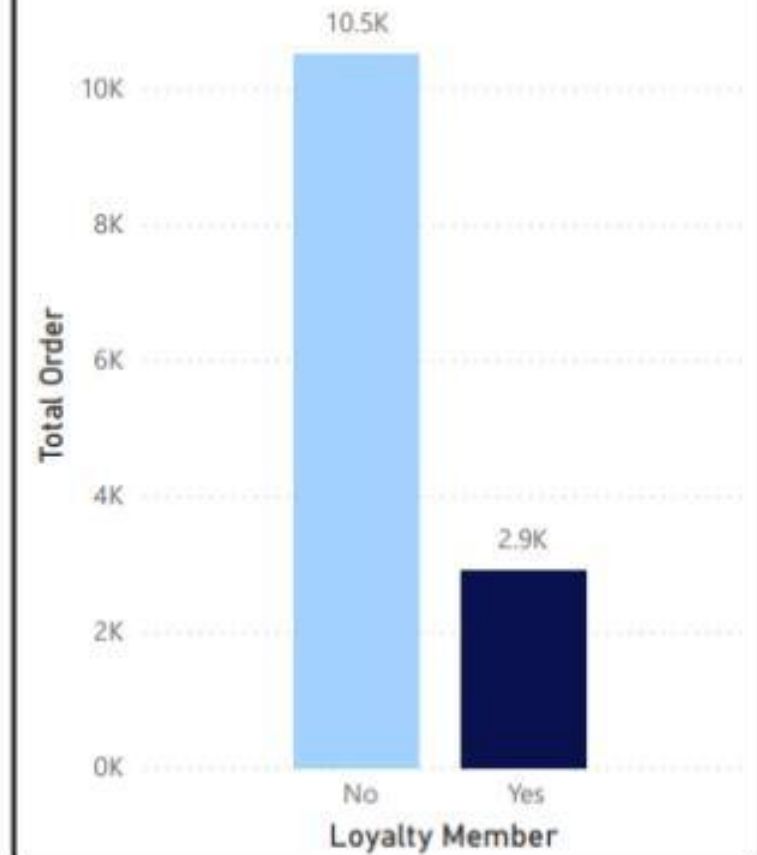
3.10

Purchase Date

9/24/2023

9/23/2024

Total Order of Loyalty Distribution



Product Type

Headphones

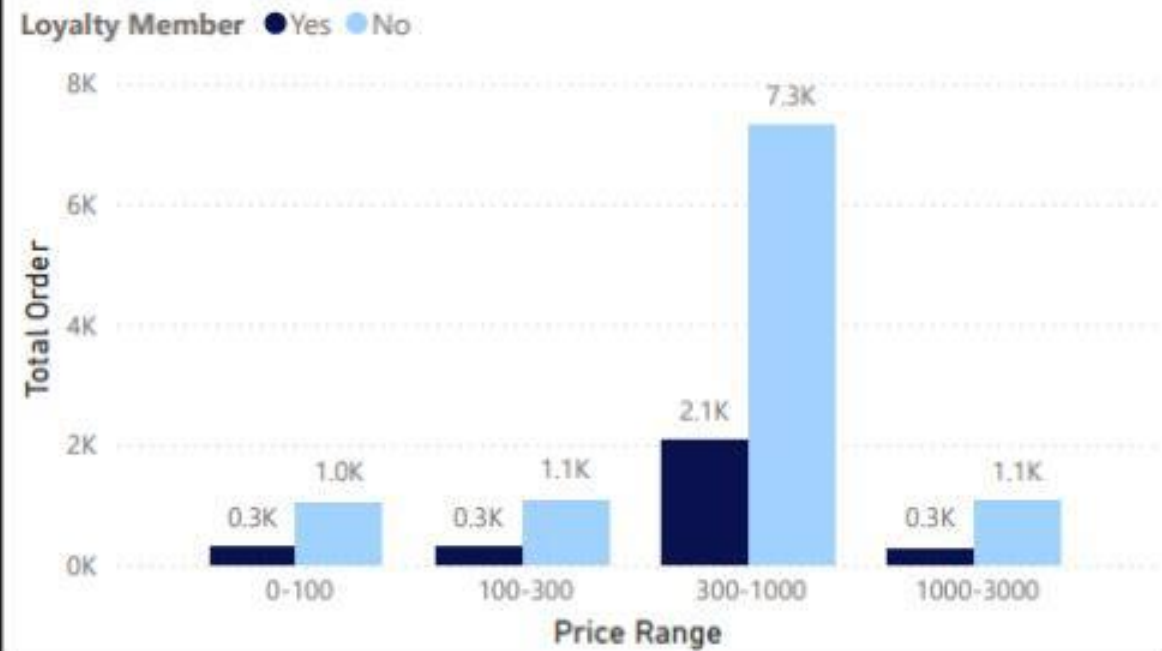
Laptop

Smartphone

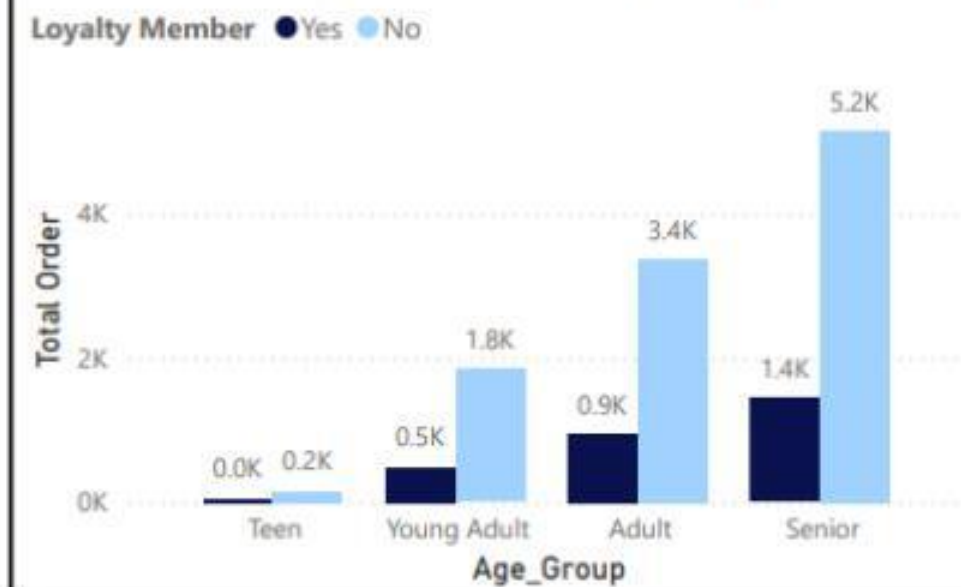
Smartwatch

Tablet

Loyalty Distribution by Price Range



Loyalty Distribution by Age Group



Shipping Type

Expedited

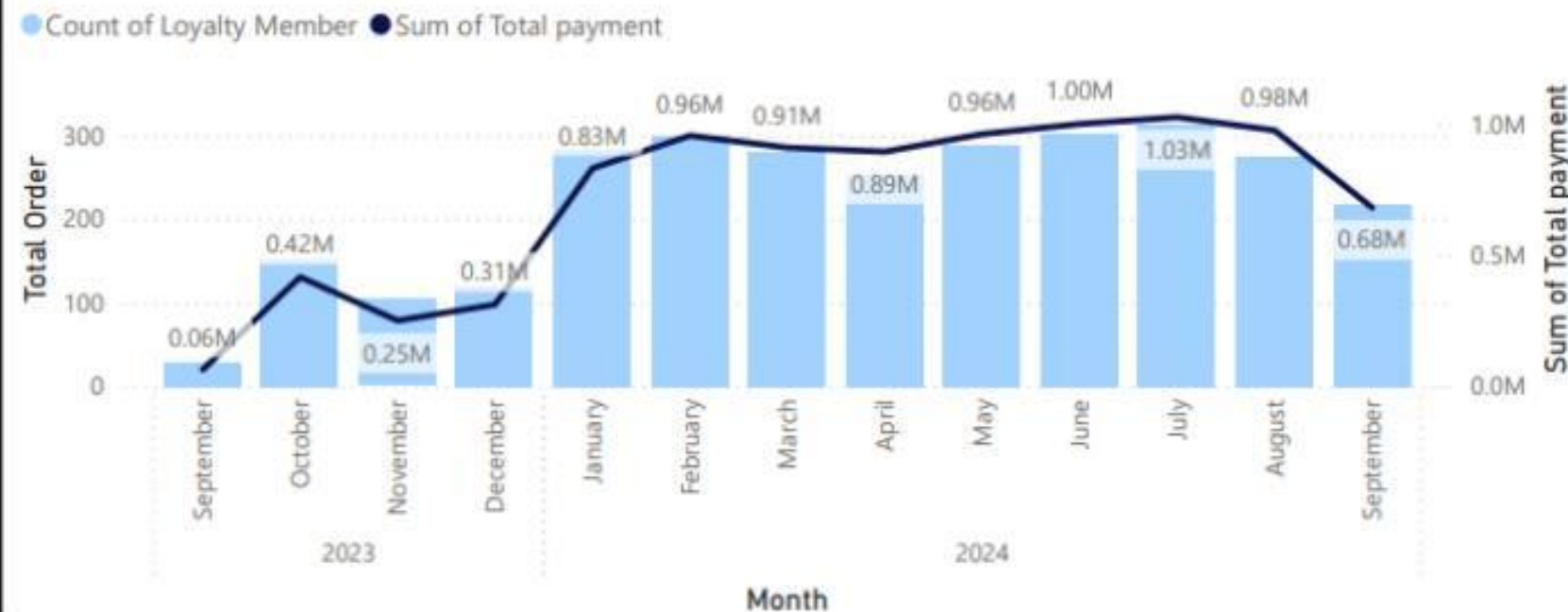
Express

Overnight

Same Day

Standard

Total Payment of Loyalty by Month



Total Payment of Loyalty by Add-ons



OVERVIEW

Total Revenue

43.46M

Total Order

13.43K

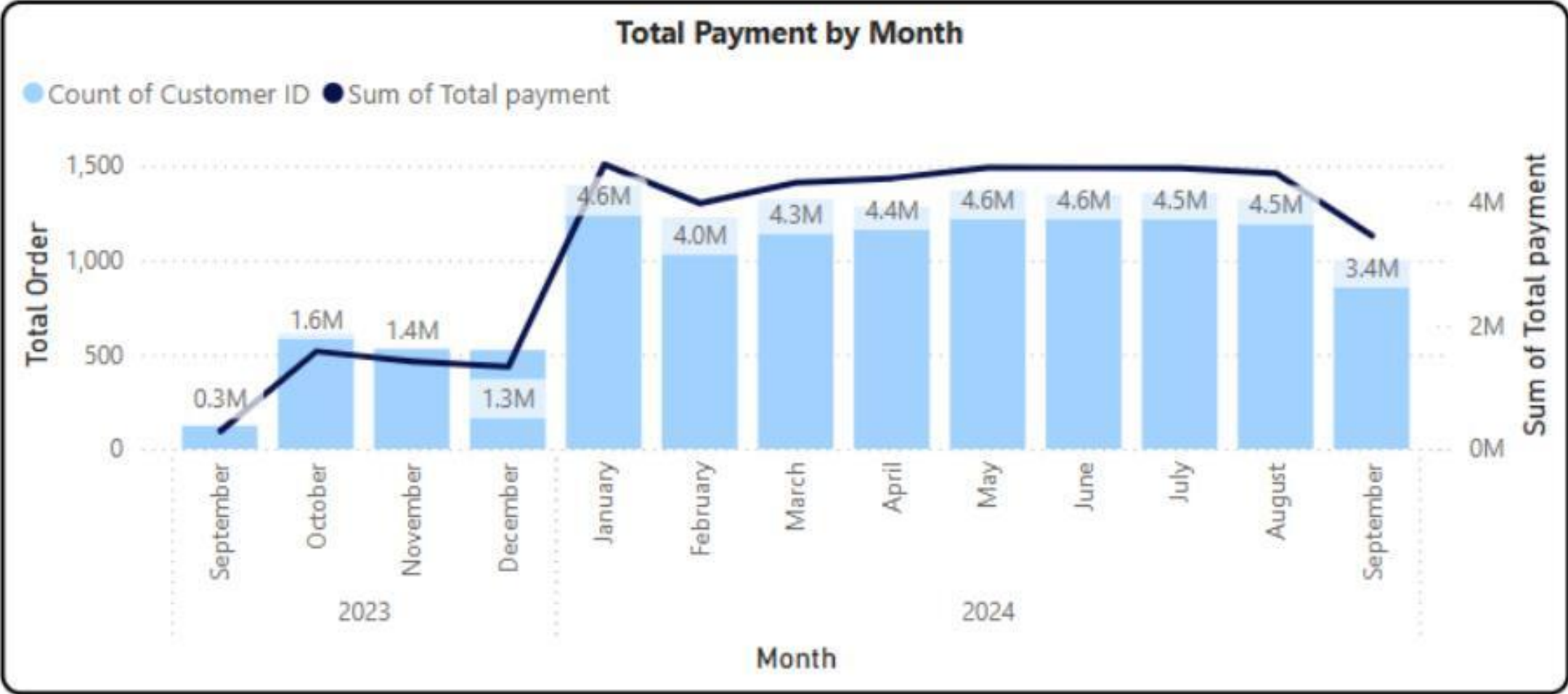
Total Customer

9465

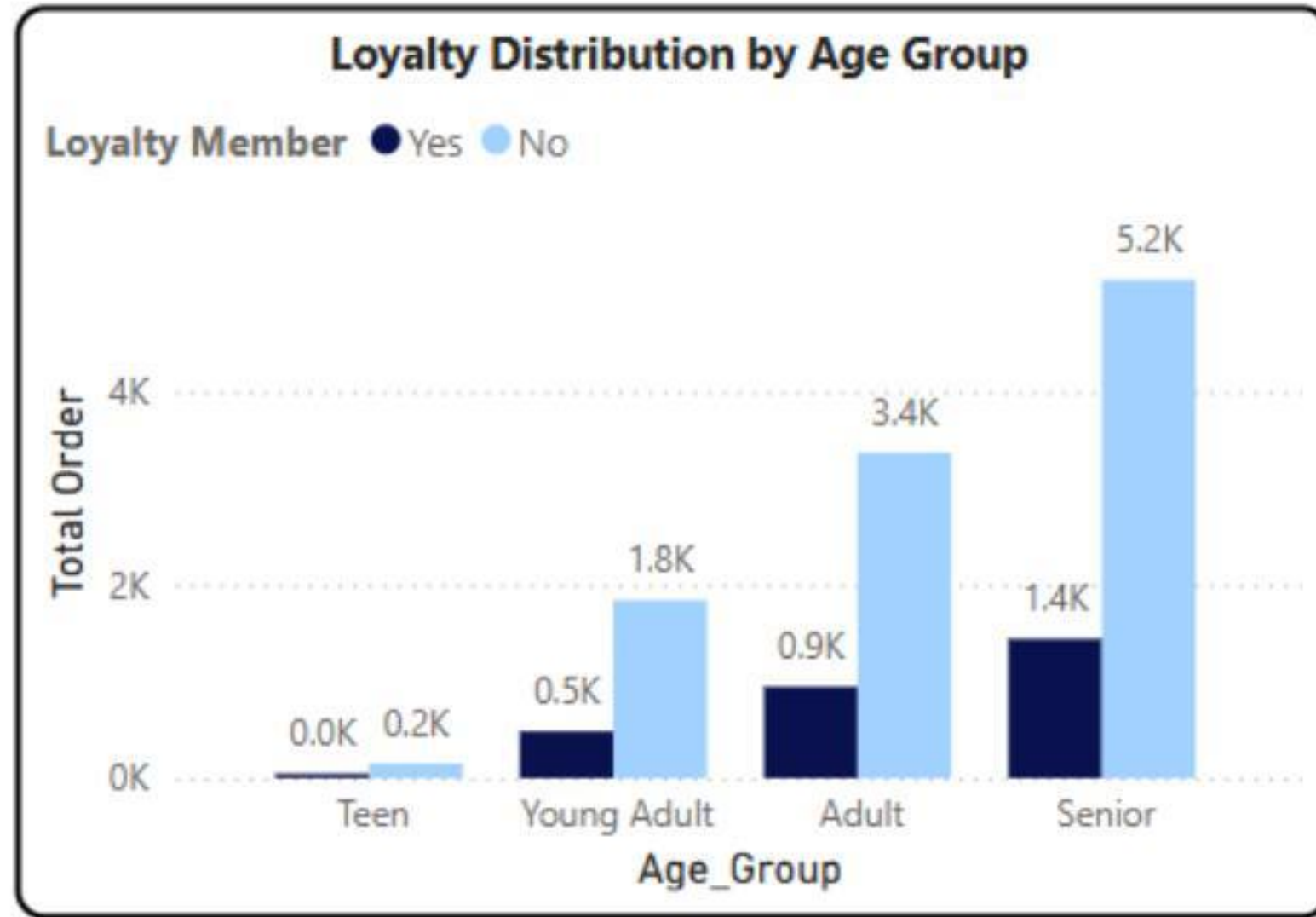
Average Rating

3.10

- Total revenue reached **43.46 million**, reflecting stable business performance.
- The system recorded **13.43 thousand** orders from **9,465** customers, with each customer placing more than one order on average.
- An average rating of **3.10** indicates room for improvement in customer experience.



- From **September to December 2023**, revenue gradually **increased** from **0.3M to 1.6M**, followed by a slight decline in December.
- **January 2024** marked a breakthrough with **4.6M** in revenue, accompanied by a surge in order volume.
