

UX PROJECTS

Adedolapo Ojoawo

Executive Summaries

Expanding the business of Coffee Mafia to include alcohol service

Objective: To scale up the operations and profitability of Coffee Mafia, a coffee shop located near Auburn University, by introducing alcohol into its business model and extending operating hours.

Problem Statement: Coffee Mafia currently operates from 7:00 AM to 6:00 PM, primarily catering to students and faculty during the day. However, the shop remains underutilized in the evenings, missing an opportunity to attract late-night customers seeking social spaces. The surrounding area has several nightlife options, but there is no hybrid establishment combining a relaxed coffee shop ambiance with alcohol service. This limitation reduces potential revenue and fails to tap into an unmet demand for a versatile, hybrid social space.

Research Goals:

- Assess interest in an alcohol-serving coffee shop that stays open until midnight.
- Analyze the competitive landscape to attract new customers and differentiate from existing businesses.
- Evaluate the financial and regulatory implications of selling alcohol and extending operating hours.
- Develop a marketing strategy to introduce the hybrid business, such as reward/subscription programs to encourage repeat visits.

Proposed Solution: Transform Coffee Mafia into a hybrid café-bar by adding an alcohol menu and extending operating hours until midnight. This hybrid model will balance social and study spaces, catering to the student and faculty populations. The goal is to enhance the customer experience while driving business growth and profitability.

Value Proposition:

1. **Increased Revenue:**
 - Cafés generally have profit margins between 2.5% and 6%, whereas alcoholic beverages can achieve margins of 60%. This expansion can significantly boost overall profitability.
2. **Extended Hours:**
 - Longer operating hours will attract new customer segments. With 65% of Americans drinking coffee daily and a significant portion seeking late-night social spaces, combining coffee and alcohol can diversify and expand the consumer base.

Target Market:

- **Primary Market:** Students aged 21 and older, comprising Auburn University's ~31,000 students who are likely to seek unique, blended social spaces.
- **Secondary Market:** Faculty, staff, and local community members interested in a hybrid café-bar environment.

Competitive Analysis: Coffee Mafia's main competitors include 17 bars within walking distance of Auburn University. These venues range from sports bars to upscale lounges but do not offer a hybrid coffee-alcohol experience. Coffee Mafia can differentiate itself by:

- Offering unique coffee-alcohol blends and specialty cocktails.
- Introducing game nights (e.g., karaoke or trivia) and a loyalty rewards program.

Risk Assessment:

- **Challenges:** Demand may not justify the costs of extended hours and alcohol service.
- **Opportunities:** Filling a market gap for casual late-night social and study spaces offers significant potential.

Conclusion: Expanding Coffee Mafia's operating hours and introducing alcohol presents a strong opportunity to enhance customer satisfaction, increase revenue, and build a competitive edge. Success depends on thoroughly understanding student demand, managing operational costs, and executing an effective marketing strategy. By addressing these factors, Coffee Mafia can establish itself as a unique hybrid café-bar that resonates with its target audience.

Customers Abandon Carts at Chic Avenue

This study was carried out to understand the behaviors and pain points of Chic Avenue customers who frequently abandoned their carts in our online fashion store.

The findings of the study showed three distinct personas- *Nikita (complex layouts and lengthy checkout process)*, *Kate (lack of incentives for loyal customers and increased shipping fees)*, and *Sandra (lack of discounts for first timers and the requirement to sign up before checking out)*. Each persona represents a unique segment of our audience, with specific motivations, challenges, and needs.

Key findings:

1. Unexpected costs:

Summary: The primary reason for cart abandonment amongst customers is the unexpected fees. The loyal customer group expressed frustration about seeing higher shipping costs when they got to the checkout page, and the occasional late delivery despite the cost. The first-timers are skeptical about paying such fees for a store they are not familiar with yet.

