

Foodanic's Loyalty Program

INTRODUCTION

You are working for a fast-casual restaurant chain called "Foodanic" serving organic meals and beverages. Your core customers are office workers grabbing a cup of coffee when getting to the office and having a quick lunch to go or eat in during the noon break.

Unfortunately the company's value proposition of serving high quality and healthy food isn't enough. More and more competitors are offering organic food in the same price range and customers attracted by other options choose alternatives.

In order to increase the consumer retention your company decided to introduce a loyalty program. Goal is to encourage customers to come back more often and reward them for it with a number of redemption options.

ENROLLMENT

Customers can enroll using a mobile app only and when it happens they become a member of the loyalty program. The day when a customer became a member of the program is later referred to as anniversary day.

During the enrollment process customers are encouraged to link their credit or debit card to the account. This is one of your value propositions - as long as the credit card used is linked to the account the member keeps earning points. There is no need to carry additional cards or form of identification and in case of cash payment the account can be easily identified using email address or a barcode in the app.

REWARD POINT ACCRUAL

Members of the program earn 5 reward points for every pound spent. Points are accrued with 2 decimal point precision, same as the currency precision. For example sale worth £8.99 would result in an accrual of 44.95 points. When points are accrued they are valid for 6 months from the accrual date and if they remain unspent then will be expired. Transactions will be received from 2 different payment providers.

REWARD POINT REDEMPTION

Once a member accrued enough points he/she can redeem them for a reward. Exact set of the available items will vary from store to store and depends on seasonal availability:

- Level 1 - worth 100 reward points - snacks
- Level 2 - worth 250 reward points - beverages

- Level 3 - worth 500 reward points - meals

If there are not enough points in the members' account the redemption should be rejected.

Points are redeemed based on their expiration date - points that expire earlier should be spent first so that member has always at least 6 months to use them.

When points are redeemed the fraud department needs to be notified with the exact amount of points spent and be provided with the information of the original transaction(s) that accrued the points. For example a member with 130 points accrued in two transactions (60 points in the first one, 70 in the second one) spends 100 of then the fraud team needs to know that 60 points were used from first accrual and remaining 40 from the second one.

VOIDS

Both accruals and redemptions can be voided within 2 hours from the transactions or until the end of business (transaction completed just before the store was closed can't be returned and voided).

When a redemption is voided points already redeemed are marked as voided and become available for future use. Original expiration date should be retained. When an accrual is voided then points should be marked as voided as well.

OFFLINE REDEMPTIONS

In cases where a member tries to redeem a reward but the system is not able to respond to the point of sale the redemption should go through. Later if the redemption is delivered to the system but there were not enough reward points available the balance should go negative and any future accrual should be used to compensate over-redeemed points.

DIAMOND MEMBERS

Once a member earns 5000 points since last anniversary day they become a "Diamond Member". Members with such status earn 7 points per pound spent and will have access to special promotions. The status is re-evaluated on each anniversary day and if there weren't enough points accrued since last evaluation then the status is reverted.

NON-FUNCTIONAL REQUIREMENTS

- 500 sales per second during peak
- 10% of sales accrue points for program members
- 10 reward point redemptions per second during peak
- 200 ms budget to approve/reject redemption
- 3000 new members sign up every day