

<u>IO-Sphere Apply Stage Week 10 Business Case</u>	
<u>Project: Prism-Plus and customer retention</u>	
Key stakeholder: Clifford Stone	Date of proposal: 14/05/2024
Main contributions/goals	<p>The project's goals is to analyse the effectiveness of Prism-Plus as a profitable retention scheme. The scheme itself is meant to be an effective subscription-based customer loyalty system, however there are rising concerns that it is far less profitable that it should be.</p> <p>This project is to analyse customers, both members and non-members, and find ways to optimise or substitute it with. To achieve this, information of these customers dating from 2020 to 2022 will be needed to partition between member and non-member activity, developing an A/B test on their general profitability. From this data, the data shall be compared in terms of business performance between important segments such as transaction quantity and customer behaviour. However, certain metrics such as return rate may not have a quantifiable impact, so it may be necessary to take a hybrid approach between business and statistical insights.</p>
Options	<p>The following considerations have been made on the key goals:</p> <ul style="list-style-type: none"> • ABV and AOF (priority objective) • Return Rate (secondary objective) • Relation between customer segments
Benefit	<p>The ideal outcome of this investigation would be the uncovering of relevant insights on customer segments between Prism-Plus members and non-members. In particular, it would lead to an optimisation of customer rewards and the scheme in general which would improve profit margins of the loyalty program.</p> <p>Alternatively, it would make a case that Prism-Plus is too unprofitable to continue and propose alternative methods to boost metrics and retention.</p>
Risk	<p>There is a possibility that the differences between members and non-members on certain metrics and customer segments might be too small to be considered an effective result of Prism-Plus. This limits any relevant insights to be made regarding Prism-Plus, limiting the project's effectiveness on investigating the scheme.</p> <p>The project will also be a generalised overview of customer activity, leading to a coarse overview of customer transactions for time. This means that notable intricacies such as product performance between groups and segments will be ignored. It will instead assume that customers would broadly behave within the stated averages from the data.</p>
Other considerations	<ul style="list-style-type: none"> • This project will only consider registered customers, as they are the least likely to result in redundant records-per-customer information. • A large number of customers are likely to have not made any purchases after 2020 for any reason. To reduce any biases on the non-member group, these customers are treated as completely churned and so generally ignored. • Similarly, to compare data between the test and control groups effectively, only their data transaction and activity from 2022 shall be used for testing purposes.