Impact: Unexpected fees late in the buying process would make customers feel less confident about their purchase and hence lead to cart abandonment

Recommendation: Offer free shipping for total costs that have reached a certain amount e.g. (free shipping for \$50 or more). Display total costs including fees on the shopping cart page so that expectations are set earlier on

2. Complex or cluttered checkout page layout:

a. **Summary:** Many customers are discouraged by cluttered layouts and checkout processes that take too long. First-timer customers express frustration about the requirement to sign up before checking out. Other customers complained about frequent pop-ups (e.g. those that suggest more items to buy), and also the limited payment options.

b. **Impact:** When the checkout process is not seamless, it can be discouraging. Cart abandonment will increase when the checkout process is confusing and lengthy

c. **Recommendation:** Reduce the number of fields to fill at the checkout page, offer one-click payment options, get rid of pop-ups on screens, and offer guest-checkout options

3. Absence of incentives for loyal customers:

a. **Summary:** Long-time customers express frustration with the lack of loyalty incentives. They feel their loyalty is not valued thus, their motivation to complete purchases over time diminishes

b. **Impact:** If loyal customers are not rewarded with meaningful incentives, they'll turn to competitors that offer loyalty points.

c. **Recommendations:** Introduce a loyalty program that provides exclusive discounts, or free shipping to increase customer retention and reward loyalty.

4. Lack of trust signals for first-time buyers

a. **Summary:** First-time buyers express concern about not trusting the website especially when return policies are not clear, no first-time discounts are offered, and secure payment options are not provided

b. **Impact:** When first-time buyers visit the website and don't see enough trust elements, they feel uncertain about the site's credibility and prefer to abandon their cart rather than risk an unfamiliar purchase.

c. **Recommendations:** Include trust-building features such as secure payment icons, return policy links, and customer reviews on the product pages, cart, and checkout to increase their confidence in the purchases.

Conclusion

When these key issues—unexpected costs, checkout layout, trust signals, and loyalty incentives—are addressed, the user experience will significantly improve, customer satisfaction will increase, and cart abandonment rates will drop. We can create a seamless and rewarding shopping experience for our customers by focusing our strategy for reducing cart abandonment on transparency, simplicity, trust, and loyalty.

Glow Cosmetics experiences decreased membership retention

Glow Cosmetics has identified a decline in VIP membership over past three quarters. To address this challenge, a comprehensive analysis was conducted to understand the drivers of membership churn and develop new strategies to enhance retention. Key findings and actionable insights are summarized below:

Key Findings

1. **Membership Satisfaction:** Personalized product offerings and membership perks do not meet customer expectations for some segments, leading to dissatisfaction.
2. **Retention Challenges:** Price sensitivity and perceived lack of value are major contributors to membership churn.
3. **Competitor Influence:** Competitors offering free delivery, personalized services, and better pricing are attracting Glow Cosmetics members.
4. **Demographic Trends:** Younger members prioritize cost savings, while older and higher-earning members value exclusive perks.
- 5.

Actionable Insights

1. Improve membership perks with options like free delivery and early access to the latest products from coveted brands.
2. Introduce flexible payment options, such as tiered pricing and discounted annual subscriptions.
3. Incorporate competitive incentives to match or exceed competitor offerings, including introductory offers and loyalty programs.

A/B Test Design Overview

To validate the effectiveness of proposed changes, Glow Cosmetics implemented an A/B test comparing current membership plans with new offerings:

- **Group A (Control):** Current \$29.99/month membership with standard perks.
- **Group B (New Tiers):** Introduced three pricing tiers with varying perks (Premium, Gold, Platinum).
- **Group C (Annual Discount):** Offered a 20% discounted annual rate with the existing membership structure.

Key Metrics to Track

- Membership sign-up and retention rates.
- Customer satisfaction scores.
- Revenue per member.

This A/B test will run for 6 weeks, with quantitative and qualitative data analyzed to determine the best strategy for boosting membership retention and satisfaction. The insights will guide the implementation of optimized membership models tailored to customer preferences.



Adedolapo Ojoawo, Dorian Soergel, Yuting Ma,
Cyril Dennis Enyi

Introduction

Coffee Mafia is a small coffee shop located at the heart of downtown Auburn, 414 S Gay St. Auburn, Alabama 36830. We currently serve Espresso, Brewed, and cold Brewed coffee drinks. In addition, we sell Tea drinks, and Red Bull drinks, and for food, we serve sandwiches, Baked foods, and snacks.

With over 10 years of experience serving our community impeccable, tasty coffee, we have built a large customer base that is loyal to our products and services. They have been part of our brand's great success and have continuously served as ambassadors for our brand.

Our customers and fan base have expressed interest in seeing our business extend its closing time from 6 pm to midnight. Interactions and chats with them, their friend, and people in the neighborhood also corroborate the need for a hybrid cafe-bar experience with a relaxing atmosphere. However, there is a need for deeper market research to ascertain the market size, market demand, and saturation.

