



CoffeeCo

Mobile App Engagement Opportunity

The Opportunity

Facilitating long lasting customer relationships is imperative in ensuring an organization remains competitive in the over saturated food and beverage market. One of the most effective tools of customer relationship engagement and retention is the utilisation of an integrated app. **CoffeeCo** has the opportunity to recreate itself and renew its customer relationships.



Best In Class Examples

Within the food and beverage market organisations such as **Starbucks** and **Domino's** have successfully leveraged apps to improve customer engagement.

Starbucks

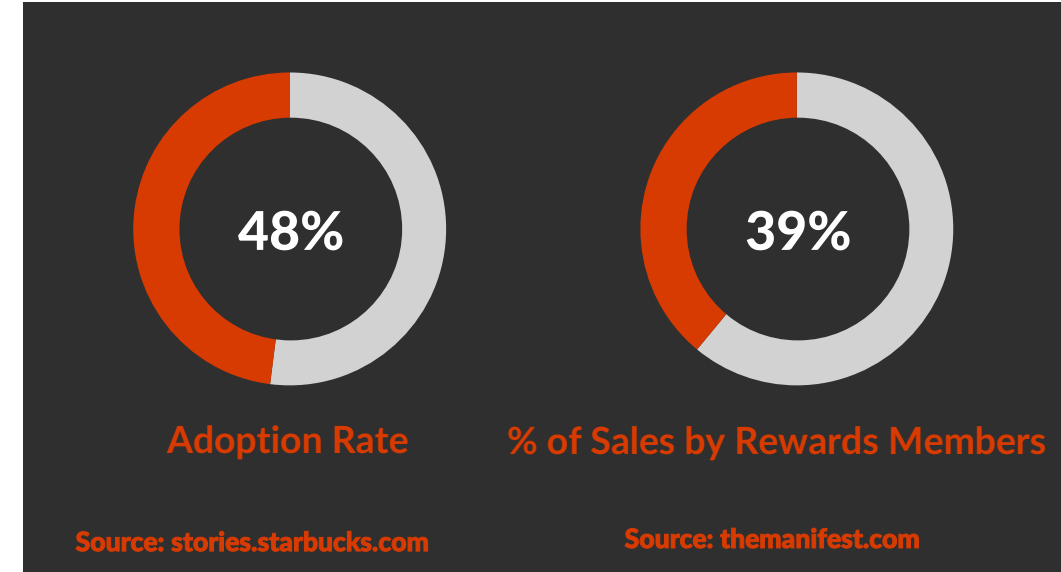
One of the most successful implementations of rewards programs and app integration has been by Starbucks. Starbucks identified the need for the app after customers informed the organisation they would like to be able to track their loyalty points on their smartphones.

Of smartphone users who utilise loyalty apps 48% use the Starbucks app. The success of their program is further reinforced by the attribution of 39% of their sales to their rewards program members.

Key Features

- Geo Location Integration and Push Notifications
- Rewards Challenges
- User-Friendly Design
- Integrated Mobile Payment and Ordering
- Members events and Offers
- Loyalty Credits

