Creating Win-Wins for Twiga & Its Customers

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Our Host Company
Twiga connects farmers and vendors in order to make the food supply chain in Africa more transparent and efficient
17,000+ farmers
8,000+ vendors
15+ farmer collection centres
10+ vendors supply areas

Our Project Scope
Goals
- Increase profits through incentivizing vendors to purchase higher profit margin products
- Increase vendor retention and loyalty
- Acquire new vendors by offering the most competitive services possible

Project plan
1. Pilot bundling promotion tactic
2. Develop a loyalty program strategy

Process

Offsite Process
- Understand business and context
- Benchmark ideas
- Evaluate

Onsite Process
- Twiga Onboarding Process
- Vendor Interviews
- Develop Loyalty Program Strategy
- Bundling Promotion Pilot

Bundling Promotion
Approach:
- Performed quantitative analysis to determine products to bundle (1 low margin product + 1 high margin product)
- Conducted A/B test across representative sample of vendors to determine whether the bundle was effective in boosting profit margin
- Performed quantitative analysis on the results of the pilot
- Developed a “Bundling Promotion Playbook” for Twiga to use as a guide for subsequent promotions

Findings:
Bundling is a promising tactic to boost profitability and should be tested further

Recommendation:
We outlined the following process in detail in our Bundling Promotion Playbook:

- Choose target customer segment
- Determine promotion eligibility
- Identify Carrier options
- Inform relevant parties
- Identify Passenger options
- Execute
- Identify Bundle options
- Evaluate

Loyalty Program
Approach:
- Interviewed 40 vendors
- Interviewed Twiga stakeholders
- Conducted external research & benchmarking
- Performed financial analysis

Recommendation:
We recommend starting simple with a points-based loyalty program with an option to reward high margin products with higher point value.

Preference of loyalty program scenarios
Share of preference (%), vendor interview (n=20)

Goals
- Increase profits through incentivizing vendors to purchase higher profit margin products
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9-Step Process
1. Choose target customer segment
2. Determine promotion eligibility
3. Identify Carrier options
4. Inform relevant parties
5. Identify Passenger options
6. Execute
7. Identify Bundle options
8. Evaluate
9. Bundling Promotion Pilot

90% of vendors are interested in a loyalty program
68% of vendors are interested in a higher point program
36.5% of vendors are interested in a loyalty program
11.1% of vendors are interested in a higher point program

Findings:
Bundling is a promising tactic to boost profitability and should be tested further

Recommendation:
We recommend starting simple with a points-based loyalty program with an option to reward high margin products with higher point value.

Points
- Rewards in as soon after 1 year of having not redeemed any loyalty points
- Segment program members into tiers and offer “fly sky” rewards to high-tier customers
- Provide members only surprise discounts to incentivize members to purchase more
- Points can be used flexibly as members to meet new algorithms

Usage of points
- All vendors who are ordering through an e-commerce will be eligible to earn through an e-commerce (automated through pos orders, CRM banner etc.)
- Enrichment is an opportunity to collect any additional data about the vendors (and receive additional credit for sale)

Retention
- Segment program members into tiers and offer “buy sky” rewards to high-tier customers
- Provide members only surprise discounts to incentivize members to purchase more
- Points can be used flexibly as members to meet new algorithms