Market Analysis

- ❖ **Market Demand:** Over the previous five years, the compound annual growth rate (CAGR) for spirits was 3.85%. With 0.11% growth, wine has seen much more stability. The CAGR for beer consumption has decreased by -0.84%.

Years	Spirit	Wine	Beer
2015	2.6M	3.3M	44.1M
2016	2.6M	3.4M	43.4M
2017	2.7M	3.4M	42.5M
2018	2.8M	3.4M	41.5M
2019	2.9M	3.4M	41.1M
2020	3.2M	3.3M	41.9M

Table 1: Alabama Alcohol Consumption from 2015-2020

<https://www.parkstreet.com/states/alabama/>

Global Alcohol Market Report 2024 gives crucial market insights with the help of showcasing alcohol industry growth. <https://www.cognitivemarketresearch.com/alcohol-market-report> The graphs below, Figure 1 and Figure 2, show a yearly increase in the global alcohol market share. As seen from Table 1 above, the state of Alabama in particular is not isolated from this trend.

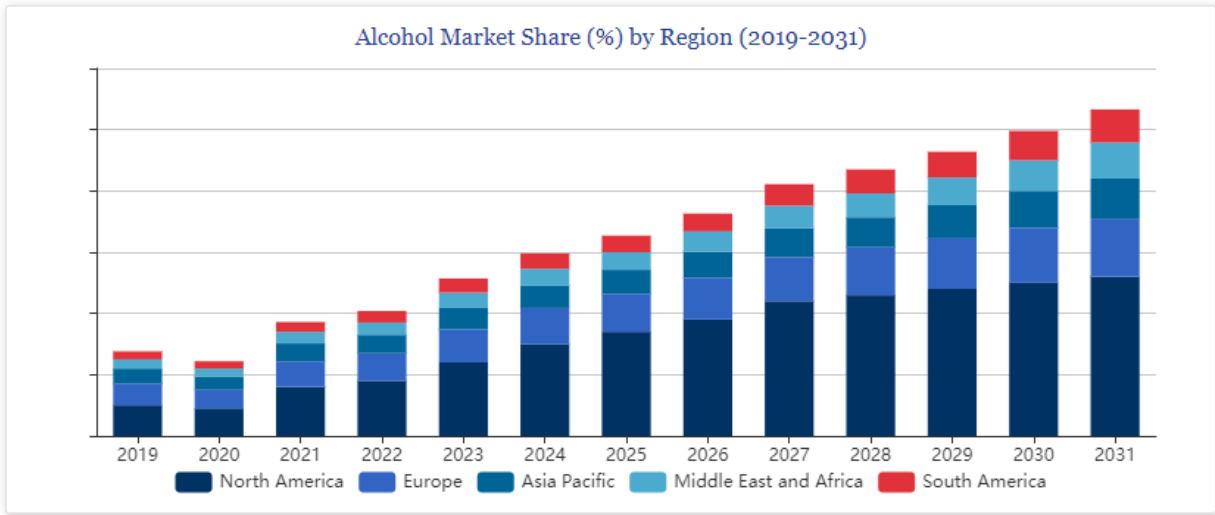


Figure 1

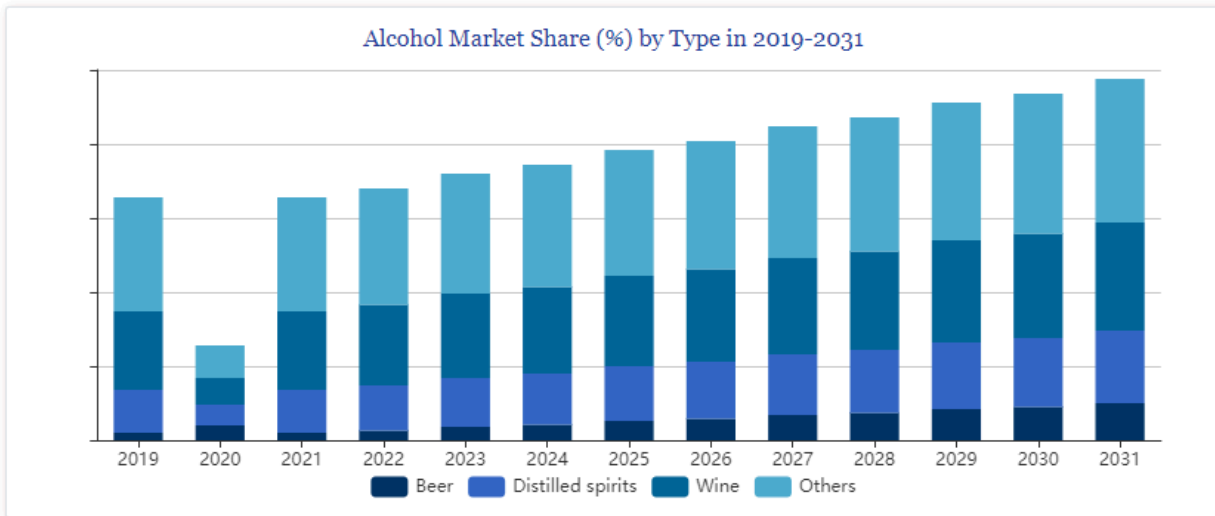


Figure 2

❖ **Market Size and Target**

