PRISM+ CURRENT PERFORMANCE ANALYSIS

BY FRANCIS IBARRIENTOS

AOF per customer group (Graph)

Title

Slicer:
Control AND/OR Test

Slicer:
Customer group

Return Rate per customer group (Bar Graph)

Total customer population (card)

Total Profit against discount cost (Gauge)

ABV per customer group (Graph)

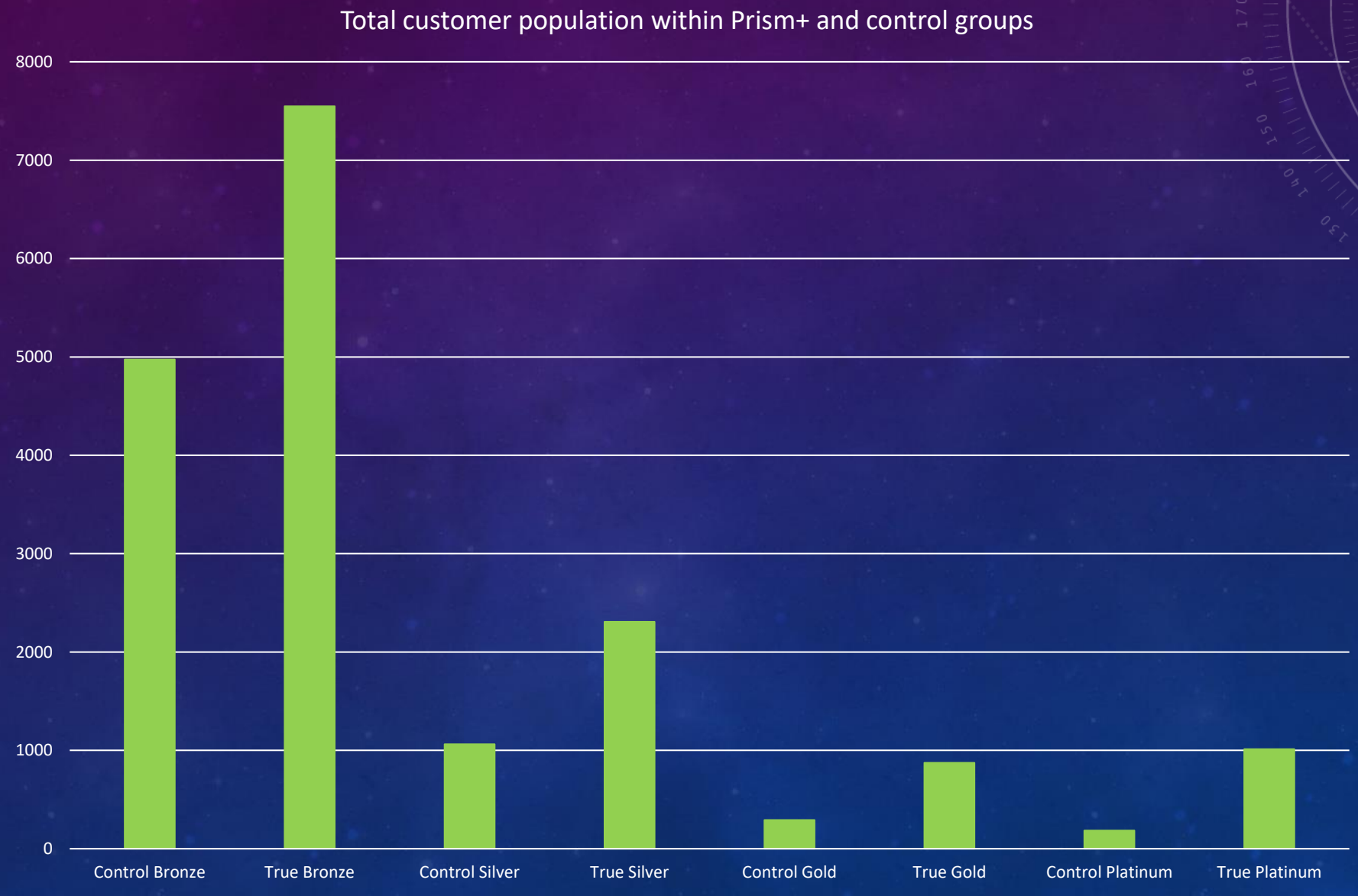
Number of active customers (card)

