Strategy Analysis
Rewards Program for a Lifestyle Brand

By Jun Yu Studio

Table of Contents

1 Strategic Analysis

1.1 Opportunity Statement

To give our customers more reasons to enjoy Glow Juicery, we aim to introduce a loyalty program, which rewards frequent purchases, excites customers, and builds ongoing interest in the brand.

1.2 Business Need

The CEO has identified three business strategies for Glow Juicery:

- grow as a lifestyle brand with customer-focused service
- adapt to evolving customer and industry demands
- grow total sales and the share of online sales

1.3 Drivers for Change

The CEO has identified three drivers for a loyalty program:

- compete with rivals on customer experience
- build brand loyalty with repeat purchases
- drive brand appeal with customer insights

1.4 Goals

The loyalty program aims to achieve these goals:

Grow the Brand and Revenues

To drive franchisee success and brand resonance, the program aims to increase storefront sales, online orders, and grow social media presence for the brand and franchisee stores.

Appeal to Customers, New and Repeat

By providing a compelling customer experience, the program aims to increase customer acquisition, grow repeat customers, and boosting customer satisfaction ratings.

Engage with Products and Insights

To innovate and adapt to our customers, the program aims to fuel strategic product launches, maintain product performance, and achieve frequent customer patronage.

1.5 Objectives

The success of the loyalty program is measured against these metrics, mapped to goal themes.

Goal	Metric	Target	Timeframe
Grow the Brand and Revenues	Storefront sales (dollar amount)	10% increase	6 months
	Online orders (number of orders)	15% increase	6 months

Goal	Metric	Target	Timeframe
	Store social media followers	25% growth	12 months
	Brand social media mentions	30% increase	12 months
Appeal to Customers, New and Repeat	First-time customers	20% increase	6 months
	Repeat customers	15% increase	12 months
	Satisfaction ratings	Maintain 80%+	12 months
Engage with Products and Insights	New product launches	Launch 3 new products	12 months
	Top 3 product performance	10% growth of top 3 most popular products	12 months
	Customer frequency	3 visits per customer annually	12 months

1.6 Stakeholder matrix

This is a view of stakeholders and their relevance to the loyalty program.

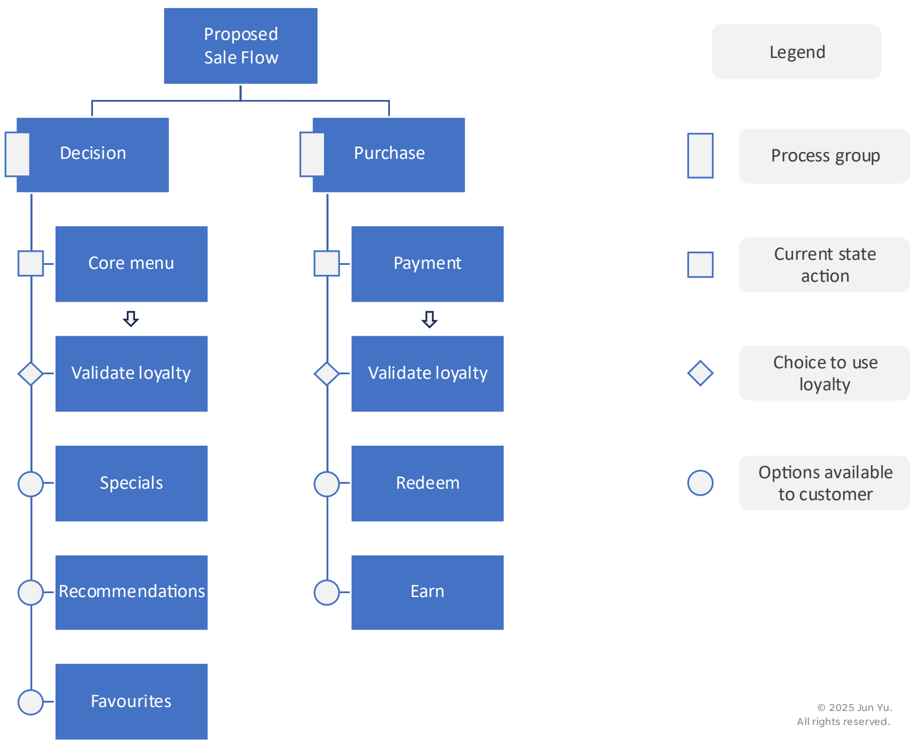
Stakeholder	Theme	Relevance
Customer	User experience	Experience the program and interact at stores. The experience must be convenient for customers.
Franchisee	User experience	Adopt the program to engage customers. The experience must be intuitive for franchisees.
Marnie Ashcroft – CEO	Executive oversight	Program sponsor and champion, accountable for success via objective metrics
Jake Benioff – Operations Director	Executive oversight	Drive practices and compliance, leveraging a familiarity of program processes
Melinda Sorfram – Business Development Director	Executive oversight	Drive relationships and awareness, leveraging a familiarity of the program benefits