The target customers are young adults (21-35), locals, professionals, and students seeking a lively night out. These will largely be among Auburn University's over 31,000 students and staff. The market size of the bars and nightclub sector in the United States from 2012 to 2022 is shown in Figure 3 below. Demand has consistently increased from 2012 to 2022 except for a slowdown in 2020 and 2021 due to the Covid-19 Pandemic, however, the upward trend has since resumed by 2022.

The rich culture and love for soccer in Auburn make residents seek a serene atmosphere where they can relax to follow live matches as well as socialize. According to the regulation by the Alabama Alcoholic Beverage Control Board (ABC) for the sales of alcohol in Alabama, it is permissible for alcohol to be sold until 2 am all days of the week. This allows for the proposed

bar to be opened until midnight and customers would have enough time and a wide range of time to choose for alcohol consumption.

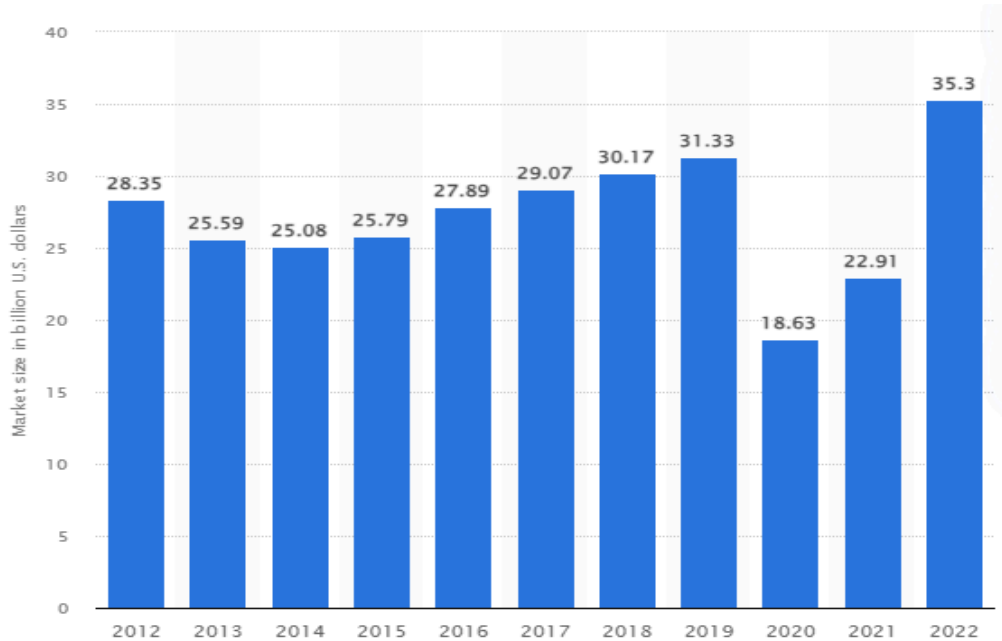


Figure 3: Alcohol Beverage Market Size in the US

<https://www.statista.com/statistics/1174131/bar-and-nightclub-industry-market-size-us/>

❖ Market Saturation

There are a few existing businesses within walking distance of Coffee Mafia like bar, lounge, spot bar, and pub, that are serving alcoholic beverages.