Profit margin (card)

EXECUTIVE SUMMARY

- Project uses a business-centred analysis between Prism+ members and non-members to assess performance of pilot customer loyalty scheme
- Prism+ is an unprofitable system of diminishing returns for high-purchasing customers.
- Platinum-tier customers are the most expensive group, with low ABV and profit margins and no difference in performance with active customers compared to control. Only AOF and arguably Return Rate are its strong points.
- All benefits could be better achieved with Gold-tier maximum or cut discounts in half.
- Best move away from discount-based customer loyalty system for a sustainable rewards-based scheme, or rethink means to retain customers before implementing a loyalty scheme.

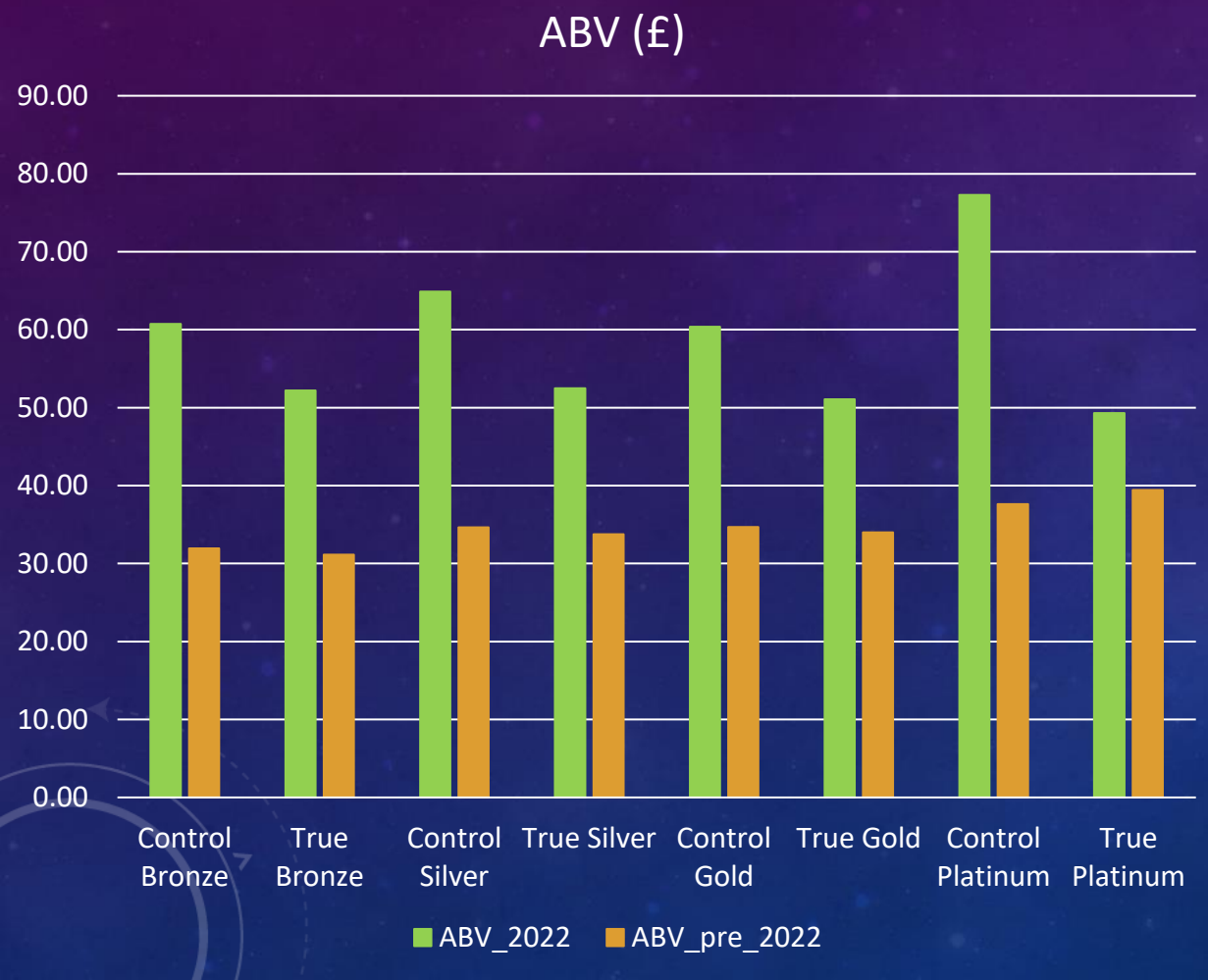
NECESSARY CONTEXT – CUSTOMER POPULATION

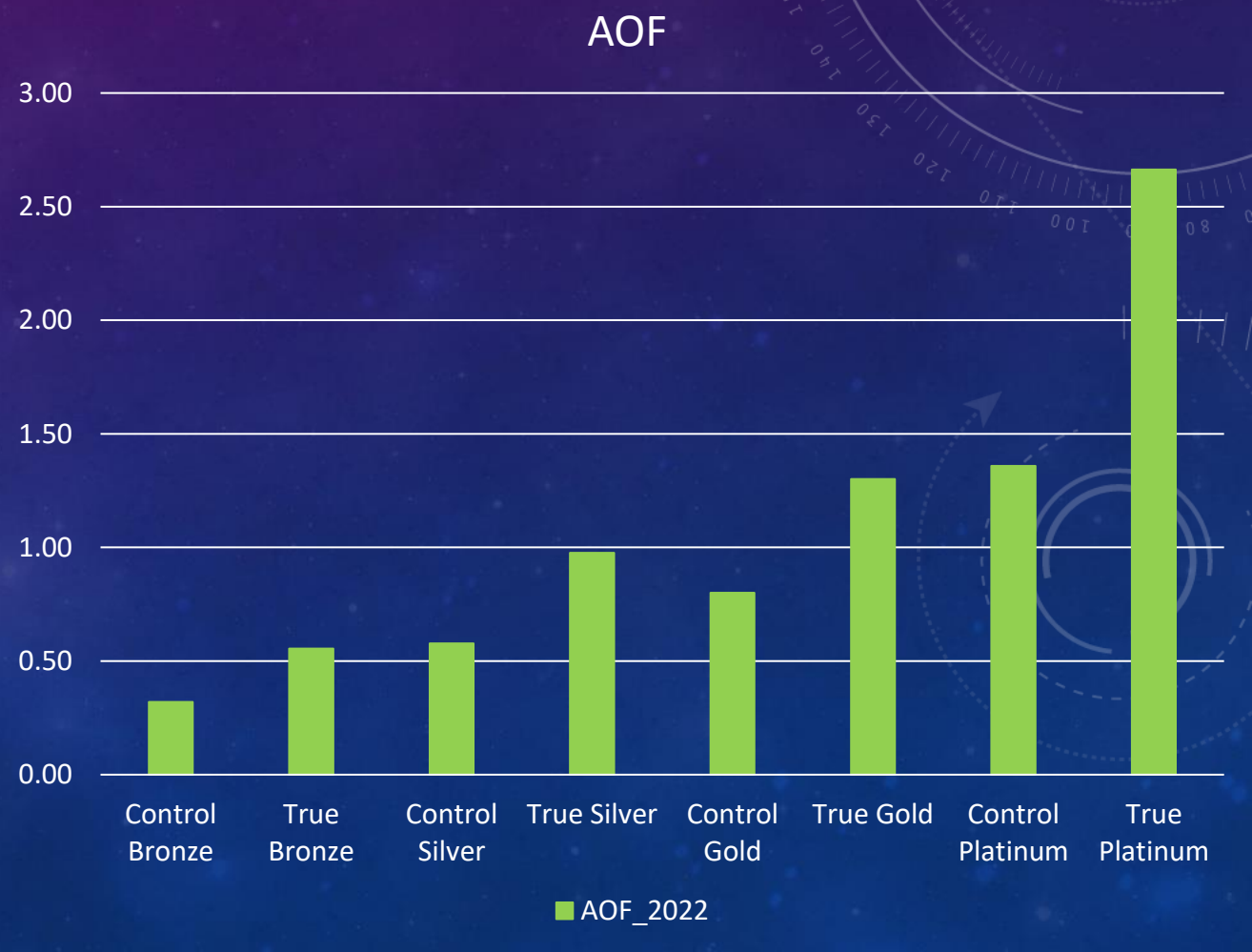


PRESENT STATE OF PRISM+ ABV AND AOF

Prism+ ABV is lower than non-members

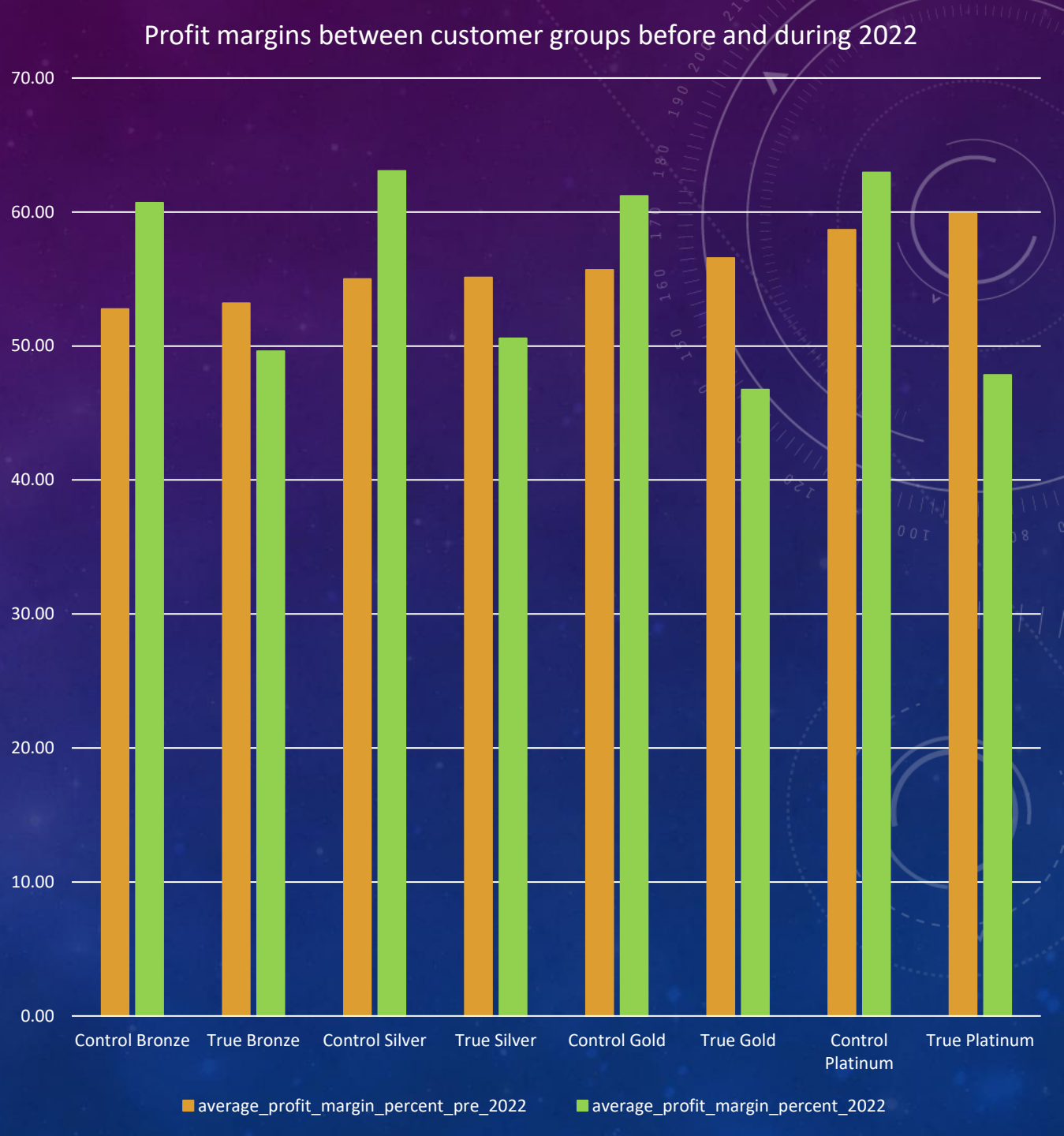
Prism+ AOF is increasing compared to non-members