The Data



Dominos

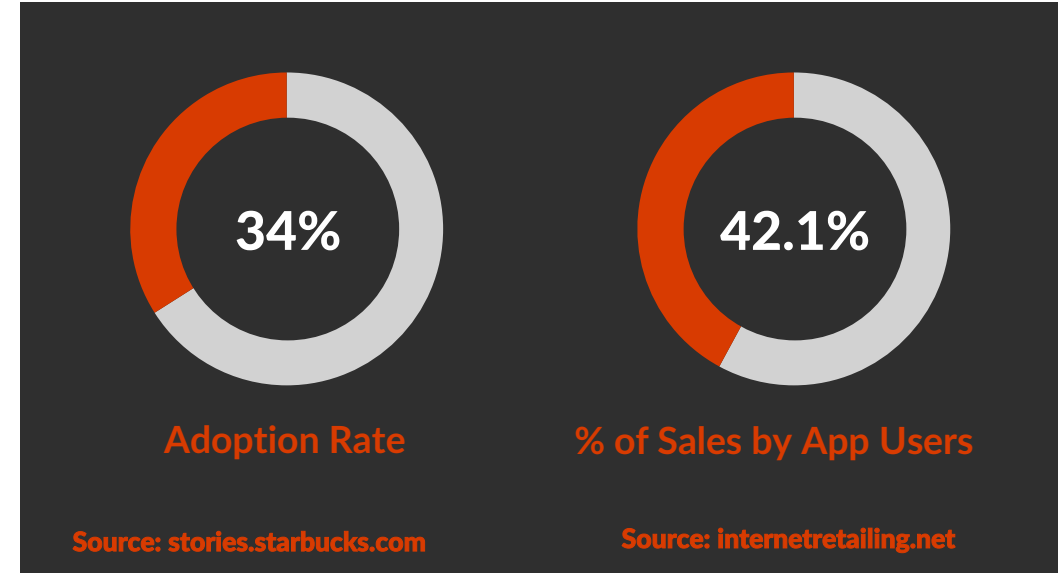
Another organisation which has seen success in their digital shift through app integration has been Dominos. Dominos identified that a growing proportion of their consumers were ordering online, they then created an app to streamline this process and provide additional information and access to their customers.

Of smartphone users who utilise loyalty apps 34% use the Dominos app. These app users accounted for 42.1% of their third quarter sales in 2021.

Key Features

- Real Time Delivery Tracker
- Voucher Integration
- User-Friendly Design
- Integrated Mobile Payment and Ordering
- Order Customisation
- Third Party Connectivity (Alexa, Google Home)

The Data



Sample Email to Project Leader

Dear <Project Leader>,

Based on my initial research I believe that there are potential pain point elements throughout the customer journey which can be addressed by amendments to the **CoffeeCo** app. The key stages of the customer journey I believe we should address are the “awareness” , “order selection” and “checkout” stages.

I believe that if we target these three stages we will see significant improvements to customer retention as well as the size and frequency of purchases. Some potential changes include locational push notifications to address “awareness”, similarly the integration of a favourite order recommendation would address “order selection”, lastly the “checkout” stage could be optimised by the integration of information regarding order time estimation.

If you agree or would like further information I will continue to explore these avenues.

Kind regards,
Cameron

The CoffeeCo App can be Improved Via These Features

Geographical Information

- Direct push notifications when customers are nearby a store
- In app map to locate stores in different locations
- Directions to nearest store in app or integrated with mapping apps
- In app information for nearby locations such as open hours and busy hours

In App Ordering

- Ability to order in app
- Option to save favourite drinks and past orders
- Option to skip the queue by ordering before arrival
- Allow easy customisation of orders within the app
- In app virtual queue with est. wait times

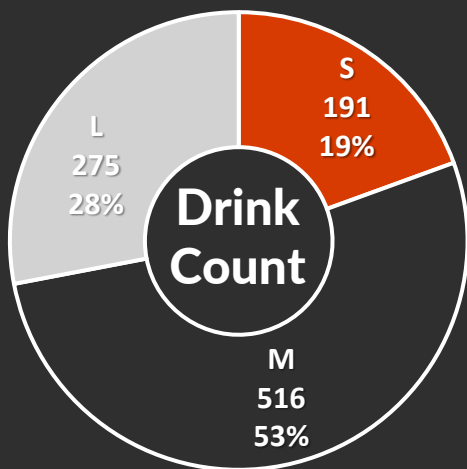
Events and Promotions

- Advertisements for new and seasonal items
- Loyalty Points
- Loyalty events such as free birthday items or extra points
- In app only vouchers and discounts
- Advertisements for nearby individual store promotions



Baseline Data					
Period:	1/01/2019 0:00		to	8/01/2019 0:00	
	No.	%			
S	191	19.45%	Total Revenue	\$7,294.90	
M	516	52.55%	Total Profit	\$5,446.20	
L	275	28.00%	Total No. of customers	982	
Food	189	19.25%	ARPU	\$ 7.43	
Discount	0	0.00%	APPU	\$ 5.55	

The baseline test identifies the **CoffeeCo** sales under unmanipulated conditions. The key values of note are identified below, it is also worth noting the total number of customers was **982** throughout the primary testing period. The values identified in this test will be compared with results of the pilot tests.



