**HOW CAN PRISM+ BE MORE INFLUENTIAL TO PRISM’S GROWTH?**

EXECUTIVE SUMMARY

OVERVIEW

Analysis of Prism’s data over the last 6 months was performed with the goal to identify the success of Prism+ and whether the loyalty scheme should be rolled out. Focus was on two key metrics: average profit per user and conversion rates. Results showed that due to excessive discounting and poor member criteria, Prism+ members had a lower average profit per user by £2.48 and conversion rates were between 0.01% - 1.62% lower than non-members. However, by lowering discounts across the tiers, providing additional benefits and adjusting the tier assignment criteria, it is expected that average profit per user for Prism+ members should increase by a minimum of £0.50.

PROBLEM

Tasked with analysing the Prism+ pilot scheme, our goal was to determine whether the loyalty program should be axed entirely, or whether the business should continue with the roll-out. Not only would this analysis answer the broader question but it planned to provide the business with a series of next steps to replace/refine the loyalty program, supported by the insights produced.

**Focus Points:-**

* Random assignment of Prism+ & unclear benefits of the membership
* Low number of transacted Prism+ members compared to non-members
* Tiers are defined by transaction count regardless of value
* Unsubstantial profit contribution by Prism+ users compared to non-members

SOLUTION

Our argument is that the loyalty programme should be continued as research has shown how successful these schemes are for similar e-commerce companies. In addition, solutions have been provided below to address the problems identified above, with further actionable recommendations prescribed to ensure Prism+ has a successful rollout and continued long-term success.

**Focus Points:-**

* Re-evaluate Prism+ assignment and clarify benefits of the membership
* Implement a more controlled discounting procedure of 5% - 10% discount for transaction value thresholds of £50 - £100 for the appropriate tiers
* Implement an A/B test of early access to sales or pre-order access on new items

HIGHLIGHTS

* The number of customers in the bronze tier are 2 - 4x more than in the higher tiers in these 6 months
* Bronze tier contribute the least amount of average profit, but customers in the higher tiers only contribute £3 - £6 more
* High conversion rates in these 6 months due to higher revenue than previous periods
* No correlation between discount usage and conversion in this 6 month period

KEY SUCCESS POINTS

Our strategy is to roll out our improved Prism+ to all users for the next 6 months with modified perks for the company to gain optimal benefits, by addressing issues highlighted in the 6 month trial and continue to monitor the success of our programme.

RECOMMENDATIONS

* Changing criteria of Prism+ tiers to be based on transaction value instead of transaction count, and then redefine boundaries between the levels.
* Apply perks to **Bronze** (free next-day delivery), **Silver** (Bronze benefit + 5% off £50+), **Gold** (Bronze & Silver benefit, 7.5% off £50+ and one-time Prism Flask) and **Platinum** (Bronze, Silver, Gold benefits +10% off £100+, early access to exclusive products and personalised gift).
* Implementing an A/B test of early access to sales or pre-order access on new items will enable us to gauge which benefit is preferred by customers, and after 6 months we will select the best option.

JUSTIFICATIONS

* Transaction count is not a fair criteria to enter into tiers due to low value items being accounted for in this. For e.g. a customer purchasing 4 pairs of socks was seen as more valuable than a customer purchasing a suit. Therefore, transaction value is a better form of criteria to use.
* Gifts provided in perks act as an effective marketing tactic and are inexpensive.

Further research:-

* Acquiring a new consumer is between 5 and 25 times more expensive than retaining an old one.
* A loyalty programme is a great tactic to keep customers coming back and spending more.
* Over 80% of consumers say loyalty programs make them more likely to continue doing business with a company.
* Around 80% of Gen Z consumers increase the frequency they buy from a brand when they are part of that company’s loyalty program, with 76% of Gen X customers and 53% of baby boomers.
* Can provide access to detailed customer data & enable personalised marketing, which has shown that 90% of customers find more appealing.
* Increases brand value by showcasing the company's core values & mission.
* Improves customer relationships & builds a loyal community.