HIGH PROFITS - LOW MARGINS

Prism+ profit margins are lower than non-members and even from last year



LOST PROFITS - COSTLY DISCOUNTS

Tiers:

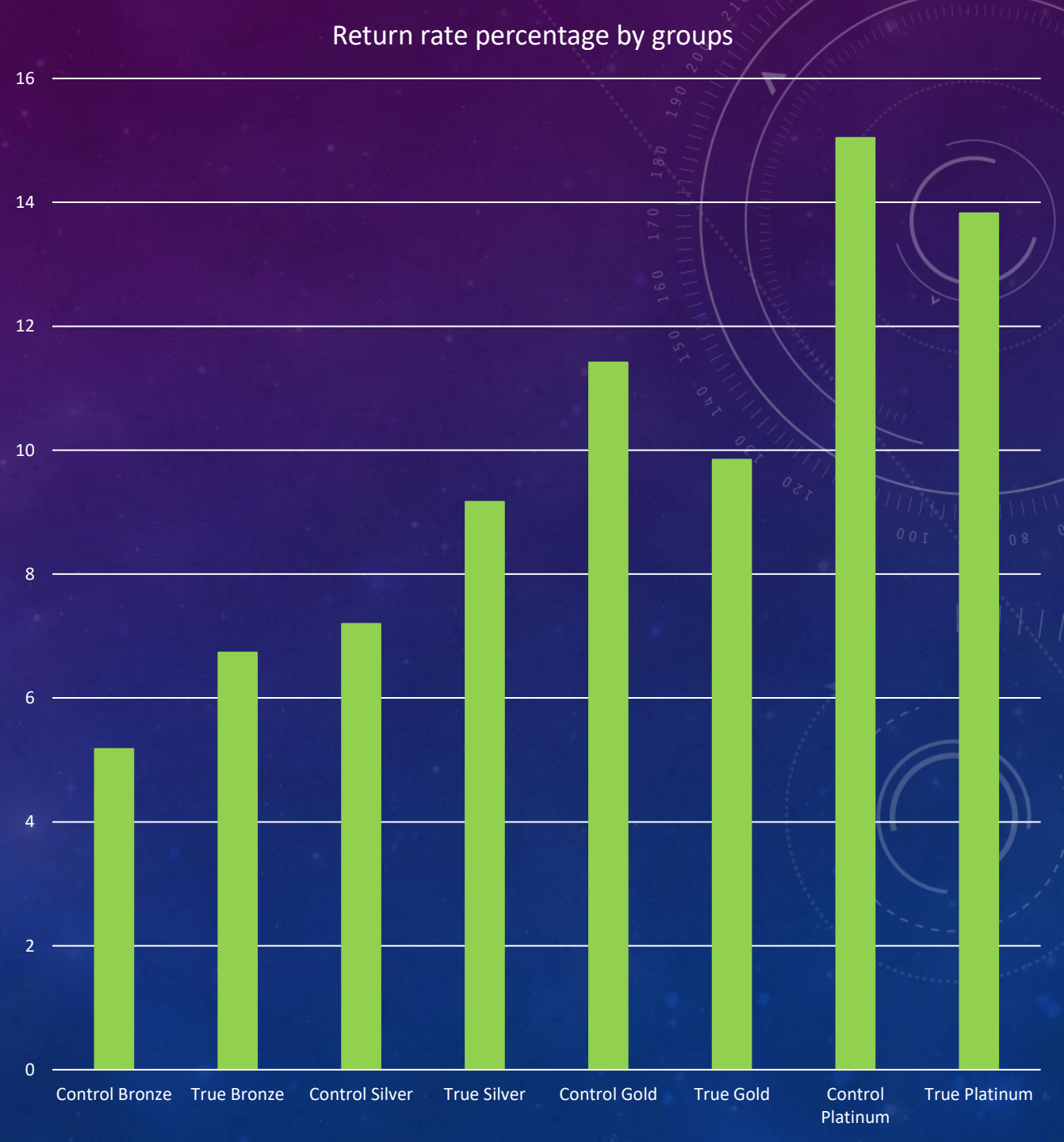
- Bronze: 5%
- Silver: 10%
- Gold: 15%
- Platinum: 20%

