**Business Requirement Document**

**Title: Customer Loyalty & Rewards Point Management System**

**Version: 1.0  
Date: [Insert Date]  
Prepared by: [Your Name]  
Department: Customer Experience & Satisfaction**

**1. Introduction**

**1.1 Purpose**

The purpose of this document is to outline the business requirements for implementing a Customer Loyalty & Rewards Point Management System. The system will categorize customers based on their purchase behavior and reward them with points that can be redeemed for discounts or exclusive benefits, thereby enhancing customer satisfaction and retention.

**1.2 Scope**

* Categorize customers into tiers based on their weekly purchase frequency, spending, and engagement.
* Allocate reward points based on customer category.
* Enable customers to redeem points for discounts, vouchers, and exclusive perks.
* Integrate the rewards system with the existing Point of Sale (POS) and Customer Relationship Management (CRM) systems.

**1.3 Objectives**

* Enhance customer engagement and satisfaction.
* Encourage repeat purchases by rewarding loyal customers.
* Differentiate premium customers from regular shoppers to personalize their experience.
* Provide real-time reward tracking and redemption.
* Improve revenue and customer retention rates

**2. Business Requirements**

**2.1 Customer Categorization Logic**

Customers will be classified into (& transition through) different categories based on their spending behavior over a rolling annual period.

|  |  |  |
| --- | --- | --- |
| Customer Category | Minimum Reward Point | Maximum Reward Point |
| BRONZE | **0** | **100** |
| SILVER | **101** | **200** |
| GOLD | **201** | **300** |
| PLATINUM | **301** | **400** |
| RUBY | **400** | **500+** |

**2.2 Reward Point Accumulation**

* Reward points are calculated based on total purchase value.
* **The customer should be rewarded with points only if total sales for a given Sale id is more than USD 10.**
* **The Reward should be calculated based on customer loyalty category**

|  |  |
| --- | --- |
| Customer Category | Reward Points Earned |
| BRONZE | **5% of Every Purchase** |
| SILVER | **7% of Every Purchase** |
| GOLD | **10% of Every Purchase** |
| PLATINUM | **12% of Every Purchase** |
| RUBY | **15% of Every Purchase** |

* Customers will accumulate points based on their category tier.
* Additional **5% bonus** points for special occasions such as birthdays, anniversaries, and festive periods.
* Points will expire after 24 months of inactivity.

**2.3 Redemption Rules & Benefits**

* Exclusive Perks for Higher Tiers:
  + **Imperial** & **Majestic** customers receive early access to sales, personalized offers, and VIP event invitations.
  + **Royale** customers receive a free quarterly gift.
  + No points redemption limit for **Prestige** customers.
* Restrictions: Points cannot be used for purchasing gift cards or other excluded items.

**2.4 Integration with POS & CRM**

* Customers should be able to check and redeem points in real-time at the POS system.
* The CRM should track customer spending, category movement, and engagement.
* The system should send automated notifications about tier upgrades, expiring points, and exclusive offers.

**3. Assumptions & Constraints**

* Sales and customer data are accurate and updated in real-time.
* Customers must have a registered account to accumulate points.
* The reward system should scale with business growth.
* Customers can opt-in or opt-out of marketing communications.
* The system should prevent fraud by ensuring points are earned and redeemed legitimately.

**4. Expected Business Benefits**

* Increase Customer Retention: Higher incentives for repeat customers.
* Boost Sales Revenue: More spending encouraged by higher-tier benefits.
* Improve Brand Loyalty: Customers feel valued and rewarded.
* Data-Driven Personalization: Better customer segmentation and targeted offers.
* Competitive Differentiation: Stand out among competitors with an exclusive loyalty program.

**5. Next Steps**

* Technical team to evaluate system integration feasibility.
* Define reporting and monitoring framework.
* Conduct a pilot test on a small customer segment.
* Review impact and optimize the model before full-scale implementation.

**Approval & Sign-Off:  
Prepared By: [Your Name]  
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