Stakeholder	Theme	Relevance
Operations Team	Implementation	Administer the program for stores to actively engage customers
Business Development Team	Implementation	Leverage the program to raise brand appeal with prospective franchisees and partners
Marketing and Branding Team	Implementation	Promote the program, its features and an enhanced experience, driving brand outreach
Technology Team	Implementation	Implement the technology system for head office and stores, maintaining its usability
Product Development Team	User experience	Examine customer and product insights to enhance products and experiences

2 Solution Analysis

2.1 Functional Model

This sale flow highlights key customer actions within the loyalty program, guiding solution design for an optimal customer experience. It remains solution-agnostic, applicable to storefront, online, and reseller sales. (Please zoom the document to scale the image)



Decision

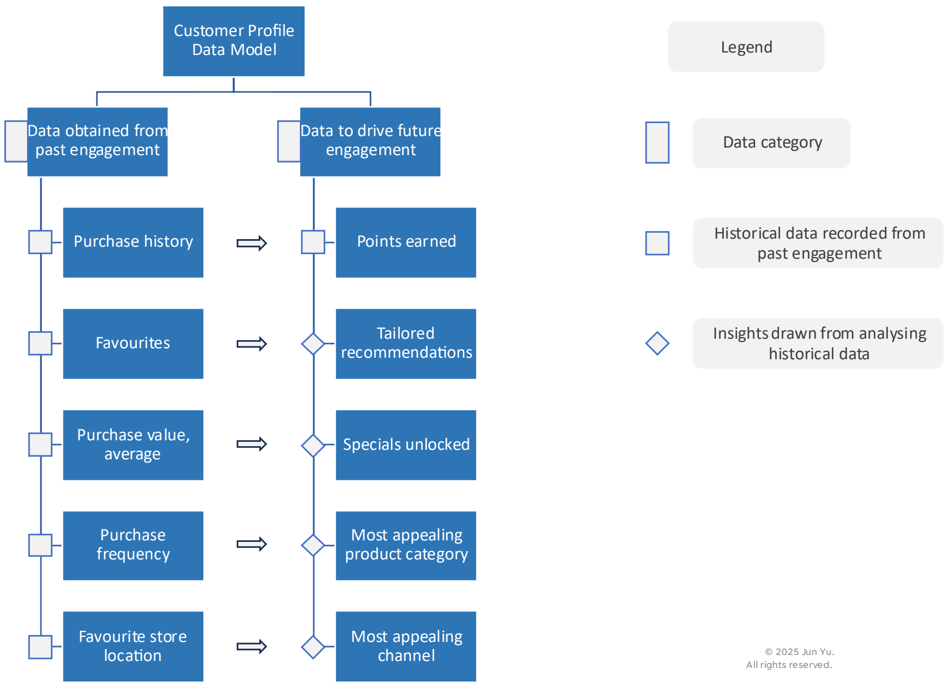
As the customer is deciding what to buy, they may choose between special promotions, tailored recommendations, or past favourites.

Purchase

As the customer is ready to purchase, they may choose to redeem rewards, or earn points.

2.2 Data Model

This outlines key data for the loyalty program, guiding solution design with customer experience and business goals in mind. As no solution is selected yet, this objective, solution-agnostic view applies to various database types. (Please zoom the document to scale the image)



Data obtained from past engagement

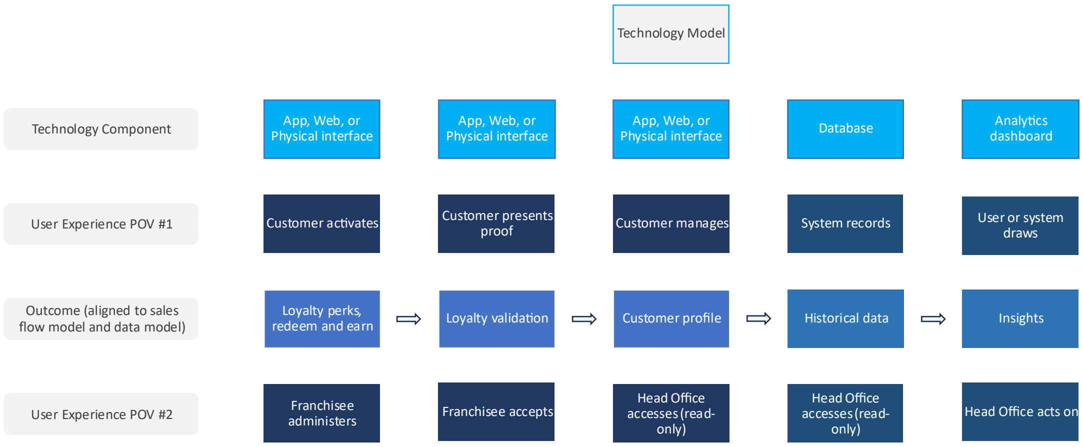
By recording historical data, we create a customer profile which we buildupon as the customer continues to engage with purchases.