- From **February to August**, revenue remained consistently high (4.3M - 4.6M), indicating sustainable operations.
- In **September 2024**, revenue **dropped to 3.4M**, suggesting a need to review seasonal factors or potential changes in sales strategy.



- The delivery workforce is mainly concentrated in the **middle-aged groups (Adult & Senior)**, with loyalty customers being significantly lower than that of non-loyalty customers.
 - In terms of customer ratings, most orders received a **3-star rating**, indicating an average experience that lacks distinction.
- => Therefore, the **loyal customer** segment will be analyzed in greater depth to better understand their purchasing behavior, from which strategies can be proposed to increase loyalty rates and improve customer experience.

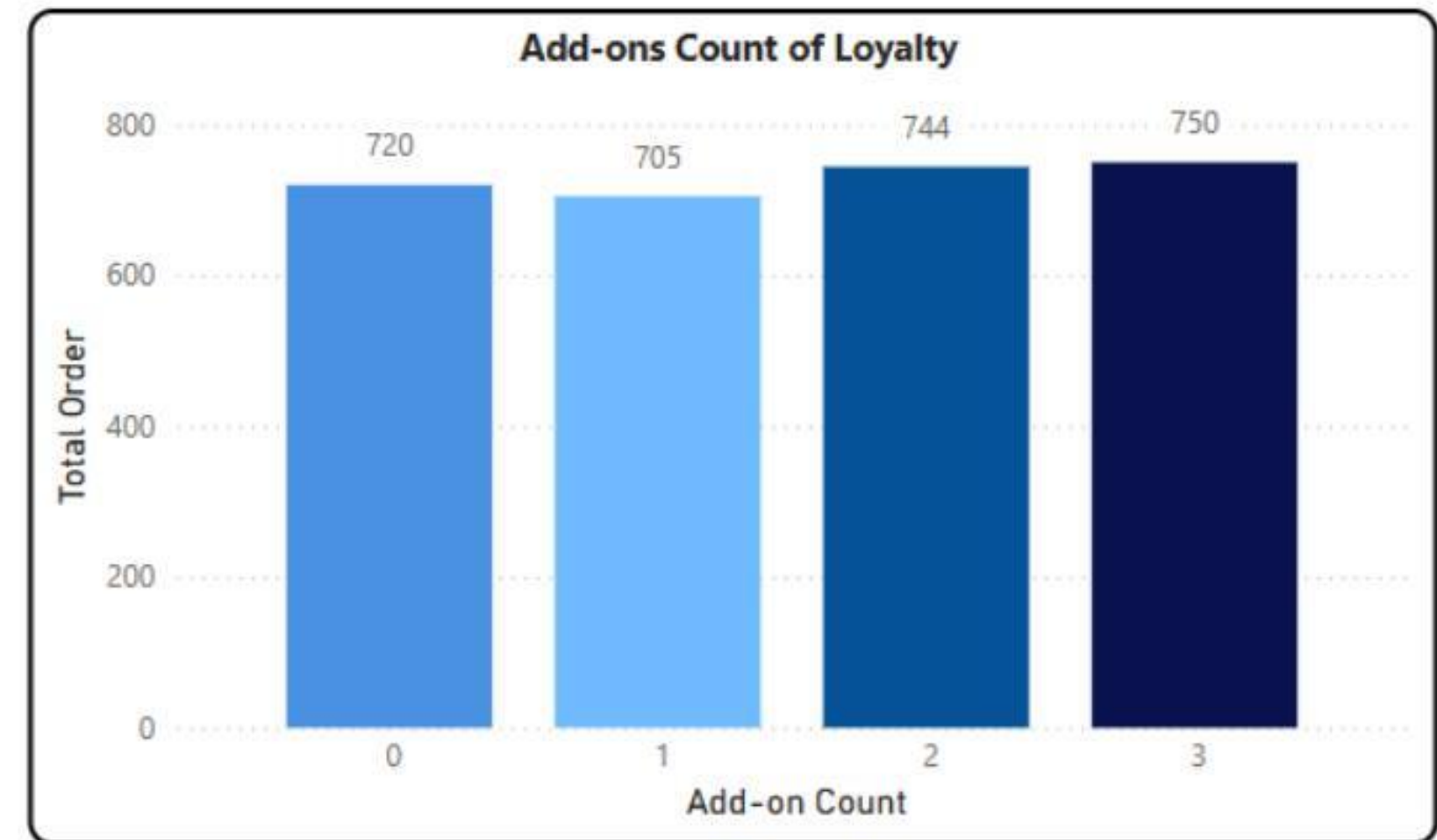
02

LOYALTY CUSTOMERS PURCHASE BEHAVIOUR ANALYSIS



LOYALTY FACTORS ANALYSIS

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- Loyalty customers are more concentrated in the **mid-price range (300-1000)**, while non-loyalty customers dominate across all price segments, especially in the same range.
- Additionally, loyalty orders slightly **increase** with the number of **add-ons**, suggesting that customers with more add-ons may be more engaged or value additional services.