Profit Margin

34%

Profit \$

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APPU

\$7.43

ARPU

\$5.55

Pilot 1

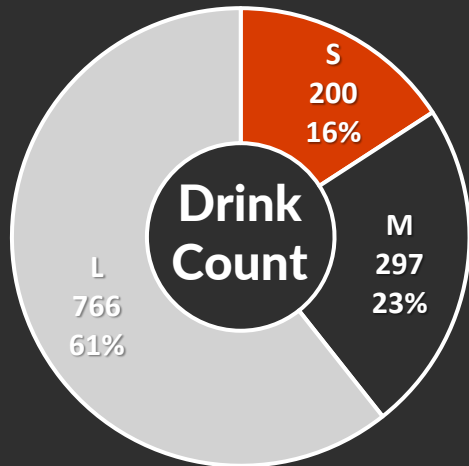


10% offer on L drink

Insights

Pilot 1					
Trial Period:	8/01/2019 0:00		to	15/01/2019 0:00	
Item	No.	%			
S	200	15.84%	Total Revenue	\$9,480.86	
M	297	23.52%	Total Profit	\$6,969.16	
L	766	60.65%	Total No. of customers	1,263	
Food	262	20.74%	ARPU	\$ 7.51	
Discount	611	48.38%	APPU	\$ 5.52	

Pilot program 1 saw a **29%** increase in customers over the testing length of the period. In spite of this increase in customers **CoffeeCo** only saw a **1%** increase in average revenue per customer and saw a reduction in profit of **1%** per customer due to the promotion. Due to this reduction in profits this pilot program is not recommended



ARPU
\$5.52

APPU
\$7.51

ARPU Change
1%

APPU Change
1%

Pilot 2

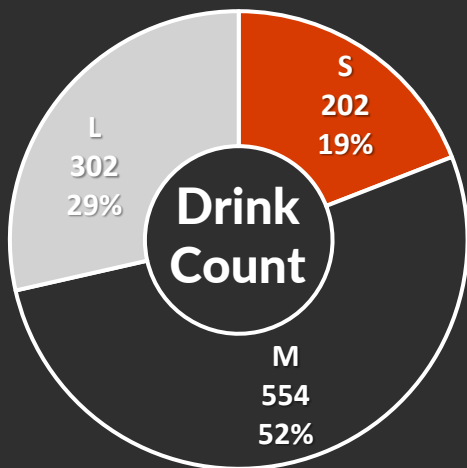


50% off food w/ L drink

Insights

Pilot 2					
Trial Period:	15/01/2019 0:00		to	22/01/2019 0:00	
	No.	%			
S	202	19.09%	Total Revenue	\$8,402.45	
M	554	52.36%	Total Profit	\$6,147.65	
L	302	28.54%	Total No. of customers	1,058	
Food	334	31.57%	ARPU	\$ 7.94	
Discount	137	12.95%	APPU	\$ 5.81	

The most successful program was Pilot 2, this program saw an **8%** increase in customers over the testing period. In conjunction with an increase in patronage this program saw a **7%** increase in revenue and a **5%** increase in profit per customer. In addition to increased profits **CoffeeCo** saw a **64%** increase in food consumption over the testing period.