- Piccolo 241 Jazz and Cocktail (11 mins walk): Lounge
- 17-16 Bar (14 mins walk): Bar
- Auburn Draft House (14 mins walk): Casual spot for pub grub & brews
- The Avondale Bar & Tap Room (16 mins walk): Bar
- Southeastern (17 mins walk): Bar
- Halftime Sports Bar (18 mins walk): Sports bar with craft beer on tap
- The Plains Taproom (21 mins walk): Brewpub

The following number of businesses by categories serve alcohol in Auburn

- Sports Bar: 2 in Auburn
- Local Drinking establishment: 3 in Auburn
- Upscale Lounge: 3
- Martini Bar: 2
- Wine Bar: 0
- Bar & Grill: 5
- Live Entertainment Venue: 2

From the information provided above, the market for the sales of alcohol around Coffee Mafia is not over-saturated. Considering the market size, market demand, and the population of people around who are eligible to consume alcoholic products. The addition of a bar to the chain of products at Coffee Mafia is profitable and in demand.

Business Model

- **Menu Offerings:** Signature cocktails, beers, and wines.
- **Pricing Strategy:** Offering attractive prices to draw in a wide range of customers while maintaining a healthy profit margin.
- **Marketing Strategy:** Social media campaigns, partnerships with local events, and loyalty programs, email campaigns. Happy hours on Saturdays between 5 pm and 9 pm and loyalty bonuses. TV screen for those interested in following football games during its season (Aug-Nov). Game nights (e.g. board games or trivia nights)

Operations Plan

- **Capacity:** The bar can serve 50 persons at a time.
- **Hours of Operation:** Proposed hours are Monday-Saturday, 6 PM - 12 AM.
- **Staffing Requirements:**
 - 2 bartenders (wages: \$12.69/hour)
 - Manager (wages: \$23.61/hour)

Financial Projections

- ❖ **Operation Costs:** Initial investments for, equipment, and inventory.

Category	Subcategory	Cost / day	Cost / week	
Utilities Cost	Electricity	\$ 0.58	\$ 3.48	
	Water	\$ 3.13	\$ 18.78	
	Additional Utilities		\$ 30.78	
Salary & Wages 6 hours/day	2 Bartenders	\$ 152.28	\$ 913.68	
	Manager	\$ 141.66	\$ 849.96	
	TOTAL	\$ 297.65	\$ 1816.68	

- ❖ **Startup cost:** Initial investments for equipment, license and advertisement

Category	Subcategory	Units	Cost	
Upfront Expenses	Marketing and Advert	Flyers: 100 units	\$ 68	

(One time startup costs)	Alcoholic Beverage License	Federal	\$ 4,000	
		State	\$ 300	
	Equipment Purchase	Four beer tap	\$ 2400	
	TOTAL		\$ 6,768	

❖ **Product/Inventory Costs**

- Maximum capacity is 50 customers at a time, assuming each customer stays 2-3 hours, so potentially serving 100 customers over the evening
- Also, assuming 2-3 drinks per customer
- Drink distribution: 60% beer, 30% cocktails, 10% wine
- Purchase price:
- Beer: \$2/16oz + Tax: 8% sales tax + \$0.53/gal state beer tax. (128 oz = 18.29 x \$0.53 = \$9.69/gal)
- Wine: \$15/25.4 oz + Tax: 8% sales tax + \$1.7/gal state wine tax.
- Spirits: \$10/25.4 oz + Tax: 8% sales tax
 - Juice/Mixers: \$ 7.15/64 oz + Tax: 8% sales tax for juice, \$ 2.68/12 oz + Tax: 8% sales tax for soda, \$ 3.99/24 oz + Tax: 8% sales tax for syrup
 - Garnishes: \$2.29 per 6 oz cherries, \$1.78 per 0.5 oz mint leaves, \$3.19 per 6 oz olives, \$2 per lemon

❖ **Product cost estimation per day:**

- **Beer:** 60% x 100 customers x 2 drinks = 120 servings with 16 oz (pint) per serving.
 - 1 keg draft beer or 120 bottled beers.
 - **Beer Costs: \$367.33 per day**
- **Spirits for cocktails:** 30% x 100 customers x 2 drinks = 60 servings with 1.5 oz of spirits.
 - Each 25.4 oz provides around 17 servings, so needs approximately 6 bottles of spirits.
 - **Spirits Costs: \$43.20 per day**
- Juice/mixer and garnishes for cocktail:
 - 30% x 100 customers x 2 drinks = 60 servings with 2 oz of juice or soda, and 1 oz of syrup per drink.
 - Each 64 oz juice provides around 32 servings, so we need 1 bottle.
 - Each 12 oz soda provides around 6 servings, so we need 5 bottles.
 - Each 24 oz syrup provides around 24 servings, so we need around 3 bottles.
 - **Juice /Mixer Costs: \$7.72 + \$14.472 + \$12.93 = \$35.12 per day**
- Garnishes for cocktail:
 - 30% x 100 customers x 2 drinks = 60 servings with 1 olive/cherry per drink.