Heavy profit loss at platinum because of high item quantity purchase

RETURN RATE - HIGH AND LOW

Return rate is consistently increasing with higher transactions

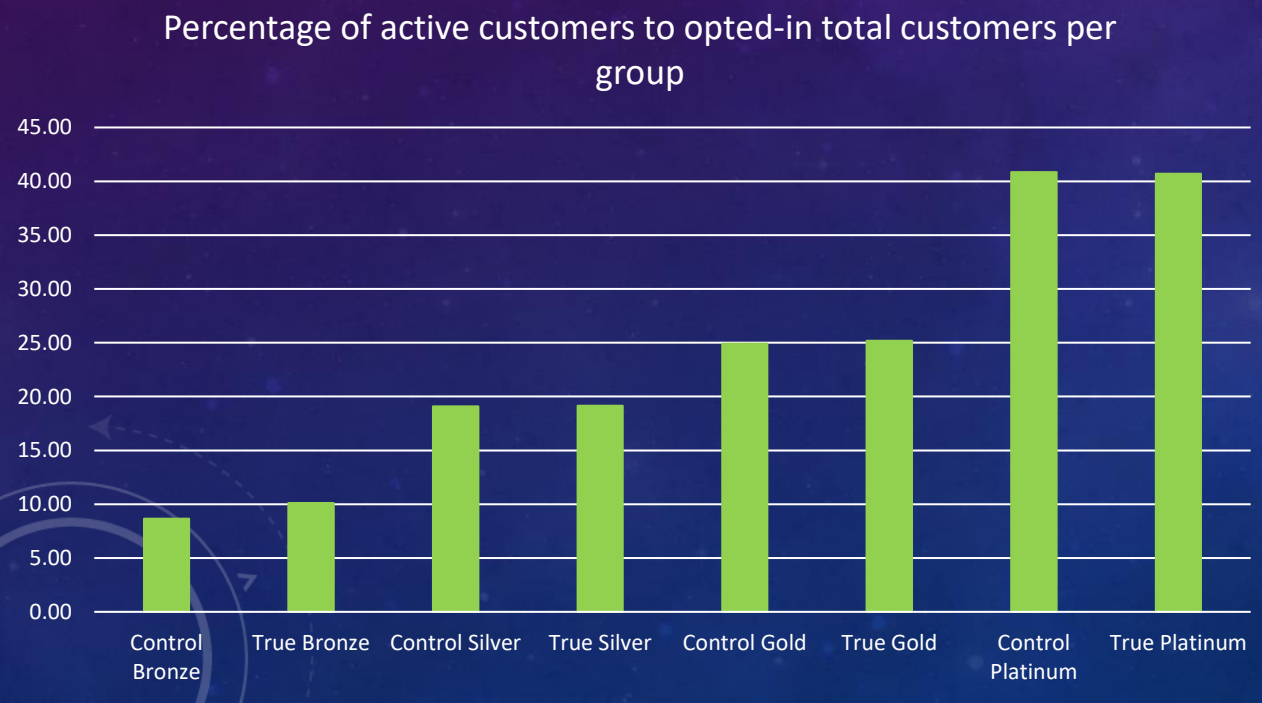
Return rate higher than non-members for low-tiers, but is lower for high-tiers

