

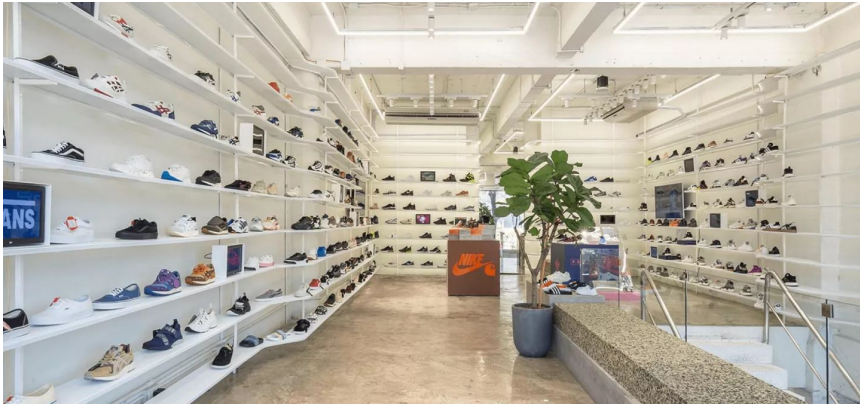
CARNIVAL™

Loyalty Program

CLV and Scoring Model

Business Background

Carnival Store is the best in sneakers, street wear, sportswear and a little bit of local hi-end clothing brands. They have been appointed to be the launching account for Nike Sportswear, Adidas Original, Van Vault and Converse First String which some of them are the exclusive products that cannot be found anywhere else in Thailand.



Objective

- Increase number of transactions
- Increase gross profit



Current Loyalty Program

SILVER MEMBERSHIP

Privileges for SILVER MEMBERSHIP

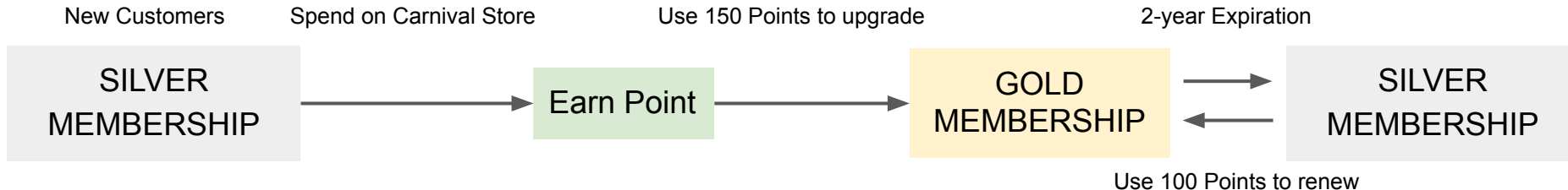
- Every 100 THB spent on Carnival will earn 1 point
- Redeem points to get the discount (1 point = 1 THB Discount)
- Points earned do not expire

GOLD MEMBERSHIP

Privileges for GOLD MEMBERSHIP

- Get 10% discount for any purchasing in Carnival
- Every 100 THB spent on Carnival will earn 1 point
- Redeem points to get the discount (1 point = 1 THB Discount)
- 2-year Expiration