- Assuming a jar per day, so need a jar for each type
Garnishes Costs: \$9.26 per day
- **Wine:** 10% x 100 customers x 2 drinks = 20 servings.
 - Each 25.4 oz provides around 5 glasses, so needs approximately 4 bottles.
Wine Costs: \$69.90 per day

❖ **Drink Pricing and Margins per Day**

Beer:

Average selling price in the area: \$6
 Revenue: 1 keg (165 pints) x \$6 = \$990
 Margin: $(\$990 - \$367.33)/\$990 \times 100 = 62.9\%$
 Profit per drink: \$3.77

Cocktail:

Average selling price in the area: \$12
 Revenue: 17 serving/ bottle x 4 bottles x \$12 = \$816
 Margin: $(\$816 - \$43.20 - \$35.12 - \$9.26)/\$816 \times 100 = 89.27\%$
 Profit per drink: \$10.71

Wine:

Average selling price in the area: \$10
 Revenue: 5 glasses/bottle x 4 bottles x \$10 = \$200
 Margin: $(\$200 - \$69.90)/\$200 \times 100 = 65.05\%$
 Profit per drink: \$6.50

Product	Units/day	Cost/day	Revenue/day	Profit/day	Marginal Cost
Wine	4 bottles	\$ 69.90	\$ 200	\$ 130.4	65.05%
Cocktail	6 bottles	\$ 87.58	\$ 816	\$ 728.42	89.27%
Beer	1 keg (165 pints)	\$ 367.33	\$ 990	\$ 622.67	62.9%
	TOTAL	\$ 524.81	\$ 2006	1481.19	73.84%

- ❖ **Weekly Running Cost Projections:** Estimated weekly running cost based on the cost of products and operation costs is valued at \$ 4,965.54. Spreading out the upfront costs over 35 weeks adds \$193 to weekly expenses, for a **total cost per week of \$5159.**
- ❖ **Revenue Projections:** Estimated weekly revenue based on market analysis and pricing strategy is valued at **\$ 12,036 for 100 customers a day on average. To break even, assuming we are open 35 weeks/year** and taking into account that less customers mean less drinks to purchase, **we need an average of 55 drinks/day, so 25-30 customers/day.** This opens the possibility to price items more aggressively while staying profitable.
- ❖ **Funding Requirements:** Total funding is needed and potential sources (loans, investors, etc.).

Conclusion

- ❖ **Future Advancement:** Extending closing hour to 2 am, considering full cafeteria services by serving different cooked meals, expanding the facility to accommodate more customers, organizing local community events
- ❖ **Call to Action:** Based on the huge profitability of this proposed expansion, we invite the management of Coffee Maffia to discuss this proposal and to invite possible investors and partners.

Chic Avenue and Cart Abandonment



Author: Adedolapo Ojoawo

Our fashion store is called **Chic Avenue**. It is an online fashion company that has recently been experiencing cart abandonment. To find out why customers have been abandoning their carts, we use a combination of “User interviews” and “Focus groups” to gather data about their shopping behavior and interaction with our website. We divided the interview candidates into three user segments. One of the user groups will join live (no video) interviews to monitor their website experience after adding items to their cart. The focus groups are a good method for us to discuss their pain points and give the group a chance to share their personal experiences.

We started by screening for interview candidates who have interacted with our website and at some point, added items to their cart. We sought women in the age range of 21-45 because previous research has shown that our fashion items are suited for this age group and all races.

Strategy to get these candidates:

- A. Target visitors who have recently abandoned their carts. Use data from **Chic Avenue** company to identify past cart abandoners and invite them to participate. Provide incentives, such as discounts or gift cards.
- B. Collaborate with customer service teams to reach out to customers who have previously expressed frustrations about the shopping or checkout experience.
- C. Use screening/data collection platforms e.g. Sago

Sample screening questions:

- 1) What is your age?
 - a) Under 21
 - b) 21-30
 - c) 31-40
 - d) 41-44
 - e) 45-54
 - f) 55+
- 2) What type of device do you primarily use for online shopping?
 - a) Mobile phone
 - b) Desktop computer
 - c) Tablet
 - d) Other (please specify)
- 3) How frequently do you shop online?
 - a) Multiple times per week
 - b) Weekly
 - c) Monthly
 - d) A few times a year

- e) Rarely
- 4) Please select fashion companies you have heard of.
 - a) Zara
 - b) American Eagle
 - c) H&M
 - d) Aritzia
 - e) Chic Avenue
 - f) Forever 21

Note: at this point, if they selected "Chic Avenue", they get to proceed to the next questions. If not, the survey ends.