Data to drive future engagement

By drawing insights from analysing historical data, we drive future engagement with an enhanced customer and product experience.

2.3 Technology Model

The tech model defines the required capabilities, aligned with outcomes from the functional and data models, while incorporating user experience perspectives to map interactions.



2.4 Financial Analysis

Please see attached excel file for full workings.

	annual average	annualised over 3 years		
analysis of program revenue and cost to head office	current state	basic	custom	third party
net outcome	$ 96,250.00	$ 134,580.21	$ 68,979.69	$ 139,674.54
benefit versus current state		39.82%	-28.33%	45.12%
ROI		94.89%	23.42%	49.13%
revenue compared to top performer (third party)		0.65	0.86	1.00
redemption cost compared to top performer (basic)		1.00	1.95	1.81
program cost compared to top performer (basic)		1.00	3.00	3.36
Conclusion	For quick, tangible returns, I suggest the basic program, with its high ROI and benefit ratio, it is a competitive choice despite being second in absolute terms. The third party program provides the highest net profit and highest benefit over the current state revenue, but has half the ROI relative to the basic program, which is a higher risk factor. The basic program, with the added benefit of nearly 100% ROI, due to its low redemption and ongoing costs, has modest revenue gain, but will be the lowest-risk option. While the custom program has the poorest net profit, and indeed a reduction compared to the current state, it has good revenue gains, against medium program cost and high redemption cost. While the third party program is the winner from an immediate gains perspective, it has the highest ongoing program cost, which may affect long term sustainability. The custom program has advantages in long term program costs and revenue gains, and may be an option for 5 year planning.			

3 Recommendation

I recommend proceeding with the Basic Program due to its high ROI and low-risk profile. It provides the best balance of financial returns and operational sustainability, making it the most viable option for immediate implementation. Its modest revenue gains are outweighed by the benefits of low ongoing and redemption costs, which reduce financial exposure.

The Basic Program offers franchisees a cost-effective solution with minimal disruption while maintaining customer engagement and loyalty. Customers are likely to appreciate its simplicity and accessibility, which aligns with their desire for tangible and immediate rewards.

3.1 Assessment

Scale of Change

The Basic Program involves minimal operational changes and resource demands, making it relatively easy to implement across the organization and franchise network.

Alignment with Strategic Goals

The Basic Program supports strategic goals focused on efficiency, financial sustainability, and customer loyalty.

Organizational Readiness

The organization and its franchisees appear well-prepared for this change, requiring minimal training or process redesign.

Assessed Value

The Basic Program delivers the highest ROI with low ongoing costs, providing franchisees with a scalable and cost-effective solution. Customers benefit from timely and simple rewards, reinforcing loyalty without complexity.

Risk Assessment

The Basic Program poses the least financial and operational risk. In contrast, the third-party and custom programs have higher ongoing costs and require more significant operational changes.

Franchisee Perspective

Franchisees benefit from the Basic Program’s low implementation and redemption costs, which help protect their profitability margins. The straightforward structure minimizes training and operational complexity, allowing franchisees to focus on core business operations.

Customer Perspective

Customers are likely to appreciate the program's immediacy and ease of use. It offers a transparent and straightforward way to earn rewards, building engagement and loyalty without overwhelming them with complex requirements.

3.2 Implementation Plan

Detailed Planning

- Develop a comprehensive implementation plan for the Basic Program.
- Include communication strategies for franchisees and customers to ensure smooth adoption.
- Establish clear guidelines for franchisees to manage reward redemptions.

Implementation

- Roll out the Basic Program in phases, starting with key franchise locations to gather initial feedback and refine processes.
- Launch a marketing campaign to promote the new program to customers, emphasizing its simplicity and immediate benefits.

Performance Monitoring

- Set up KPIs to measure program effectiveness, including ROI, franchisee satisfaction, and customer engagement metrics.

- Evaluate performance at the 6-month and 12-month marks to determine any required adjustments.
- Gather regular feedback from franchisees and customers to identify improvement areas.

Long-Term Planning

- Evaluate Basic Program performance and reception, and consider Customer Program as a contingency.
- Consider a five-year roadmap for the Custom Program, exploring strategies to lower redemption costs and improve profitability.
- Assess partnership models and cost reduction opportunities.

End