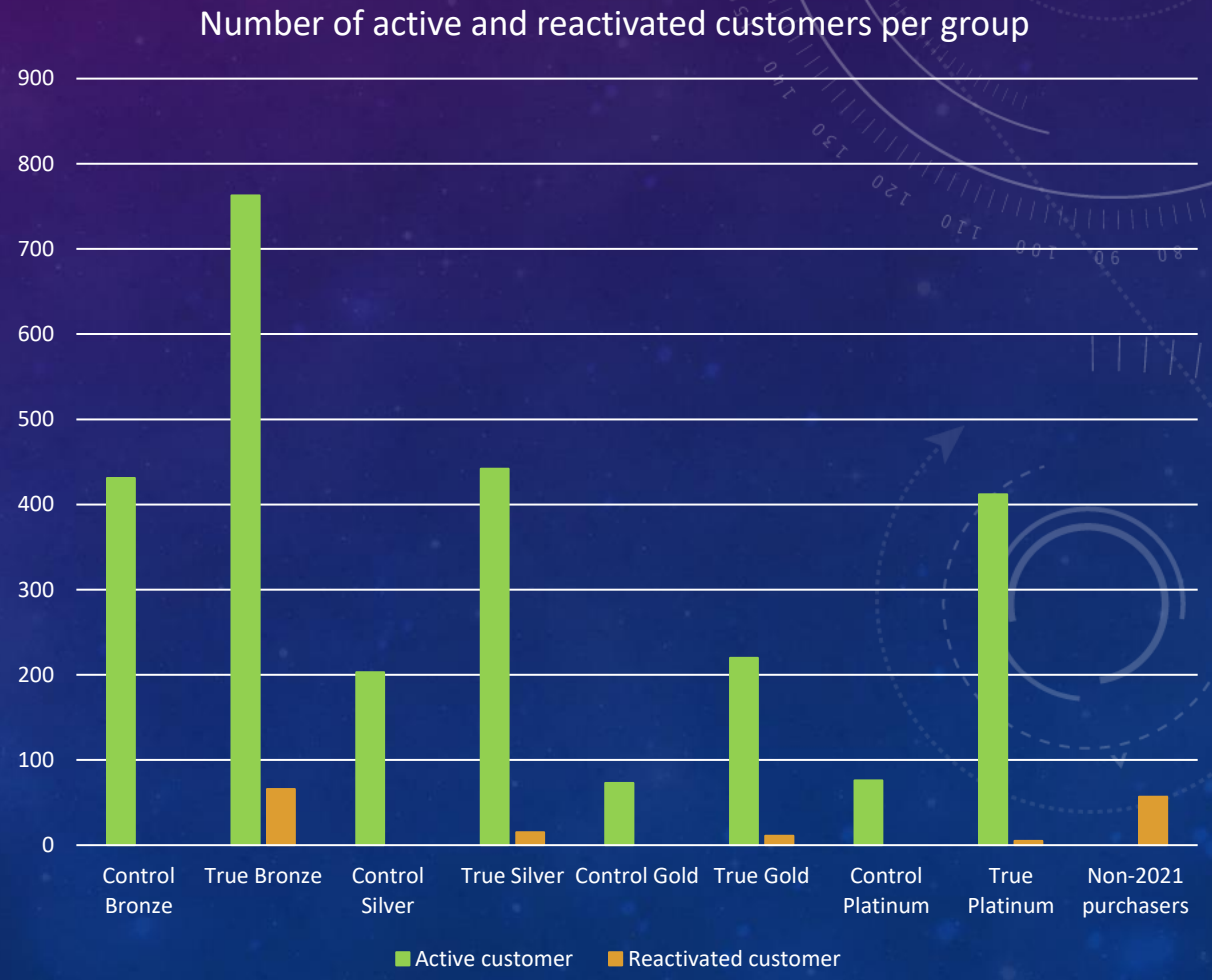


RETENTION RATE - DOES IT WORK AS A LOYALTY SCHEME?

No difference with active customers

Only Bronze-tier is matching returning customers with non-members





SUMMARY & RECOMMENDATIONS

Prism+ is a diminishing returns system too reliant on broad discounts

Option 1:
Drop Platinum-tier altogether
Customers can only get up to Gold-tier and its benefits. The estimated revenue increase would be quite strong (<£140000 revenue increase)

Option 2:
Reduce discounts for all tiers
For example, cut by half. Note the discount cost is relatively small even at original and might lose customers and so reduce revenue (£92000 revenue increase with 50% reduced discounts).

Option 3:
Look for alternative methods
Examples include points-based customer loyalty scheme or use targeted personalisation marketing schemes