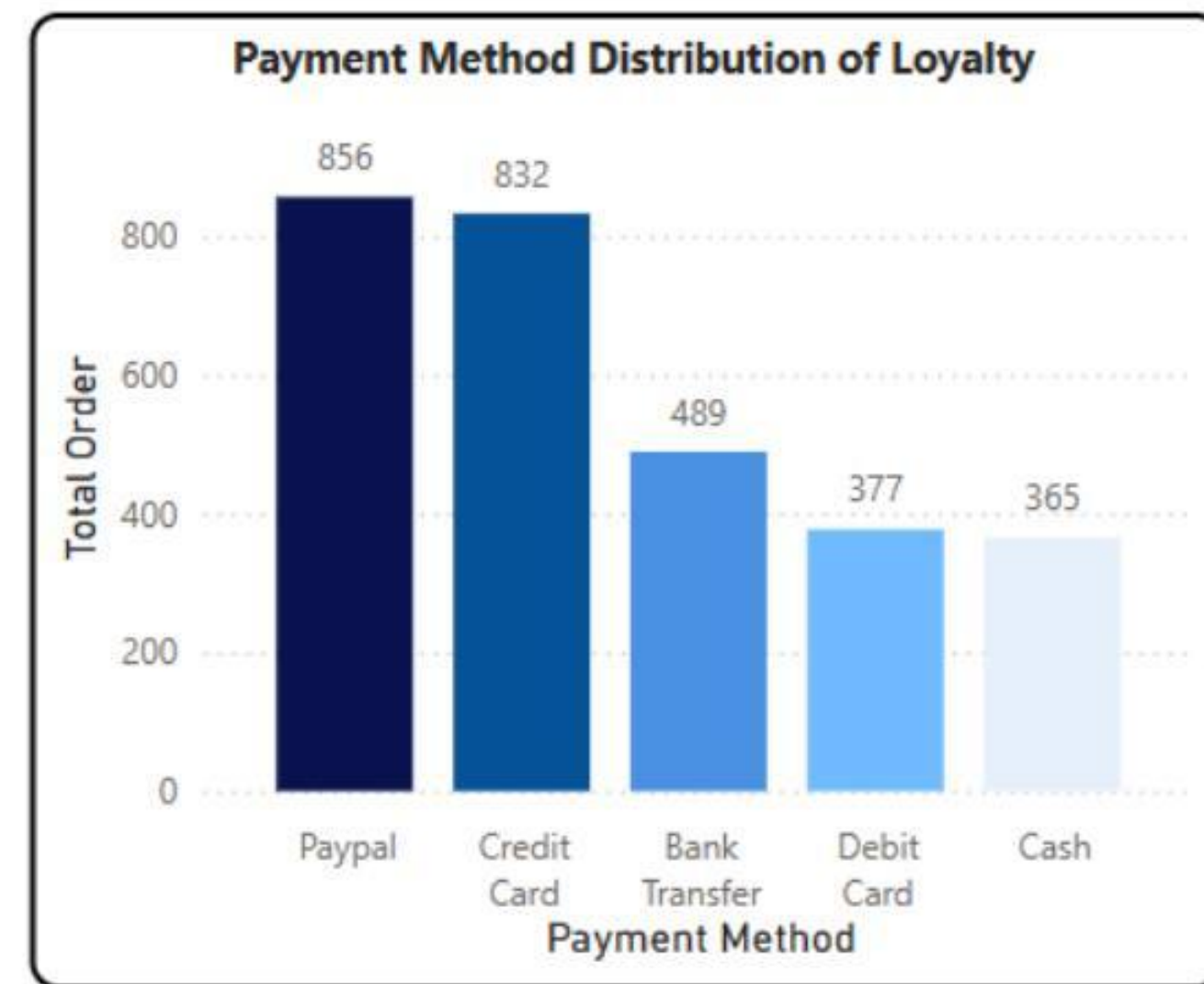
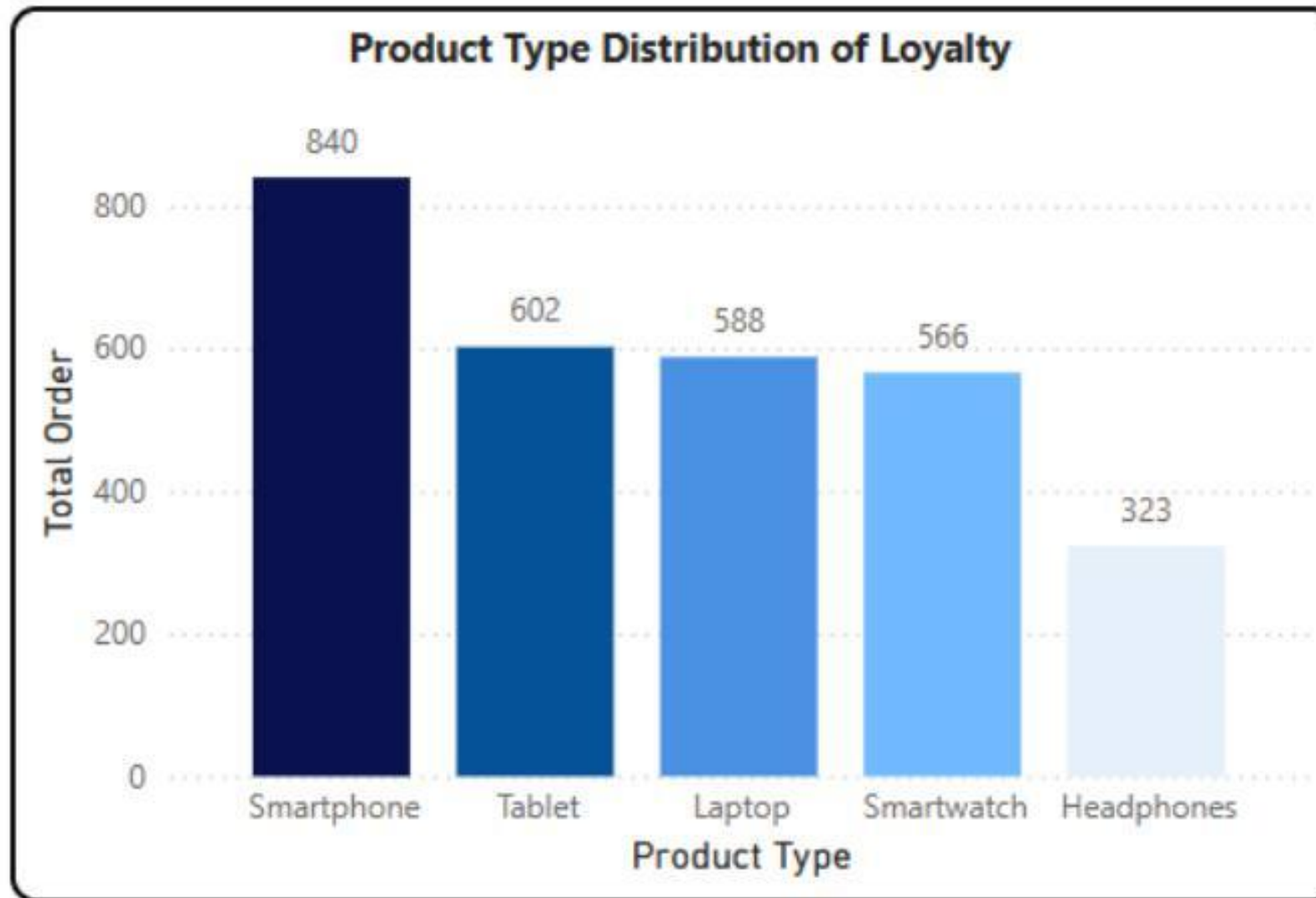
LOYALTY FACTORS ANALYSIS



- **Initial Growth Trend:** From **September 2023** to **February 2024**, both the number of orders and total payments increased significantly: Total payments rose from **0.06M to 0.96M**
 - **Period of High Stability:** Total payments **remained high**, reaching a peak of **1.03M** in **July 2024**.
 - **Decline at the End:** Total payments **dropped** from **0.98M to 0.68M**.
- => The cause of this decline needs to be investigated: seasonality, policy changes, or a decrease in the program's appeal.

LOYALTY FACTORS ANALYSIS

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- **Preference for High-Tech Products:** They primarily purchase **Smartphones**, followed by Tablets, Laptops, and Smartwatches
→ This group tends to spend on **high-value**, modern devices
 - **Preference for Convenient Online Payments:** **PayPal** and **Credit Card** are the most **frequently** used payment methods
→ Indicating that this group values **speed, security**, and **convenience**.
- => Focus marketing efforts on tech product categories and optimize the online payment experience.
- => Consider launching exclusive promotions via PayPal/Credit Card to retain this loyal customer segment.

