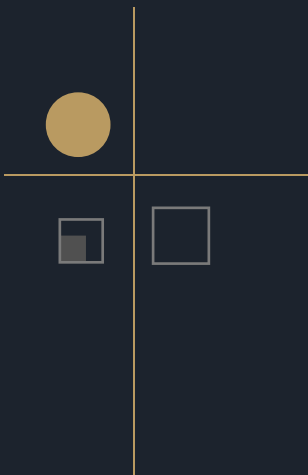


TARGETING RENEWALS WITH A GIFT CARD



THE CLIENT PROBLEM

Membership and renewal fees were major profit drivers and contributed to 50% of the net income of our client, a **membership format retailer**. Our client wanted to **improve renewal rates** through sharp targeting of renewal incentives (gift cards) and gauge the **impact of “gift cards” on renewals**.

THE AQ SOLUTION



DATA HARMONIZATION AND DESCRIPTIVE ANALYSIS

We calculated a renewal history for the past year from the members' "due to renew" date.

We created an exhaustive list of renewal drivers based on:

- Tenure
- Engagement metrics
- Acquisition channels
- Training and hold-out data

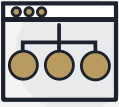


VARIABLE / DRIVER SELECTION

We selected drivers based on univariate and correlation analysis.

We used variable clustering to identify correlated variables and to reduce the number of variables used in the model.

We used different approaches to arrive at a final list of variables/drivers for the model.



MODEL DEVELOPMENT

A logistic regression model was developed to score renewal probability.

Model diagnostics were checked to ensure model stability.



MODEL VALIDATION AND FORECASTING

Driver variables were created and probability scoring was calculated for hold-out and forecasting data.

We validated the classification error rate on training and hold-out data.

THE CLIENT BENEFIT

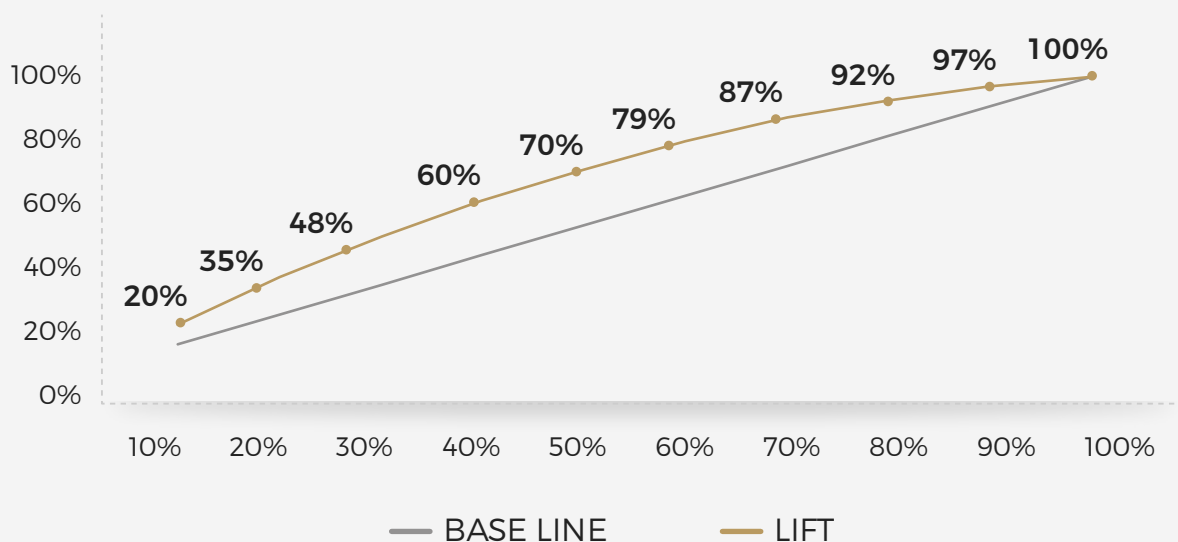
THE CLIENT GOT THE FOLLOWING INSIGHTS ABOUT THEIR MEMBERS

Gift cards did improve renewal rates and even drove early renewals. 83% of “members” who redeemed their gift cards renewed earlier than other members.

By targeting only 50% of the membership base, 70% of the members who “renewed” could be reached.

20% of the members who did not redeem their gift cards, had not shopped in the last nine months from their “due to renew” date.

LIFT CHART





Thank You

For any queries, get in touch with us.

connect@aqinsights.com