Prism Business Case

Executive Summary

- Prism+ is a pilot loyalty program that has been running for 1 year, beginning Jan 2022.
- Average transaction count has increased by 30% for Prism+ users compared to Non-Prism+, with average revenue 19% lower for Prism+.
- Average discount value for Prism+ was £17 compared to £7 for Non-Prism+.
- Prism+ has led to an increase of the NSM, however, revenue has dropped due to the high-value discount usage of Prism+, costing Prism £178K.
- Re-invent the current reward system to a points-based system with the same tiers.

Goals and Objectives

To improve sales and revenue for Prism by introducing a loyalty program, Prism+, offering 4 tiers (Platinum, Gold, Silver, Bronze) with discounts for each tier. Prism+ is offered for registered users who have opted in to marketing communication.

Current State of Prism+

| Prism+ Tier	Number of Users	Average Revenue
Platinum	1012	£29.02
Gold	874	£32.78
Silver	2307	£31.37
Bronze	7549	£31.58
Total	11,742	

- The current Prism+ system abuses the discounting system heavily resulting in **lower revenue growth** compared to Non-Prism+.
- Prism+ cost Prism **£178,000** for the pilot, rising to **£1.8M** if all eligible Prism+ users were enrolled.

Insights

NB: Prism+ was introduced in 2022. Test group is Prism+ and Control group is Non-Prism+.

- **Average transaction count for Prism+ members is 30% higher than Non-Prism+, but average revenue for Prism+ is 19% lower than Non-Prism+.**
  - Prism+ encourages users to buy more.

**Average Transaction Count by Year and Group**
● Test ● Control
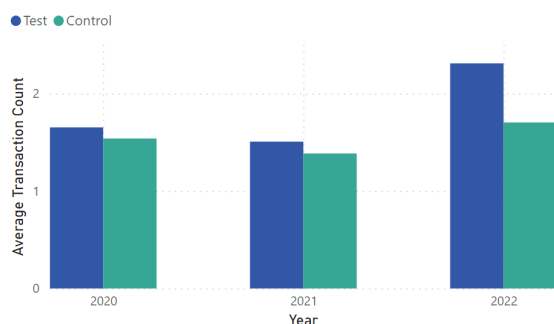
Average Revenue per Transaction by Year and Group
● Test ● Control
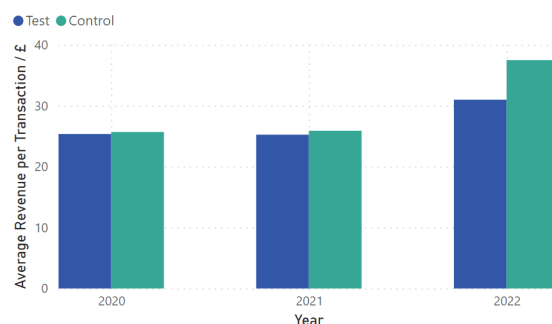
- **Prism+ increases the NSM, however, the revenue is lower due to high-value discount usage costing Prism 20% in revenue**
  - Users buy more, but also use more discounts.
  - Average discount value for Prism+ is £17 compared to £7 for Non-Prism+.

Average Discount Value by Prism+ Status
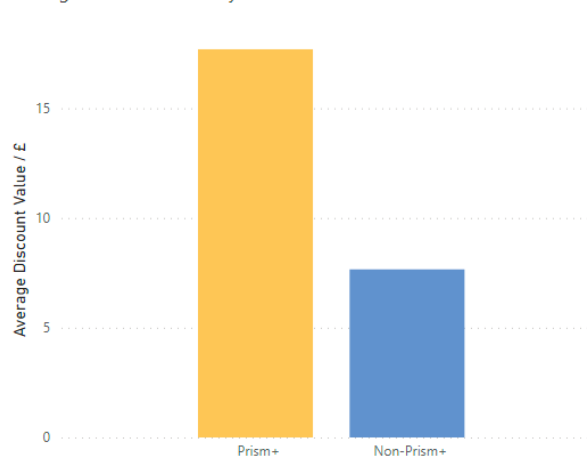
Proposed Implementation

Re-design the discount system for all Prism+ tiers and use a points-based system to replace the current reward scheme. Keep the tier system in place.

Points System

Points can be used to redeem rewards.

Earn Points

a. Making a purchase: 1 point for every £1 spent.
b. Creating a Prism account: 50 points.

c. Referrals: 10 points per referee purchase.

Bronze Create account	Silver 200	Gold 500	Platinum 1000
% off first order	**% off every order**		
5%	5%	12%	15%
£1 per point			
☑	☑	☑	☑
Early Access			
☑	☑	☑	☑
Next-Day Delivery			
		☑	☑
Birthday Gift			
			☑
Sample Rewards			
£10 off full price items (100 points)	£20 off full price items (150 points)	£50 off full price items (300 points)	£70 off full price items (350 points)

Impact

- Higher thresholds between tiers. A clearer reward system where perks are obvious.
- Introducing next-day delivery.