iO Sphere Prism+ final presentation supplementary

Slide 4

To begin , it would be necessary to understand how many registered users are in Prism+ and how many are not, as well as set some boundaries on who are in the control population.

In summary, the control population is defined as customers who had made at least one transaction at 2021 and are opted-in for marketing emails (a requirement for Prism+ members, so it would be necessary that non-Prism+ control population have similar criteria), which are then divided in a similar manner to Prism+ tiers based on transaction history at 2021 (e.g. 1 transaction = Control Bronze, 2 transactions = Control Silver, etc.). As a result, non-transaction members are generally excluded from the data – these include customers who are functionally churned from Prism altogether (i.e. never made a transaction since 2020). However, there is an exception within these 'Irrelevant' customers, though they will be discussed later on.

As it can be seen, the number of customers within these groups are mostly skewed towards low-transactions, though there are slightly more Prism+ Platinum customers than Gold customers. The Platinum customers are of interest however, as even though they are still of low populations compared to the rest, they have left a substantial impact – and not necessarily good impact.

Script 5

When it comes to the key impact of Prism+, it is a mixed results.

On one hand, with the ABV, its effect is especially weak compared to the non-member population of Prism-registered customers. In fact, its effect is weakest with Platinum-tier customers, whose ABV is far smaller is not only smaller than the control, but the ABV difference between 2021 and 2022 is the smallest.

On the other hand, its impact of AOF is undeniable, as their metrics are especially high across all Prism+ members.

Script 6

All these then leads into the total profits made by Prism+ members.

While it is prominent that much of the profit is coming from Bronze-tier customers, followed by Silver and Platinum-tier customers. It is also noteworthy that while it appears that the total profits for Prism+ tiers are higher than of respective control groups, keep in mind that the control population is consistently lower than the test groups. This means that their profits are likely proportional to their population.

More concerning is the profit margins of each tier and the overall performance of Prism+ in this metric. Not only is Prism+ consistently underperforming in profit margins compared to their respective control groups, but their profit margins have dropped compared to the margins from last year. The latter point is especially more pronounced with higher tiers, especially Platinum.

Script 8

Another valuable subject of interest is the return rate of products – for it would be counterproductive if customers purchase a high number of products only to then return just as many back to the company and so lose money to refunds.

As a note that this only counts products which are refunded, as products which are exchanged are not as severe a loss to the company as full refunded products.

Perhaps expectedly, the return rate is higher for high-frequency customers. But what is peculiar is the relation between Prism+ members and non-members, as Bronze and Silver tiers have higher return rates than their respective control population, but is the opposite for Gold and Platinum tiers

Script 9

Finally, there is the matter if Prism+ is functioning as a loyalty scheme – i.e. is it maintaining retention rate of customers in general?

For that, I defined key customer segments as the following:

- Active: Customers who had been last active or have made a purchase over the last 6 months

- Re-activated: Customers who had made no purchases in 2021 but then made at least one transaction in 2022. These are of particular interest as Prism has a retention rate issue.

In all, there is no real difference between Prism+ members and non-members with regards to active customers with proportion to their total customer group population. This indicates that the incentives of Prism+ are not enough to really drive up the activity of its members compared to non-members, as it would been just as effective to leave them on their own devices or just individually reach out to them.

Regarding reactivated customers, there is quantitively no major difference between those with Prism+ accounts or non-Prism+ accounts. Though it is not unsurprising that the number of returning customers for higher tiers, the lack of significant difference between even Bronze-tier returning customers and non-Prism+ returning customers implies that it is not that effective drawing in customers with their benefits.

Other information

Feedback by Gregory Simon (LinkedIn profile: https://www.linkedin.com/in/gregory-simon-799080108/) (received at 17/05/2024):

Overall some great analysis

Good to include the executive summary, remember to reduce text/information overload by highlighting key figures and outcomes
You set the context well and explained the test and how it was set up
I liked how you tied it back to returns and retention - the two main challenges facing prism
I like how you had multiple recommendations or strategies and you did well to quantify the impact for them
Overall good narrative and you kept the focus narrow[.] *Overall the slides could use less text - highlight key figures, use an informative title and images where possible. This will make the slides more engaging and prevent key information getting lost*
I'm not sure the dashboard wireframe was required