

# Prism Points: A New Loyalty Scheme to Enhance Customer Engagement & Profits

<b>Executive Summary</b>	<ul style="list-style-type: none"><li>• Prism Points is a new loyalty scheme that aims to enhance customer engagement and increase revenue for the Prism brand.</li><li>• The current loyalty scheme, Prism Plus, has not been effective in generating revenue due to its heavy discounts for example Platinum tiers 20% discount on all orders.</li><li>• With the new loyalty scheme, customers will receive points for their purchases &amp; engagement with the brand, which they can use instead of a card on their next purchase. For every £1 a registered customer spends, they will receive 4 points. 4 points = 1p.</li><li>• Customers will also accumulate points over time, and as their points grow, they will reach new incentives at each points-based tier level.</li><li>• <b>The financial projections indicate that the new loyalty scheme will increase revenue and reduce losses from discounts by over £3 Million for a 6-month period.</b></li></ul>
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<b>Objective Of Project</b>	The objective of this project is to implement a new loyalty scheme that will enhance customer engagement, boost customer retention, and increase revenue for Prism.
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<b>The Current Effectiveness Of Prism Plus</b>	<ul style="list-style-type: none"><li>• Prism Plus, the current loyalty scheme of Prism, has not been effective in generating revenue due to its heavy discounts.</li><li>• It is easy for customers to exploit the current scheme in order to receive high levels of discounts. Customers are incentivised to order more frequently (up to 3x) but not necessarily spend more per order.</li><li>• Below shows the loss from discounts per customer for each tier and no tier. Showing an average loss of £20 for Prism Plus Tiers.</li></ul>
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<div>Outline Of New Loyalty Scheme</div>	<div>Purchase Points</div> <ul style="list-style-type: none"><li>For every £1 a registered customer spends, they will receive 4 points. 4 points = 1p.</li><li>Customers can then use these points instead of cash the next time they shop.</li><li>You must have the full amount of points available to cover your total; you cannot split paying with card &amp; Prism Points.</li><li>All points and tiers are reset after 12 months of no purchases</li></ul> <div>Engagement Points</div>
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- Customers will also get points for engaging with the brand. This will help us grow organically and build a social media following.
  - Leaving a review on verified purchases for 20 points
  - Follow Prism on social media for 5 points
  - Sign up for email marketing for 50 points
  - Complete ad-hoc customer survey for 10 points
- All points and tiers are reset after 12 months of no purchases

#### **Accumulated Points**

- Customers also accumulate the points they get over time. As the customer's points grow, they will reach new incentives at each tier level.
- When a customer spends their purchase points, they do not lose their accumulated points.
- All points and tiers are reset after 12 months of no purchases.
  - **Bronze (at 400 total points - spend over £100)**
    - Get 50 points on your birthday
    - Dynamic bonus points offers - on products we want to boost sales for
    - Early access to sales
  - **Silver (at 1,000 total points - spend over £250)**
    - Get 25 points for referring a friend to Prism Points
    - Exclusive media content
    - And previous tiers perks
  - **Gold (at 1,500 total points - spend over £375)**
    - Exclusive access to new products
    - And previous tiers perks
  - **Platinum (at 2,000 total points - spend over £500)**
    - Monthly prize draws
    - And previous tiers perks

### Financial Projections of New Loyalty Scheme

- The new loyalty scheme is projected to increase revenue and reduce losses from discounts. The average gross revenue per customer for Prism Plus is £84, with an average loss of £19 per order from discounts.
- With Prism Points, the average loss from discounts will be reduced to £0.84, resulting in an estimated revenue of £10,859,232 based on the total number of transactions for the last 6 months.

#### Calculations for Current Revenue of Prism Plus Scheme

##### **Prism Plus Members (last 6 months):**

- Average Gross Revenue Per Customer = £89.64
- Average Loss from discounts (for Prism Plus) = £19.75
  - £89.64 - £19.75 = £69.89
- £69.89 x 4,061 (orders for prism plus tiers) = £283,823

##### **No Tier Registered Customer (last 6 months):**

- Average Gross Revenue Per Customer = £63.80
- Average Loss from discounts = £4.83
  - £63.80 - £4.83 = £58.97
- £58.97 x 125,772 (orders for No Tier Registered Customer) = £7,416,775

**£283,823 + £7,416,775 = £7,700,598 Total revenue for all registered customers Prism Plus**

#### Predicated Calculations for New Revenue For Prism Points

- Revenue the business will lose per average customer in Prism Points = £0.84p
- If every customer redeems all of the Prism Points for the total number of purchases in the previous 6 months period.

##### **All Registered Customers (last 6 months)**

- Average Gross Revenue Per Customer (Tier & no tier) = £84.48
- Average Loss from discounts = £0.84
  - £84.48 - £0.84 = £83.64
- £83.64 x 129,833 = **£10,859,232**

	<p><b>New Revenue (£10,859,232) - Old Scheme Revenue (£7,700,598) = Minimum Revenue from new scheme £3,158,634</b></p>
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<b>Implementation Plan</b>	<p><b>Timeline</b></p> <p>Phase 1: Soft Launch - 1 month</p> <ul style="list-style-type: none"> <li>• A select group of customers invited to participate in the beta testing of the new loyalty scheme</li> <li>• Gather feedback and make necessary adjustments before the full launch</li> </ul> <p>Phase 2: Full Launch - 2 months</p> <ul style="list-style-type: none"> <li>• Launch the new loyalty scheme to all registered customers</li> <li>• Promote the scheme through various marketing channels</li> <li>• Monitor the success of the scheme and make necessary adjustments</li> </ul> <p><b>Resources Needed</b></p> <ul style="list-style-type: none"> <li>• Development team to create the loyalty scheme platform and integrate it into our existing systems <ul style="list-style-type: none"> <li>◦ Estimate for a small team of developers working on a project for 3-4 months could be around £100,000.</li> </ul> </li> <li>• Marketing team to plan and execute the promotional campaign <ul style="list-style-type: none"> <li>◦ Estimate for a marketing campaign that includes social media advertising, email marketing, and influencer marketing could be around £30,000.</li> </ul> </li> </ul> <p><b>Revenue (£3,158,634) - Cost (£130,000) = £3,028,634.</b></p> <p><b>Potential Roadblocks</b></p> <ul style="list-style-type: none"> <li>• Resistance from customers to switch from the current loyalty scheme to the new one</li> <li>• Technical difficulties during the development and implementation of the platform</li> </ul>
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<b>Assumptions and Risks</b>	<ul style="list-style-type: none"> <li>• The main risks associated with this project are the potential failure of the new loyalty scheme to attract customers, or the inability to sustain customer interest in the scheme.</li> </ul>
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	<ul style="list-style-type: none"><li>• Other risks include technical difficulties, customer data breaches, and the inability to meet customer demand. These risks can be mitigated by adequate planning, monitoring, and management.</li><li>• The predictions are based on customers behaving the same between the current and new loyalty schemes.</li><li>• The loss from discount calculations may include revenue loss from free shipping and returns.</li></ul>
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