

Creating Win-Wins for Twiga & Its Customers

Our Team

Emma Kornetsky Hai Lieu
Natsuko Yamazaki Rebecca Allen

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

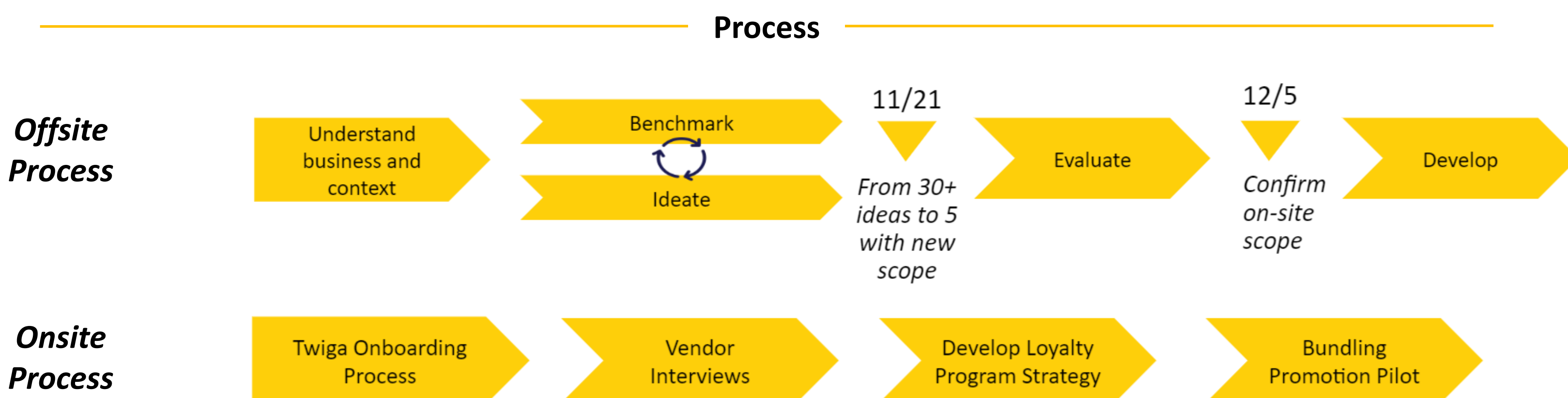
Our Project Scope

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

- Pilot bundling promotion tactic
- Develop a loyalty program strategy



1 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

Number of SKUs purchased per order	Revenue from SKU	Incremental profit from vendor	
<ul style="list-style-type: none"> 1st order: 5 2nd order: 3 3rd order: 8 	18,080	1088	
<ul style="list-style-type: none"> 1st order: 2 2nd order: 3 3rd order: 2 7 	15,900	952	
<ul style="list-style-type: none"> 1st order: 1 	2,300	43	
<ul style="list-style-type: none"> 1st order: 1 	2,260	-50	
Total		38,540	2033

Note: This vendor was not eligible for the promotion. If the vendor had not purchased the SKU, the incremental profit would have been 2083 KSH

Recommendation:

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

9-Step Process

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

2 Loyalty Program

Approach:

- Interviewed 40 vendors
- Interviewed Twiga stakeholders
- Conducted external research & benchmarking
- Performed financial analysis

90% Of vendors are enrolled in a loyalty program*

100% Of vendors are interested in the idea of loyalty points from Twiga*

68% Of vendors prefer points over discounts (if value is the same)³

Preference of loyalty program scenarios

Share of preference (%), vendor interview (n=20)

Scenario	Share of preference (%)
1 pt per 100KSH; Use as you go	35.3
1-5 pts per 100KSH; Spend at least 12K	31.5
2pt per 100KSH; Spend at least 12K	22.2
1pt per 100KSH; Spend at least 12K	11.1

Recommendation:

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

- Points:**
 - Base: 1 point per 100 KSH spent, 1 point = 1 KSH
 - For higher margin products consider awarding higher points as a limited time campaign
- Usage of points:**
 - Redeem as you go
 - Points expire after 1 year of having not redeemed any loyalty points
- Enrollment:**
 - All vendors who are ordering through m-commerce will be eligible to enroll through m-commerce (communicated through pre-sellers, SMS, banner etc.)
 - Enrollment is a good opportunity to collect any additional data about the vendors (and receive informed consent for use)
- Future perks to be considered:**
 - Segment program members into tiers and offer “Pay later” option to high-tier customers
 - Award points for late arrival of goods or poor quality goods
 - Provide “member only surprise discounts” to incentivize vendors to purchase more
 - Points can be used flexibly as incentives to meet new objectives