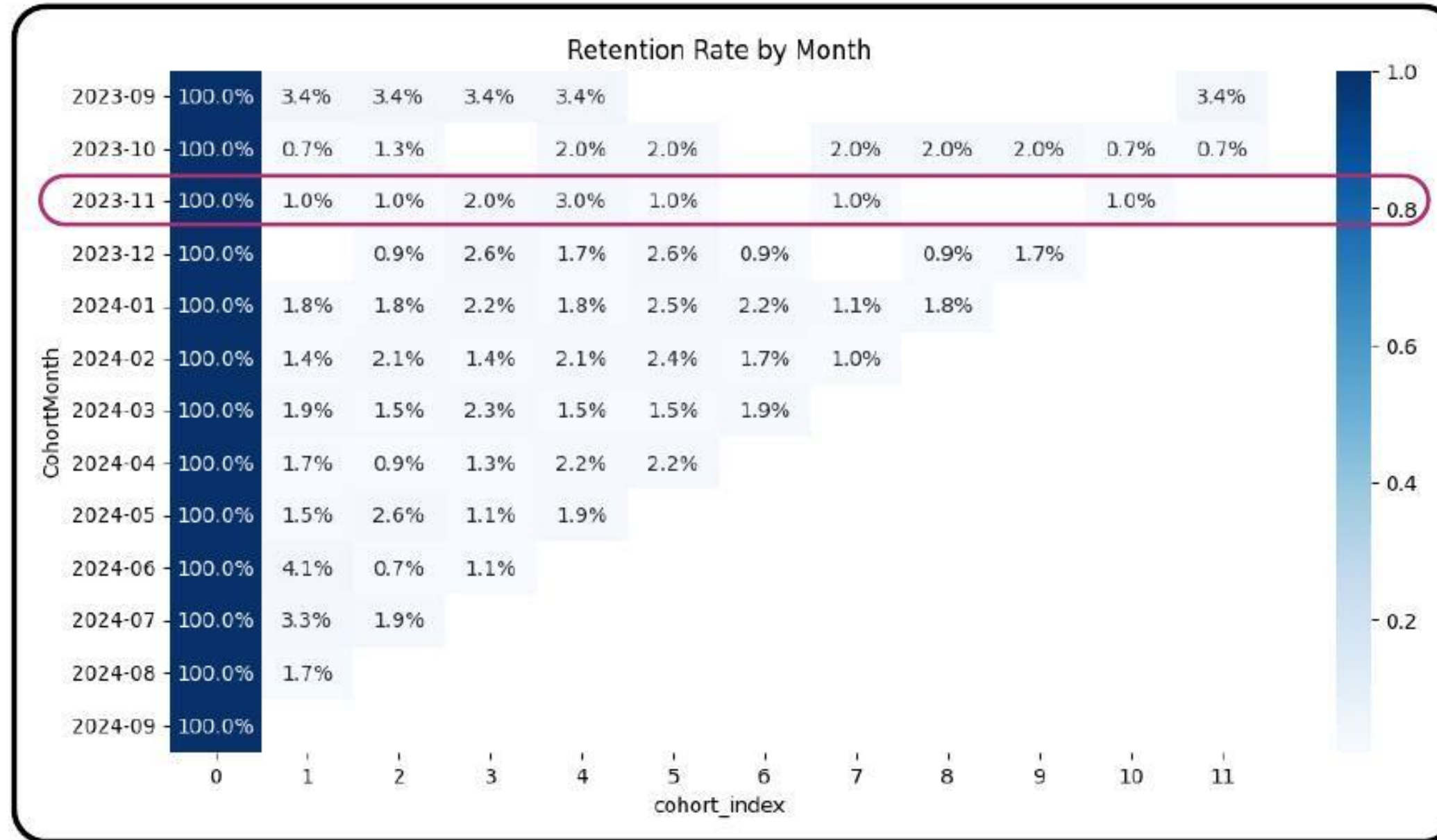
03

STRATEGIES TO RETAIN & GROW LOYALTY CUSTOMERS



RETENTION ANALYSIS IN 11/2023

14



Total Churn Customer

94

Total Retain Customer

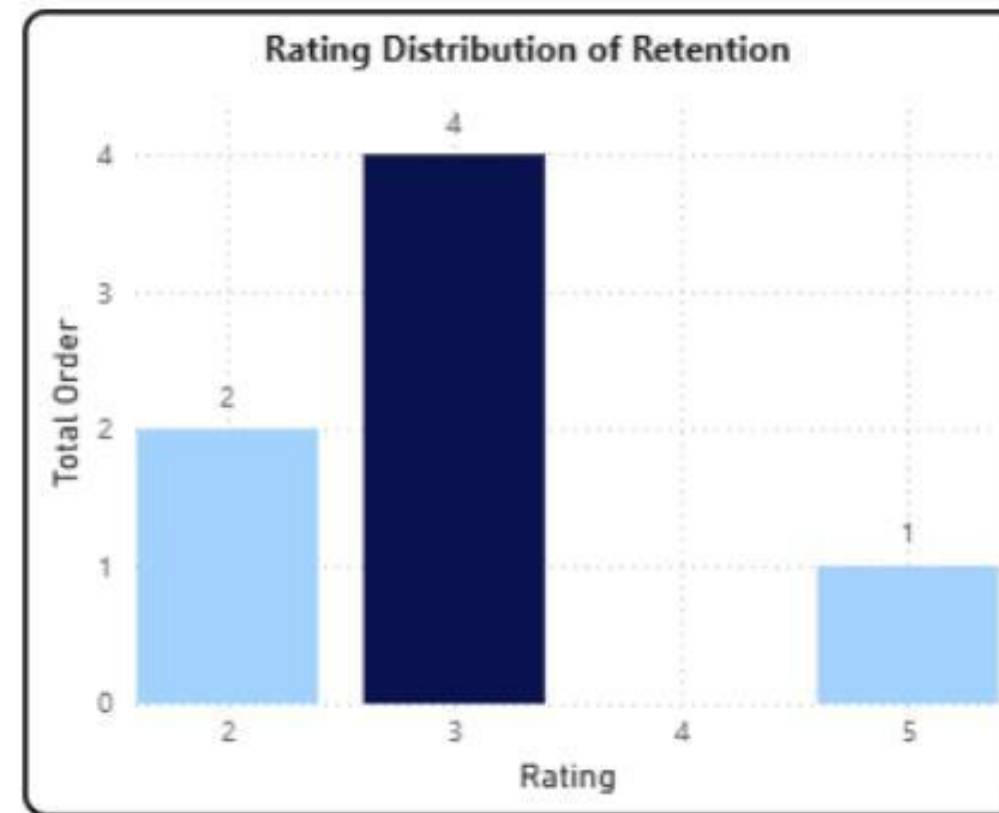
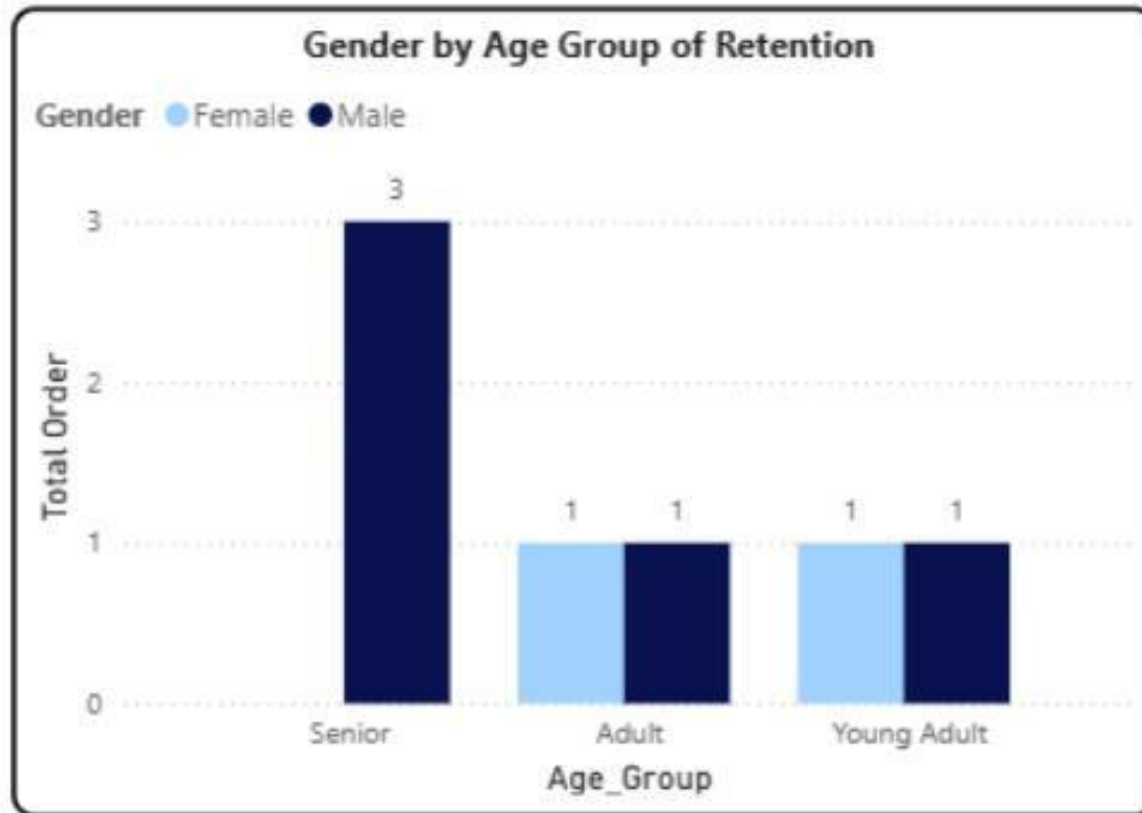
7

- The retention rate of the **November 2023** cohort is **very low**, with only around 1% of customers retained over the following months, showing a steady and rapid decline.
- Only 7 customers were retained, while 94 customers churned, resulting in a **churn rate of 93%** – the **worst** among all cohorts.

This is the only cohort with a consistently **low 1% retention rate** across almost all months, indicating that customers had no strong reason to return after their first purchase.

=> Analyze the differences between retained customers and churned customers to uncover actionable insights

RETAIN & CHURN COMPARASION



Age Group & Gender:

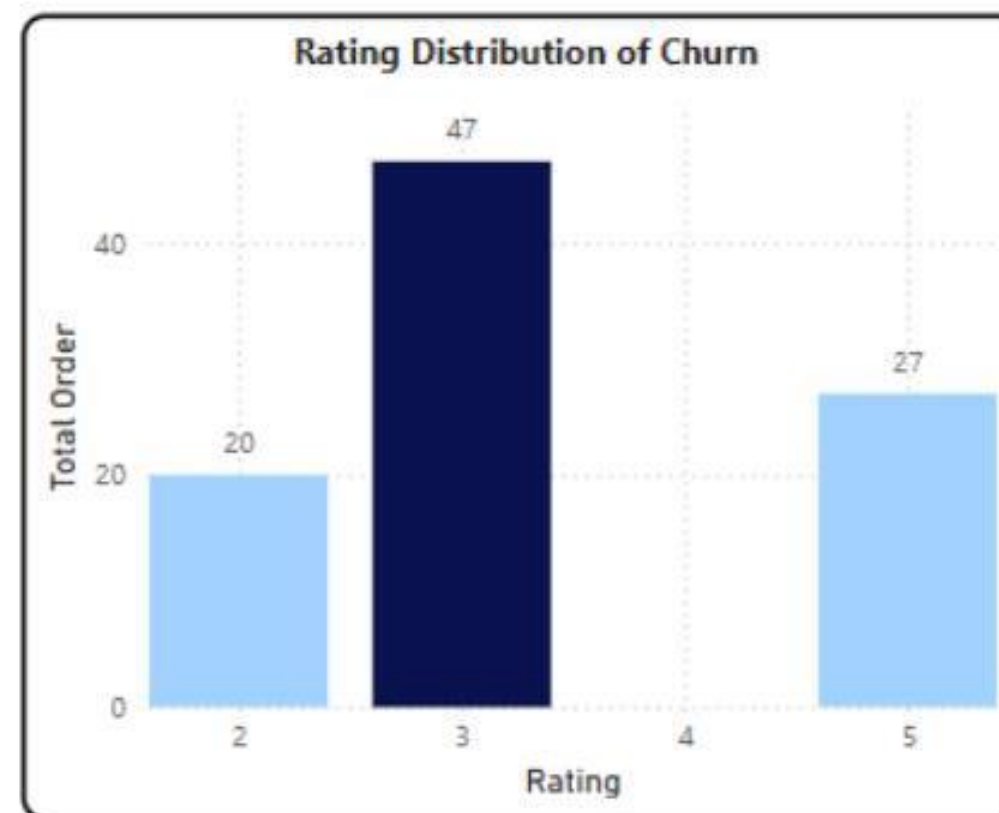
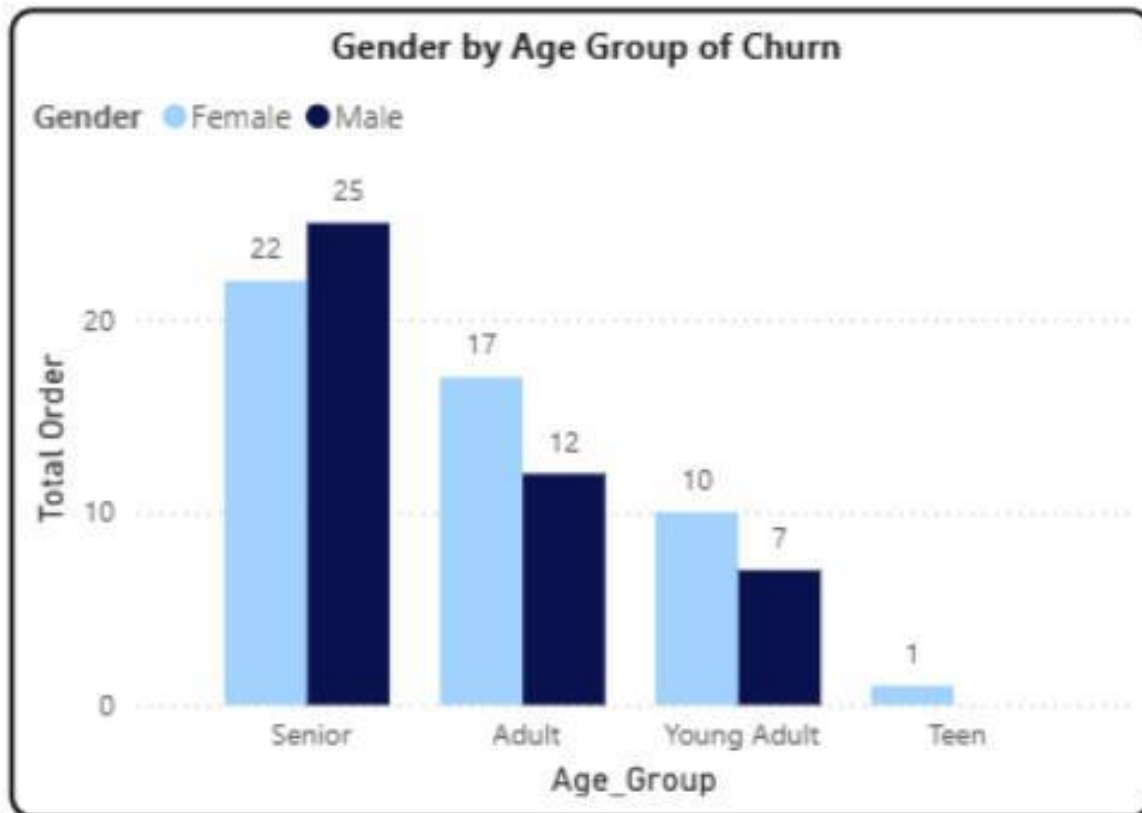
- The highest churn rate is seen among Seniors.
- Teen customers only appear in the churn group

→ Indicating low loyalty.

