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Subject: SWOT and PEST Analysis for Shopkick

Introduction:

Shopkick's position as a marketing platform for companies to advertise their products by getting them into customer hands places it in a growing and competitive market. While Shopkick's product presents incredible opportunity, pressures from competitors inside the market and external factors present Shopkick with a host of challenges. The SWOT and PEST analyses in the following tables aim to identify these different pressures to better prepare Shopkick for the future.

SWOT Analysis:

Strengths

- The number of users is strong
- Allows users to earn kicks both online and offline
- Has partnership with major brands/retailers
- Ability to collect/process huge user data

Weaknesses

- No online shopping in-app
- High fraud rate among KEUs
- Fraud is incredibly diverse problem and fraudsters adapt quickly
- Difficulty in retaining users
- Inability to partner with retailers to verify purchases
- Sift automation detection is inaccurate and requires manual intervention

Opportunities

- Market Expansion and Strategic Retail Partnerships
- Boost User Engagement through Personalized Rewards

Threats

- Increasing competitors with Ibotta, Fetch etc
- Potential high user churn rate due to fraud prevention measures
- Revenue loss due to fraudulent activities
- Mishandling of user private data during fraud prevention

Description of SWOT:

This SWOT analysis provides multiple perspectives on Shopkick by highlighting its unique strengths, weaknesses, opportunities and threats, helping to create an operation landscape and figure out potential improvements.



Strengths: the strengths section supports Shopkick's value and highlights its competitive advantages. As for the project, we should try to maintain these advantages while addressing the fraud issue that might undermine them.

Weaknesses: recognizing these weaknesses, the team will focus our solutions on reducing the fraud burden on the platform and improving user experience. The weaknesses section highlights recommendations to enhance fraud detection tools (Sift) and improve verification from outside of Shopkick, which can help us streamline the workflow.

Opportunities: Shopkick can expand its reach by entering new markets or forming strategic partnerships with retailers, enhancing its network and value proposition. Additionally, by offering personalized rewards, Shopkick can boost user engagement, creating a more tailored and appealing experience that encourages frequent app use and loyalty.

Threats: threats like increasing competition, potential revenue loss, and user churn rate are key points to understanding the risks Shopkick is facing, they guide the project direction toward balancing fraud prevention with user experience improvement; also, threat regarding user private data guides Shopkick to a more robust fraud detection.

PEST Analysis:

Political

- Compliance with Regional Data Privacy Regulations
- Compliance with Consumer Protection Laws

Economic

- Inflation has decreased discretionary spending
- Brick and mortar retail continues to shrink as online retail grows
- Clients cannot accurately value Shopkick's services due to fraud
- Fraud drains campaign budgets and is then covered by Shopkick

Social

- Customers are increasingly aware of data privacy
- Influencers and social media are playing an increasingly important role in promotion

Technological

- They have automated fraud detection platforms (Sift, Tableau, etc.), but the capacity is limited
- They need a centralized dashboard for multi-teamwork
- Shopkick allows customers to earn kicks both online and offline
- Ensure updated fraud detection for all mobile app version
- Verification during kick earning action needs improvement



Description of PEST:

The analysis provides a comprehensive understanding of both external and internal pressure on Shopkick. These insights will help us ensure the proposed recommendations are cost-effective, user-friendly, and meet the industry requirements.

Political: Shopkick operates in multiple geographical markets, making compliance with regional data privacy regulations essential to avoid legal implications. Additionally, adhering to consumer protection laws governing fair trade and marketing practices is crucial for building transparency and trust with users. Ensuring compliance with these regulations not only safeguards Shopkick from potential legal risks but also strengthens its credibility in diverse markets, aligning with consumer expectations around privacy and fair treatment.

Economic: as we can see, high inflation and reduced discretionary spending may lead to more fraudulent activities since more users are seeking promotion. Also, the economic analysis helps us quantify the loss on the campaign budget caused by fraud. By clarifying Shopkick's value, we can suggest a more cost-effective strategy.

Social: consumer needs for convenience and digital shopping experience impact how fraud can happen within Shopkick. In this way, overly restrictive fraud prevention measures can increase user churn rate. The social component of the project will focus on balancing user experience/satisfaction with fraud prevention strategies.

Technological: Shopkick relies on IT platforms (Sift) for fraud detection, which have some capacity limitations. In this way, the need for a centralized dashboard, step-up verification, or updated app version highlights the technical gap. By addressing these technical needs, Shopkick can develop a more robust fraud detection and prevention mechanism.

Conclusion:

The SWOT and PEST analysis highlight both the challenges and opportunities for Shopkick. In the current market, Shopkick has advantages in its technical tools and multiple customer engagement while it faces significant fraud-related threats. By strategically mitigating external pressure and making use of its internal strengths, Shopkick can not only improve its fraud prevention skills but also maintain its user base and market value, and ultimately develop a smooth growth path.