Current scoring from

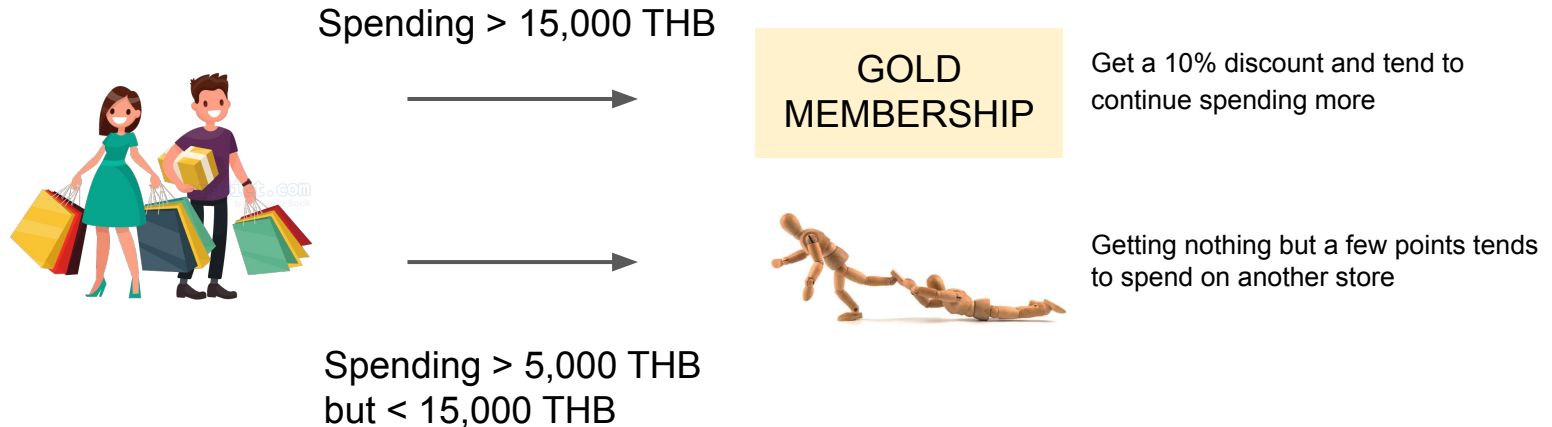


Pain point : Losing opportunity to attract middle spending customers (Spending > 5,000 THB but < 15,000 THB)

Customers have to spend at least 15,000 THB (100 THB earn 1 point and Use 150 Points to upgrade 100*150 = 15,000 THB) on the Carnival store to upgrade to gold membership to get a 10% discount

Avg price of Carnival product = ~2,000 THB

So that customers have to buy seven pieces of product to get gold membership



Business Recommendation : Generating more point from purchasing Carnival brand product

Current Loyalty Program

- Every 100 THB spent on Carnival will earn 1 point

New Loyalty Program

- Every 100 THB spent on Carnival will earn 1 point but
Carnival brand product will earn 1.5 points

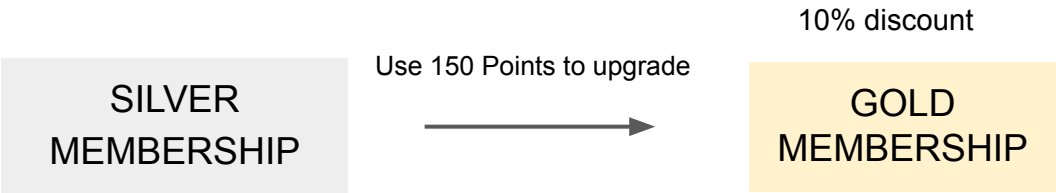


Example of Carnival brand product

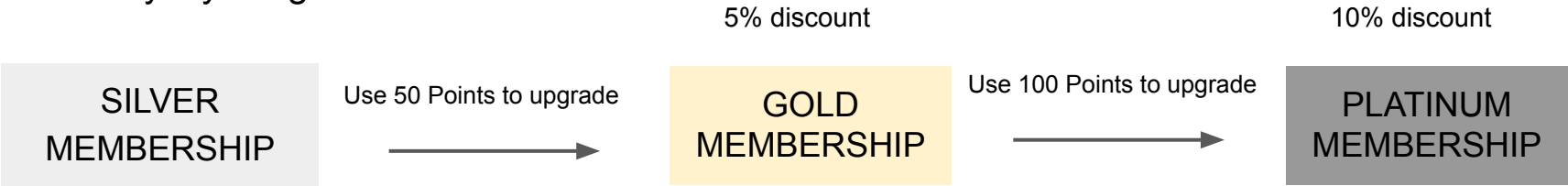
Assumption: Carnival brand products have higher gross profit than other products

Business Recommendation : Adjust royalty program for increase spending of middle spending customers

Current Loyalty Program



New Loyalty Program



To summarize

$$\text{CLV} = \frac{\text{T} \times \text{AOV} \times \text{AGM} \times \text{ALT}}{\text{Number of clients for the period}}$$

T - Average number of transactions per month

AOV - Average order value

AGM - Average gross margin

ALT - Average customer lifespan in months

- Getting **more gross margin** from attract customers to buy carnival brand product
- Getting **more number of transactions** from adjust royalty program for middle spending customers

CLV is increasing!!