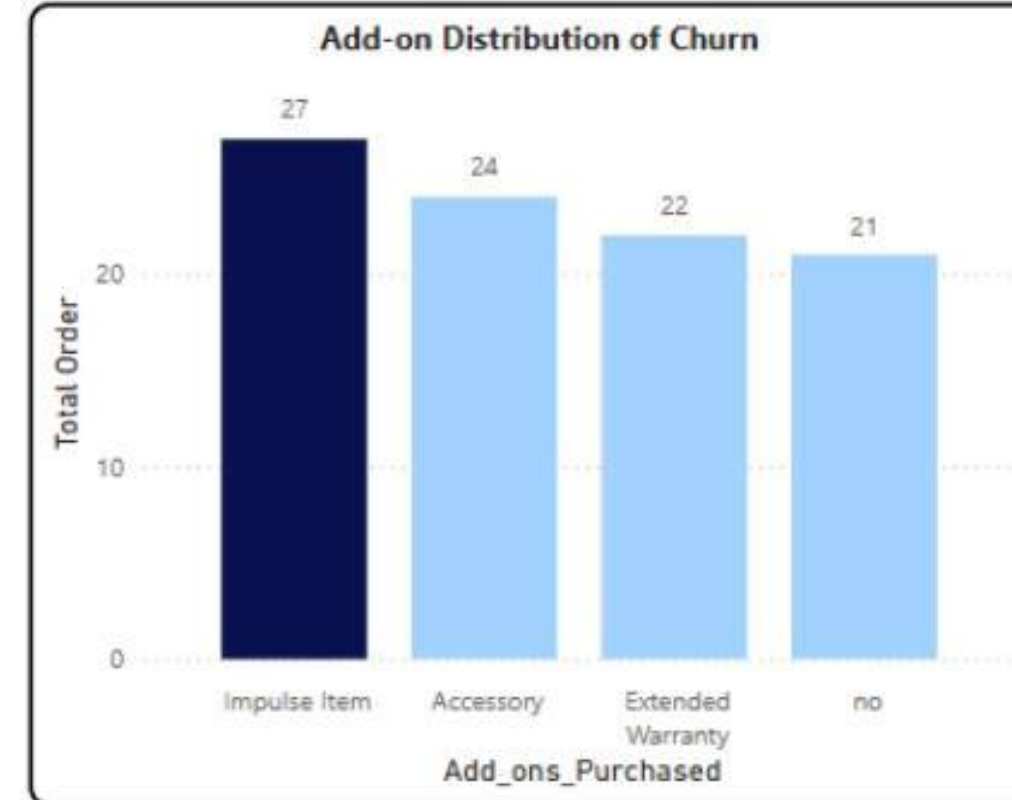
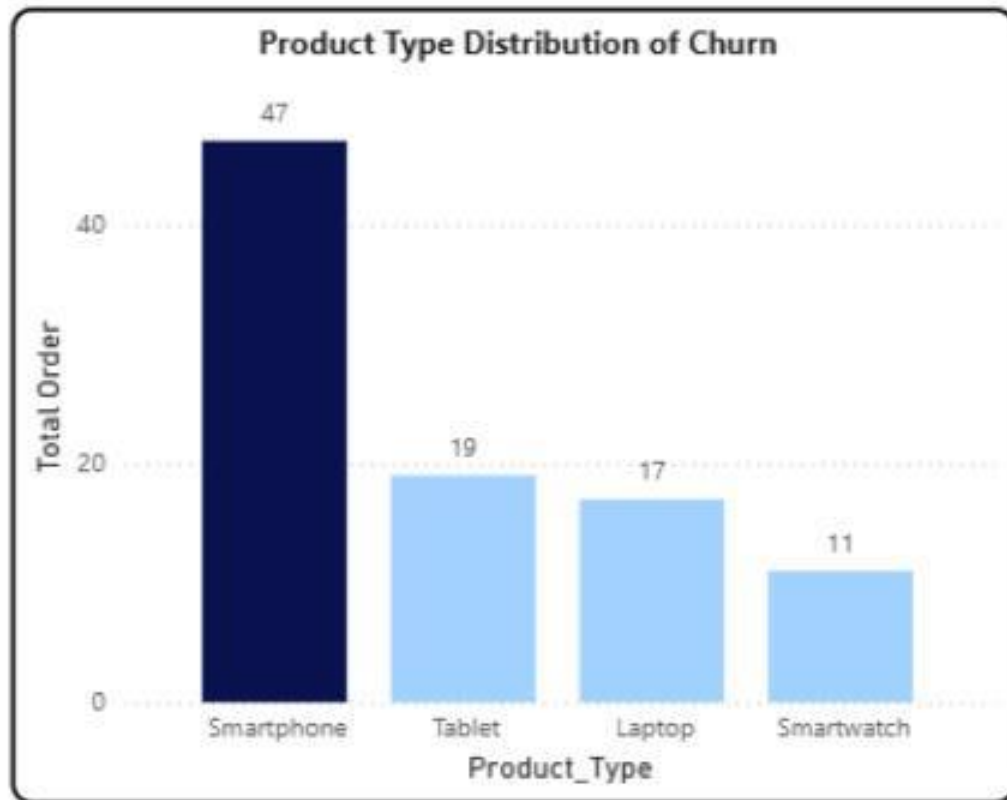
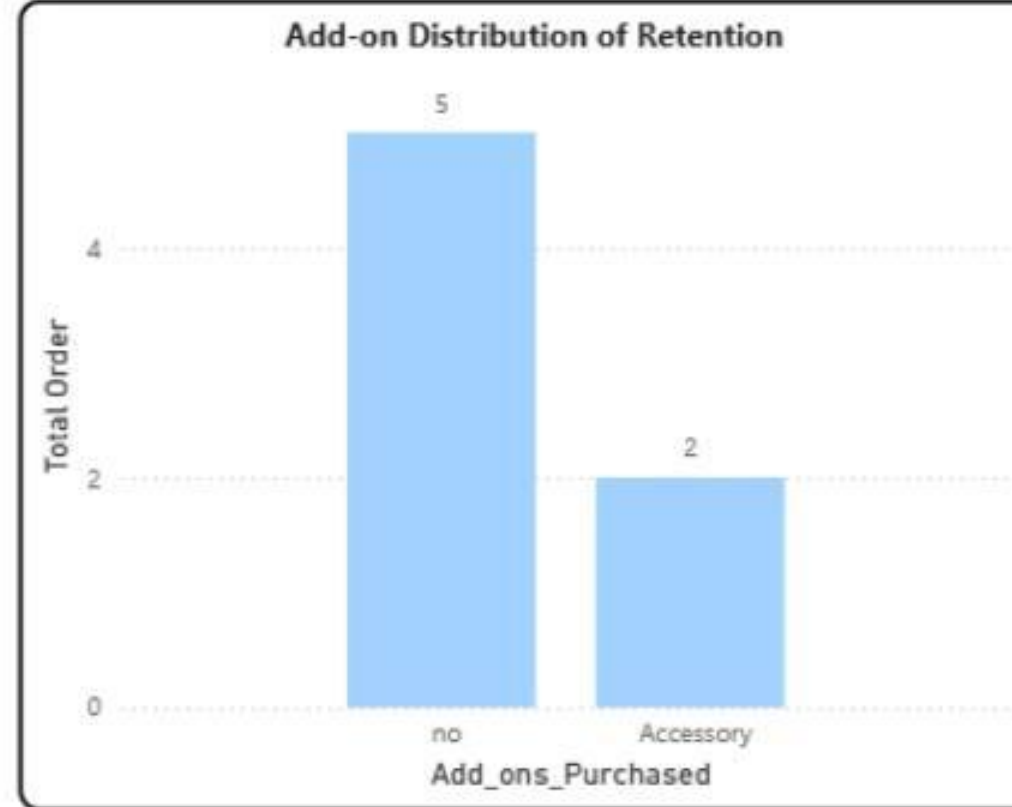
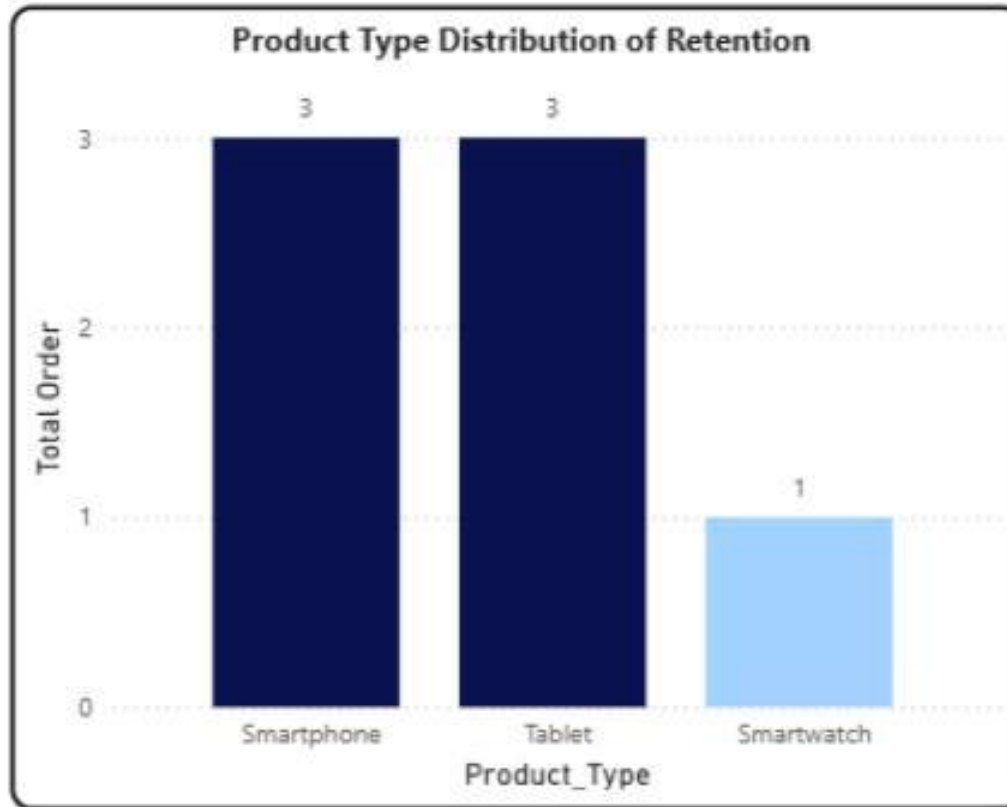
Rating:

Both churned and retained customers mostly gave a rating of 3

→ Customers with average satisfaction are more likely to churn.



RETAIN & CHURN COMPARASION



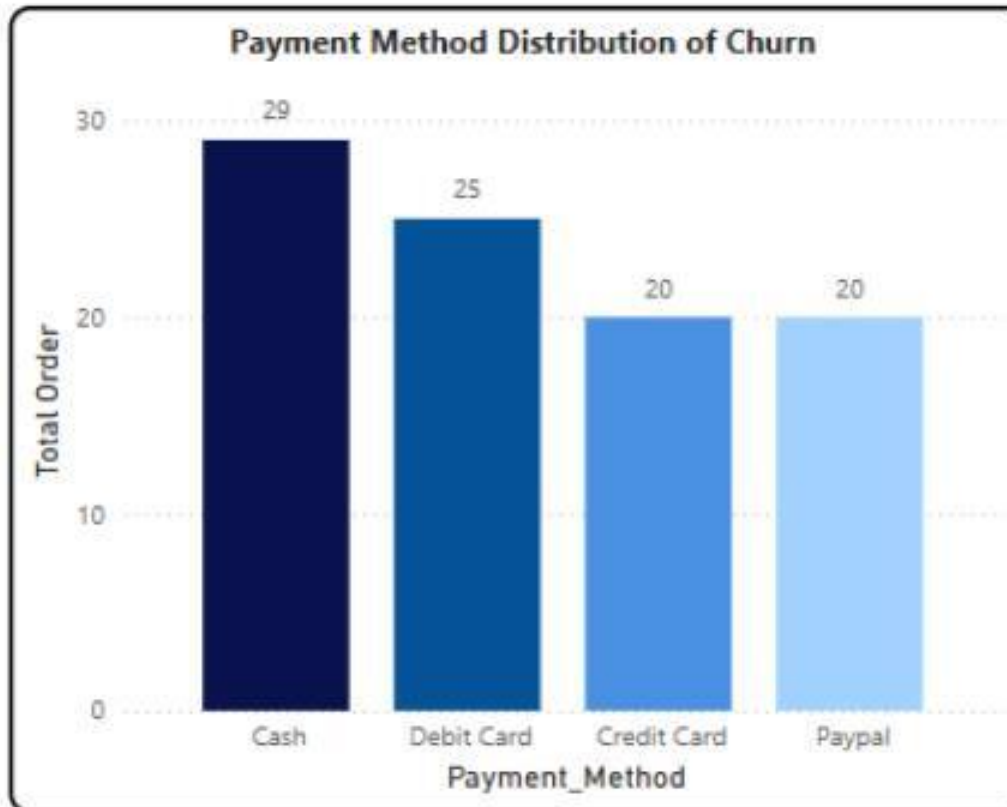
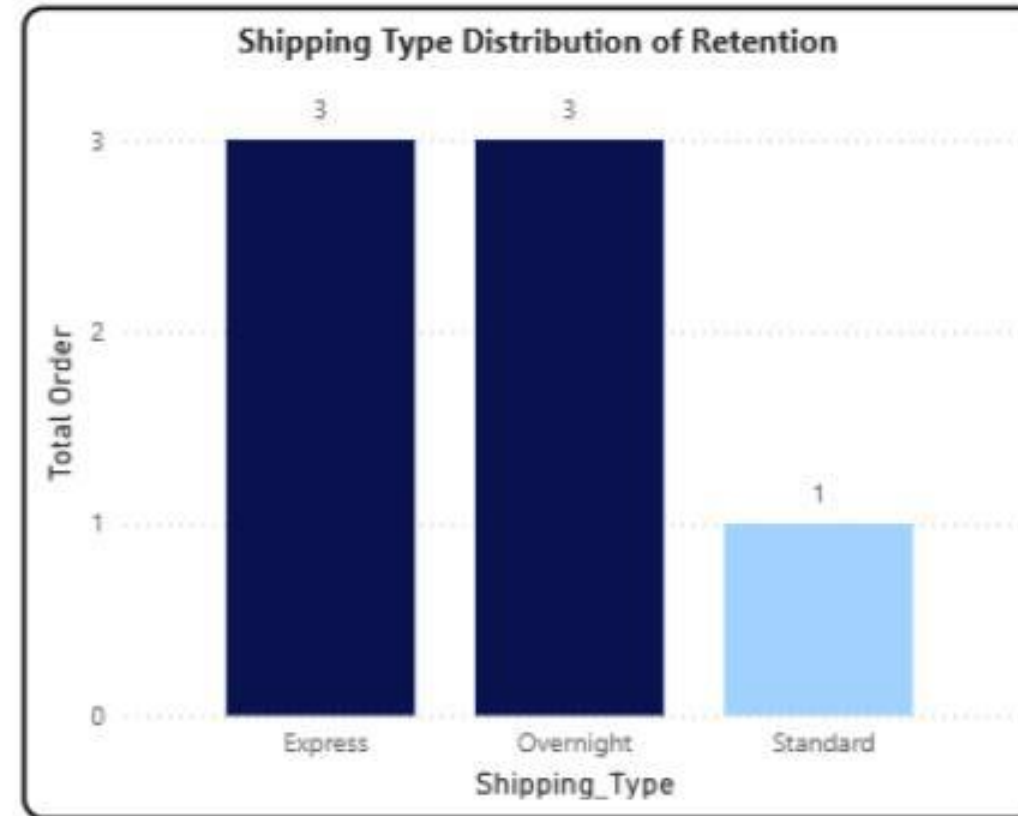
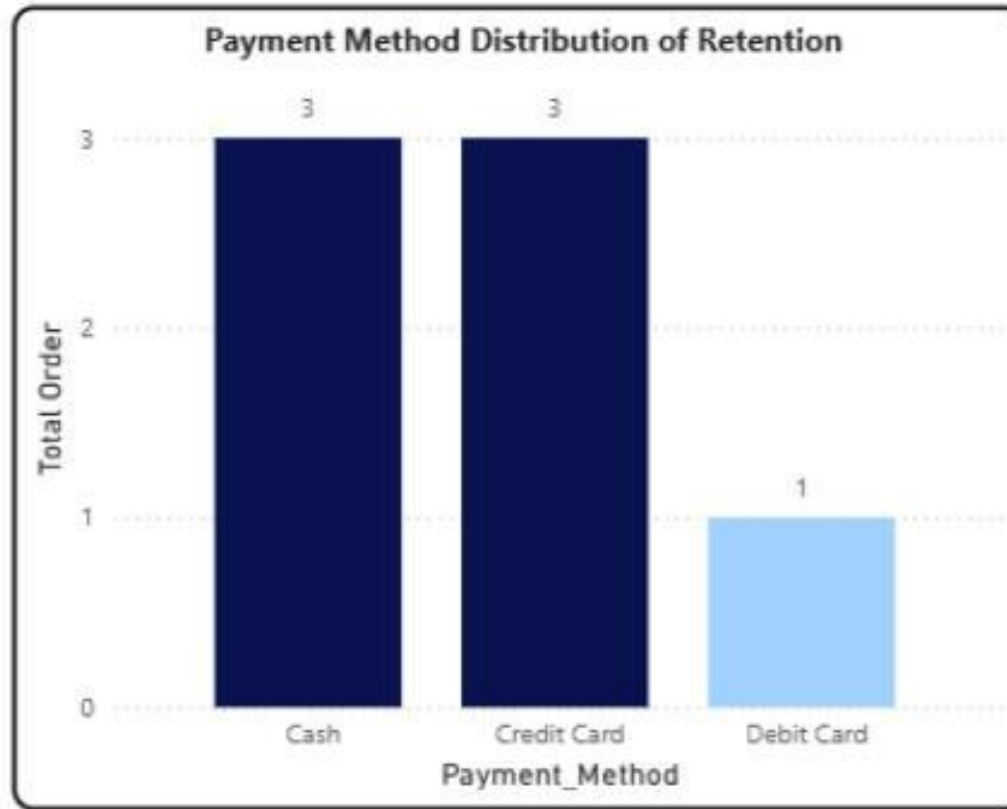
Product Type:

- Retained customers mainly purchased Smartphones and Tablets.
- Smartphones have the highest churn rate.

Add-on Purchase:

- Retained customers mostly did not purchase any add-ons or only bought Accessories.
 - Churned customers are distributed across various add-on types, with Impulse Items being the most common.
- Purchasing add-ons does not contribute to retention, and may even be associated with higher churn.

RETAIN & CHURN COMPARASION



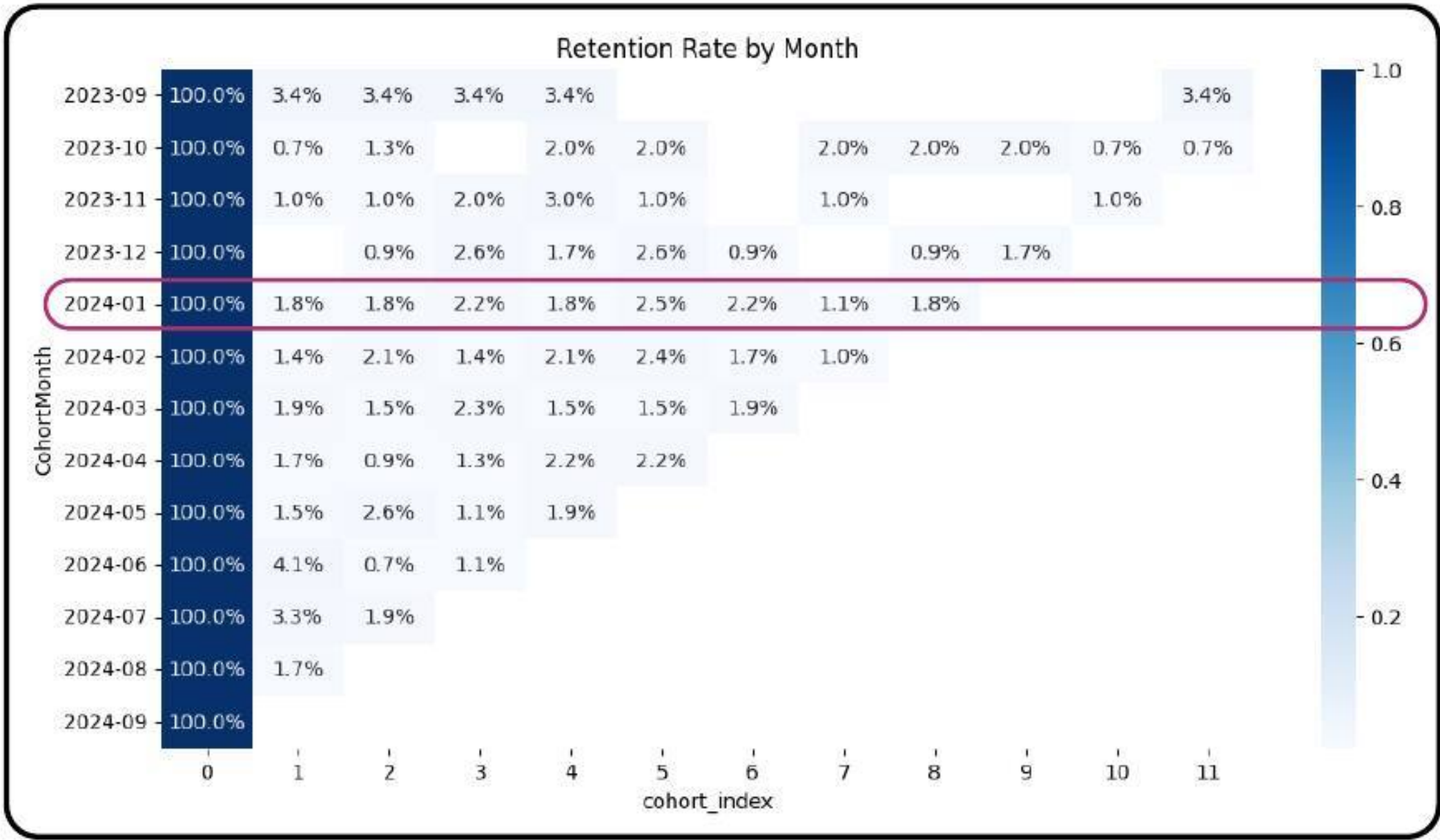
Payment Method:

- Retained customers tend to use Cash and Credit Card.
- High churn is associated with Cash and Debit Card.

Shipping Type:

- Retained customers prefer Express/Overnight delivery.
- Churned customers are mostly distributed evenly across shipping types, with the highest churn in Standard shipping.

RETENTION ANALYSIS IN 01/2024



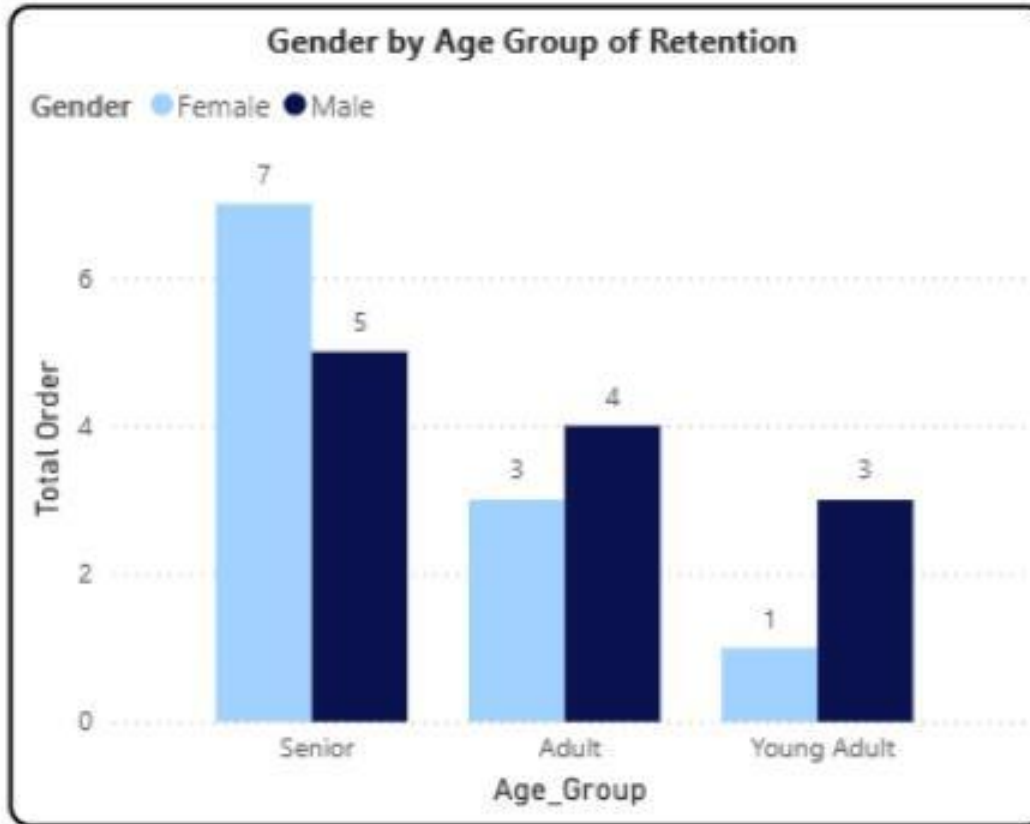
Total Churn Customer
239

Total Retain Customer
23

- This is the **best-performing** month in terms of customer retention compared to other cohorts.
- The retention rate **remained steady** from month 1 to month 7 (ranging from **1.8% to 2.5%**).