ARPU
\$5.81

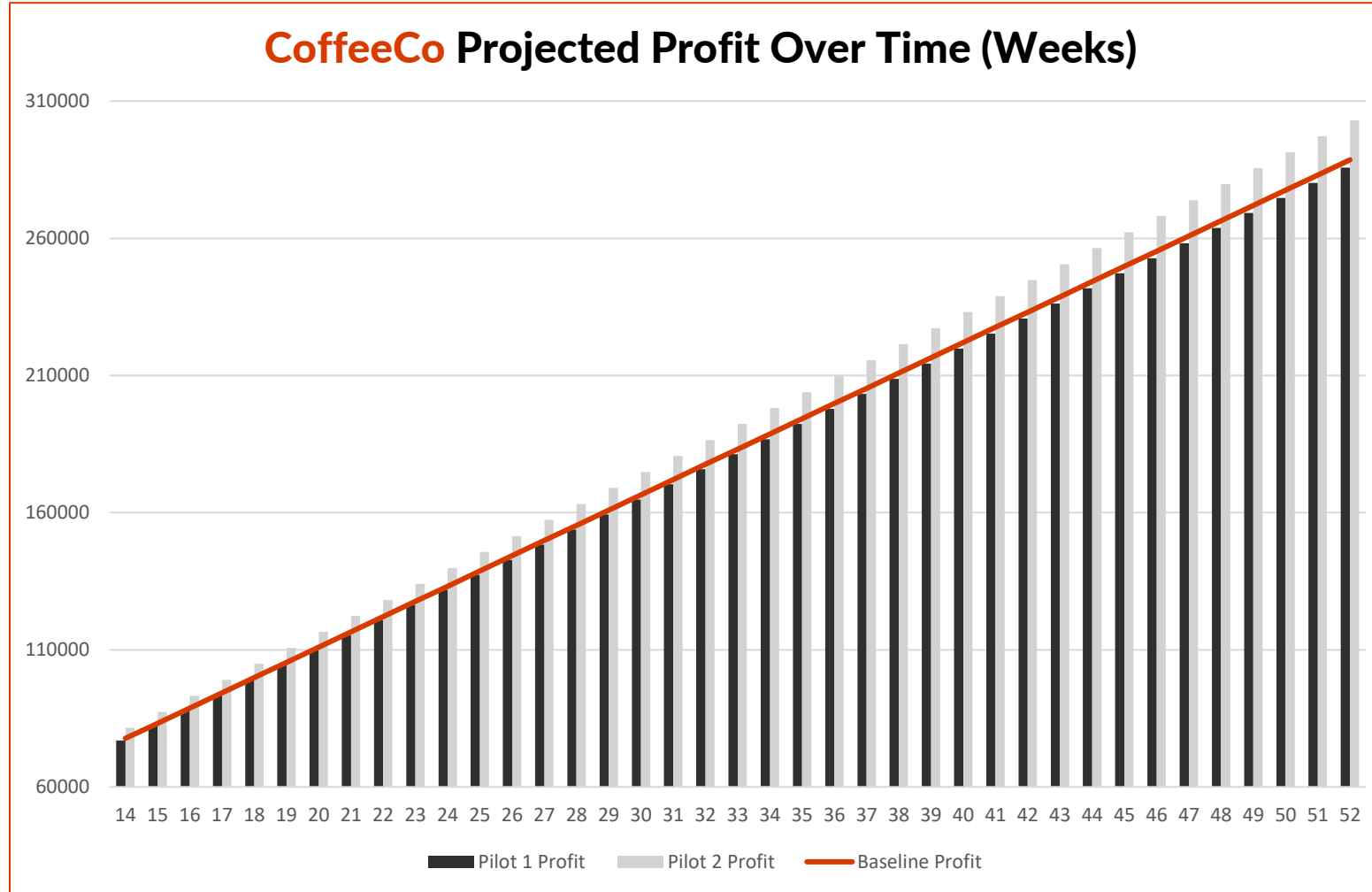
APPU
\$7.94

ARPU Change
7%

APPU Change
5%

PILOT PROJECTIONS

PROFIT PROJECTIONS



Assuming **1000** patrons per week and that the observed trends from each pilot program continued, the following graph presents potential projected profits for the program if it were to be employed over 52 weeks. Under these conditions the expected profit for each program after a year would be as follows.

- **Baseline:**\$288600
- **Pilot 1:**\$285714
- **Pilot 2:**\$303030