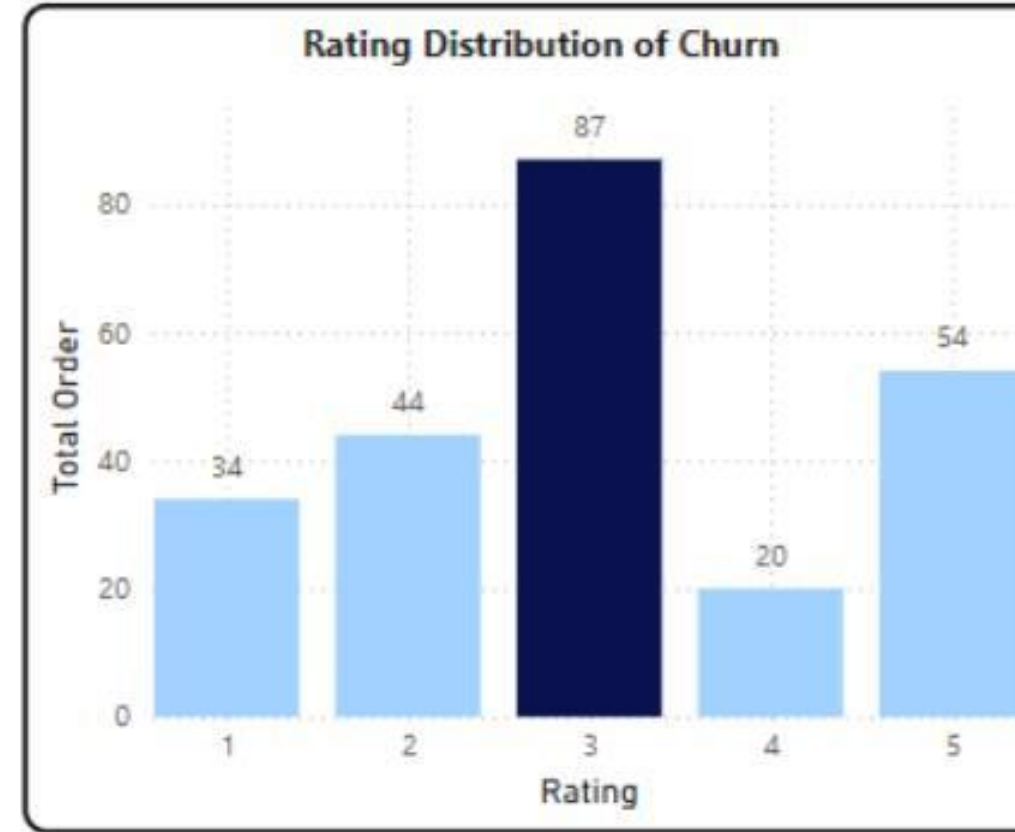
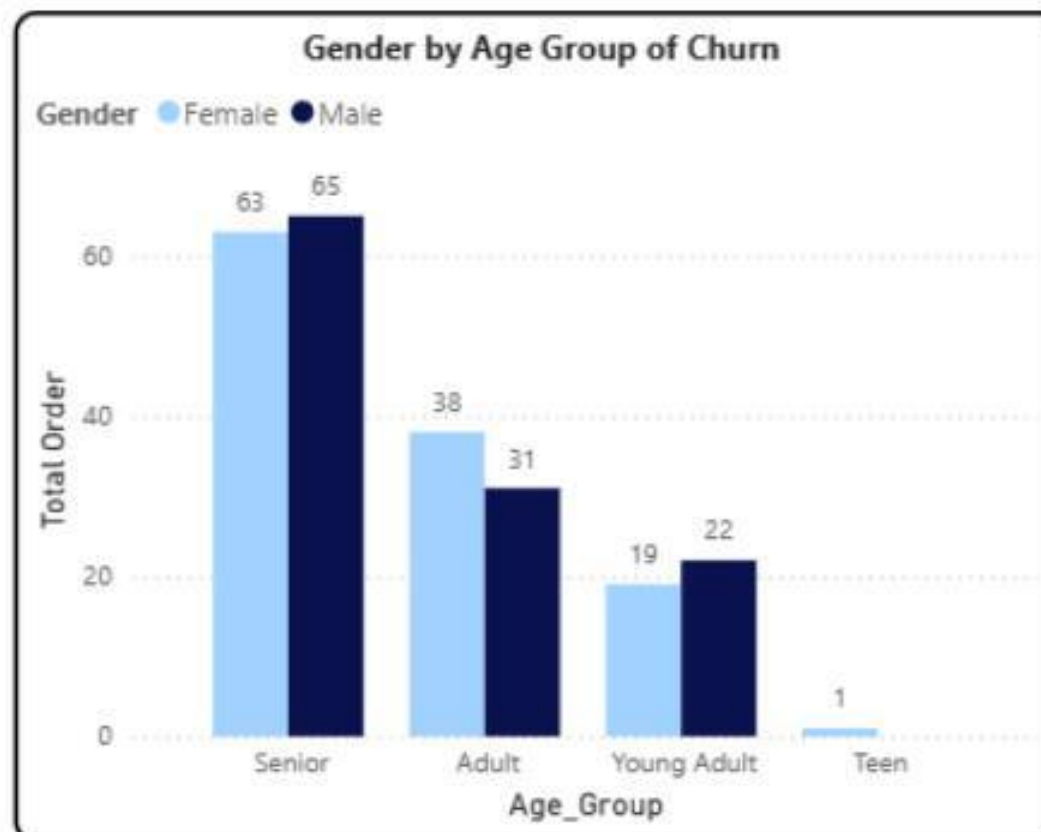
- Unlike other months—where retention typically drops sharply after 1-2 months—the **January 2024** cohort shows a **longer-lasting** customer engagement.
- However, even though it's the best cohort, the total number of **retained** customers is **still only 23**, which is significantly lower than the 239 churned customers.

RETAIN & CHURN COMPARASION



Age Group & Gender:

- The Senior has the highest retention rate but also accounts for the most churn.
- The Teen group only appears in the churn segment.



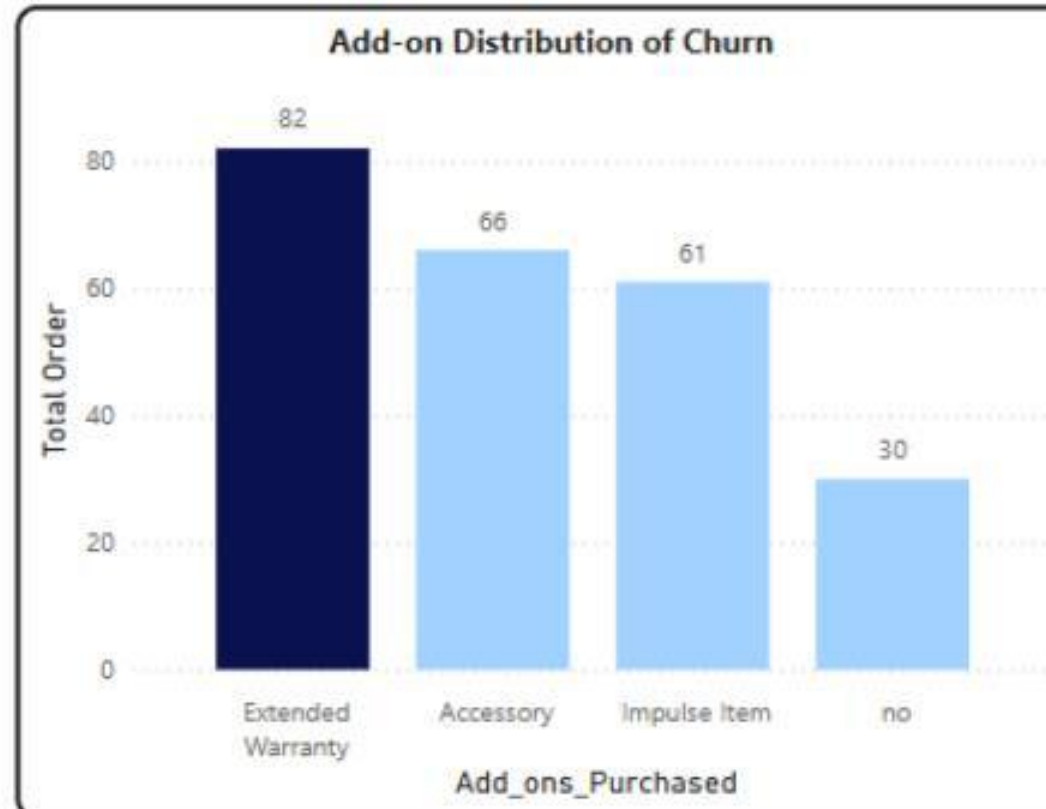
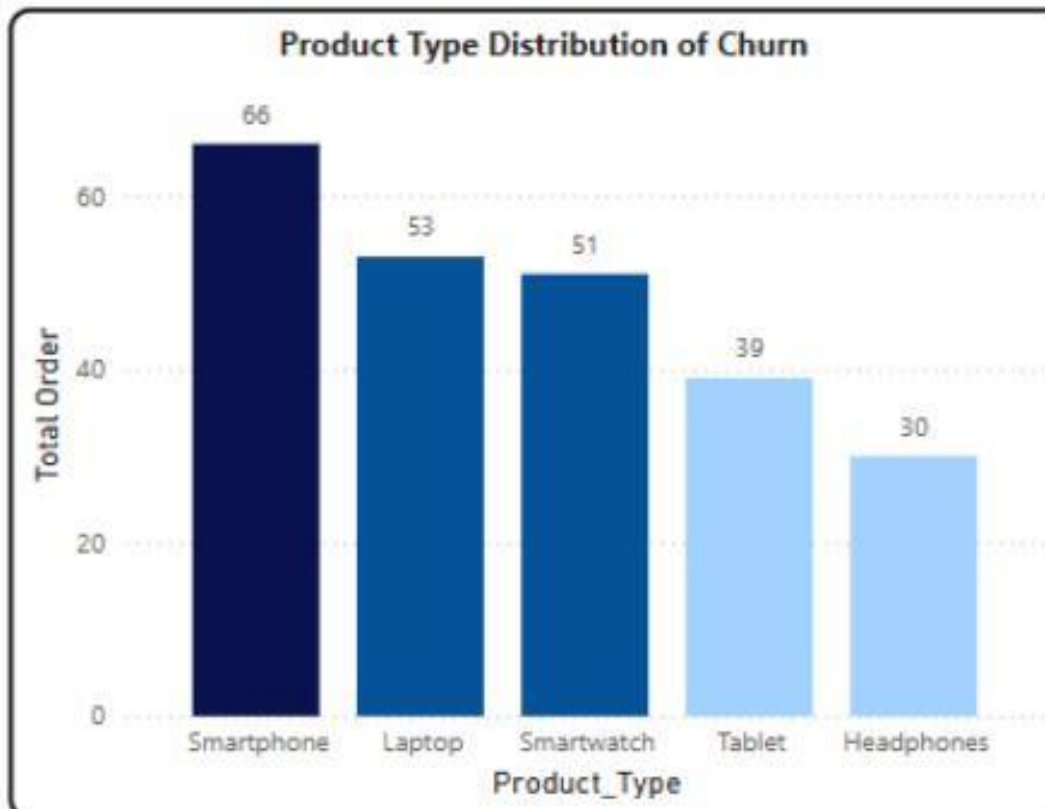
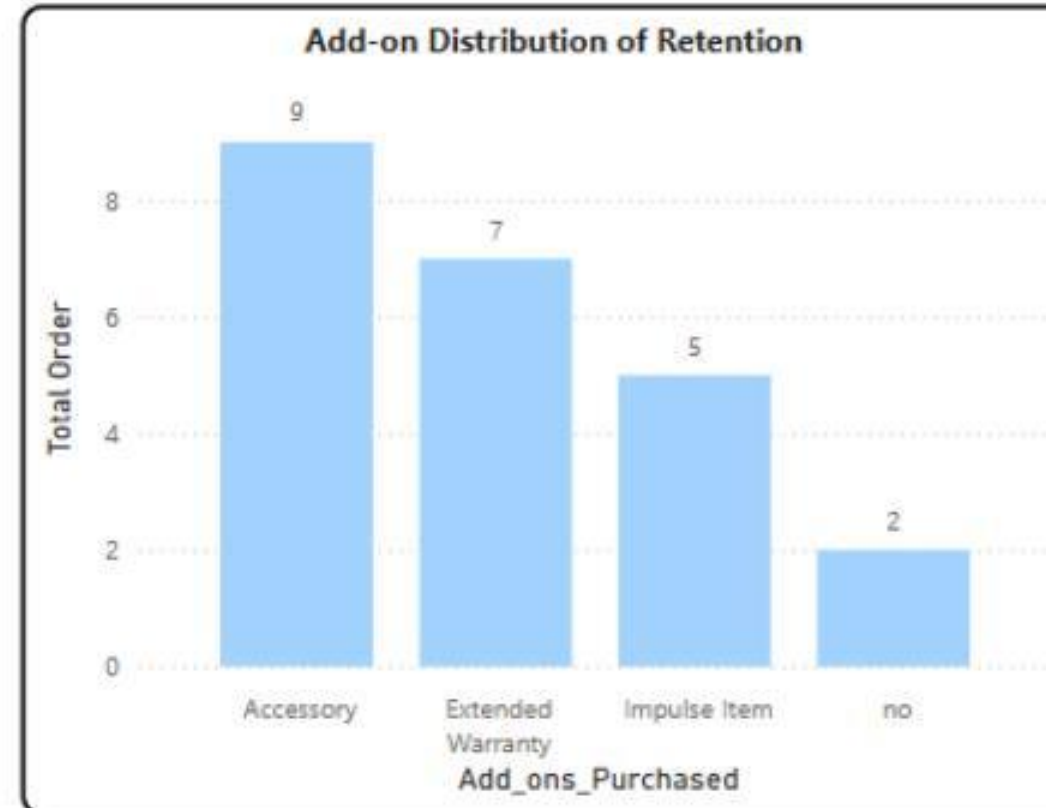
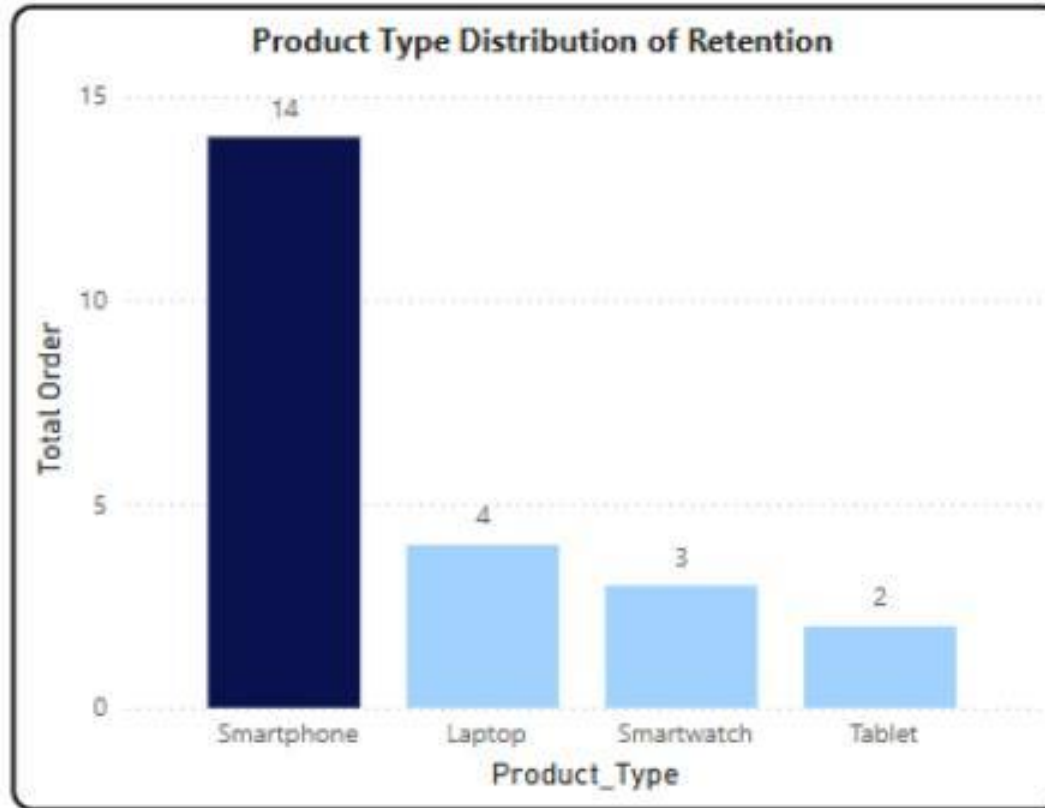
Rating:

Most customers, both retained and churned, gave a 3-star rating

→ The experience is average and not compelling enough to build loyalty.

RETAIN & CHURN COMPARASION

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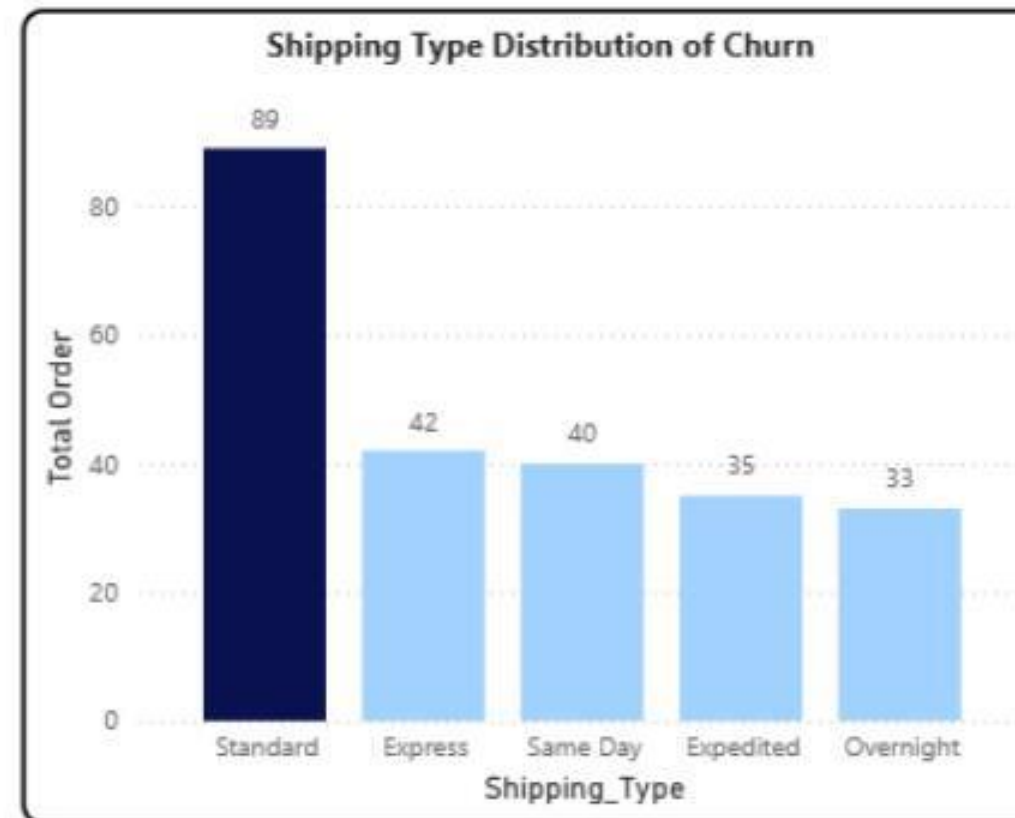
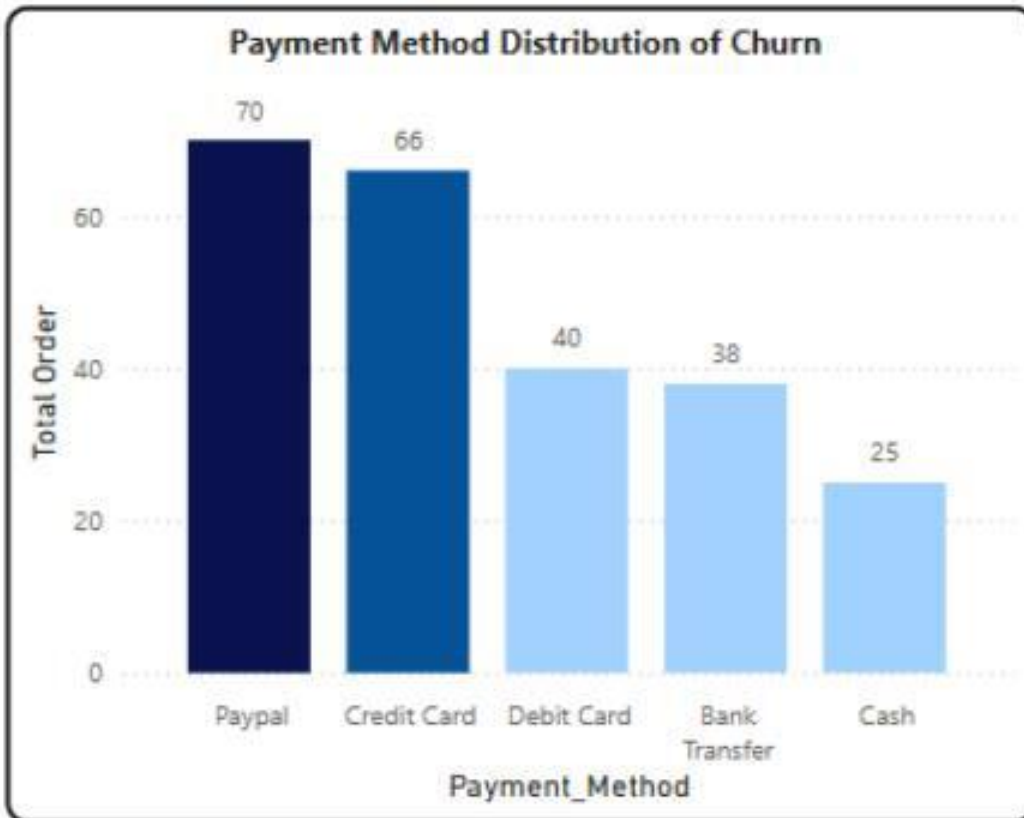
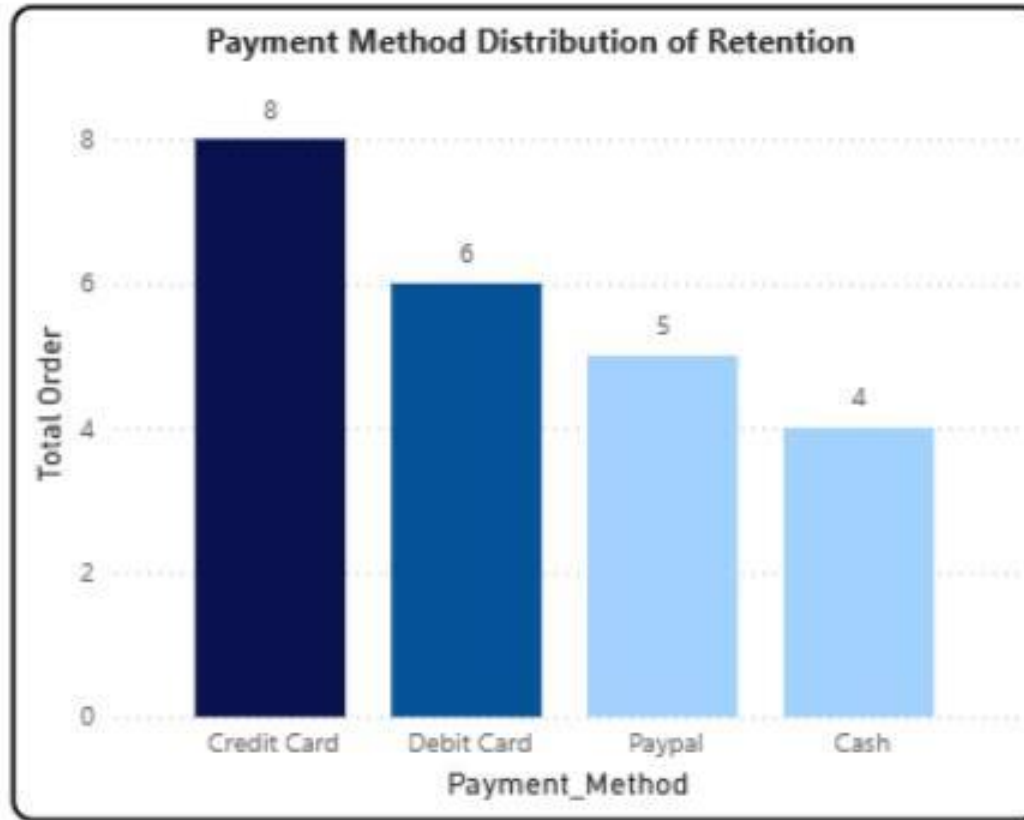
Product Type:

Smartphones are the main product for both retained and churned customers
→ The experience for this product line needs improvement.

Add-on Purchase:

- Loyal customers often purchase add-ons (Accessories, Extended Warranty)
→ An opportunity to offer bundled deals or exclusive promotions.
- Many churned customers also bought add-ons → Suggests the initial value was not strong enough to retain them long-term.

RETAIN & CHURN COMPARASION



Payment Method:

- Retained customers tend to use Credit Card.
- High churn is associated with Debit Card and PayPal users.

Shipping Type:

- Retained customers prefer Express delivery.
- Churned customers are mostly associated with Standard delivery.

04

CONCLUSION & RECOMMENDATION



- **Loyalty** customers are more active in **mid-range pricing** (300-1000) and prefer **high-tech products** such as Smartphones and Tablets.
- **Loyalty** customers with **more add-ons** may be more **engaged** or value additional services.
- Despite their value, loyalty customer **retention is low**. The churn rate remains high (up to 93% in some cohorts), with most customers dropping off after just one order.
- **Churn** customers is highest among the **senior** segment.
- The main drivers of churn include:
 - + **Unsatisfactory** delivery speed (preference for **Express/Overnight** shipping in retained customers).
 - + Moderate **satisfaction** (majority rating at **3 stars**).
 - + **Inconvenient** or less preferred payment methods (Debit Card, PayPal).

Short-Term	Mid-Term	Long-Term
Enhance post-purchase experience: • Prioritize faster shipping options for loyalty members (e.g., free express delivery). • Send personalized follow-up emails with special offers to encourage second purchases.	Refine loyalty program: • Launch exclusive promotions for customers using Credit Card or PayPal. • Bundle high-tech products with useful accessories to enhance perceived value.	Test and optimize retention strategies: • Pilot different retention strategies on high-churn cohorts • Measure the results and scale successful strategies across the broader customer base.
Improve customer satisfaction: • Actively collect feedback from customers who gave 3-star ratings. • Analyze the feedback and promptly improve service areas related to neutral reviews.	Targeted marketing campaigns: • Segment campaigns based on device preferences (e.g., Smartphones, Tablets). • Tailor campaign content for adult and senior customer segments — groups with high loyalty potential but also high churn risk.	Develop a Loyalty Scoring System: • Build a scoring model based on customer behavior such as purchase frequency, product types, payment methods, and satisfaction ratings. • Integrate the scoring system into automated marketing campaigns and loyalty program workflows.

THANK YOU

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