- 5) How often do you shop at Chic Avenue?
 - a) Multiple times per week
 - b) Weekly
 - c) Monthly
 - d) A few times a year
 - e) Rarely
- 6) How often do you put items in your cart but leave the site without completing the purchase?
 - a) Always
 - b) Often
 - c) Sometimes
 - d) Rarely
 - e) Never
- 7) How often do you put items in your cart and complete the purchase?
 - a) Always
 - b) Often
 - c) Sometimes
 - d) Rarely
 - e) Never
- 8) When shopping online, which of the following best describes your shopping style?
 - a) I add items to my cart but often leave without purchasing due to indecision.
 - b) I add items to my cart with the intention of buying but am sometimes discouraged by issues during checkout.
 - c) I add items to my cart but usually wait for a discount or sale before purchasing.
 - d) I add items to my cart to review my options before deciding, when I'm ready
- 9) Have you ever abandoned your shopping cart on Chic Avenue?
 - a) yes
 - b) no
 - c) I'm not sure

At this point, if the answer is no, they don't proceed to the next question

- 10) Which of the following reasons best describes why you typically abandon a shopping cart?
(Select all that apply)
 - a) Waiting for a better deal or discount
 - b) Can't decide which items in my cart to buy
 - c) Too many similar items and complex layouts
 - d) Concerns about product quality or fit

- e) Shipping cost is too high
 - f) Concerns about returns or refund policies
 - g) The checkout process is not straightforward to navigate
 - h) Ongoing sales are misleading
 - i) Others
- 11) When you abandon a cart, do you usually intend to come back and purchase later?
- a) Yes
 - b) No
 - c) It depends
- 12) How often do you revisit your cart after abandoning it the first time?
- a) Always
 - b) Never
 - c) Sometimes
 - d) Rarely
- 13) How important are discounts or promotions when deciding whether to complete a purchase?
- a) Extremely important
 - b) Very important
 - c) Moderately important
 - d) Slightly important
 - e) Not at all important
- 14) How confident do you feel about your online purchases?
- a) Very confident
 - b) Somewhat confident
 - c) Neutral
 - d) Somewhat hesitant
 - e) Very hesitant
- 15) If selected, would you be willing to participate in a brief study to discuss your online shopping experience in more detail?
- a) Yes
 - b) No

Note: if a participant selects yes, they get the next question:

- 16) Do you have a computer/tablet with a webcam?
- a) Yes, but I'm not comfortable with a video interview
 - b) Yes, and I'm comfortable with a video interview
 - c) No, I don't own a computer/tablet

Note: if a participant is comfortable, they may be selected for a focus group via zoom. If not, they'll likely be selected for our User Interview which would not involve video but only real-time monitoring of responses

- 17) What time of the day are you available for Zoom interview?
- a) Mornings
 - b) Afternoon
 - c) Evening

USER SEGMENTS and PERSONAS

Once we had our 50 interview candidates, we grouped them into different interview sessions and User segments. We selected ten people for a focus group via Zoom, involving those who used to be frequent buyers (**loyal customers**) but have been abandoning their carts lately. The goal is to understand why loyal customers have been abandoning their carts.

Strategy

1. Ask everyone to introduce each other (their names, how long they've been shopping with Chic Avenue, and one thing they like about shopping on the website). Remind them that there are no right answers.
 - a. **Common Likes:** *Participants shared that they enjoy the variety of products. Many highlighted the unique styles*
 - b. **Key factors driving loyalty:** *These customers appreciate Chic Avenue because they trust the quality of products. Several mentioned a history of good customer service as a reason for their loyalty.*
2. Group discussion questions:
 - a. *When you think about your past experiences shopping with us, what keeps you coming back?*
 - i. **Product Quality and Reliability:** *Most participants cited the consistent quality of products and the reliability of orders as the main reasons they keep returning.*
 - b. Recently, some of you have left items in your cart without completing the purchase. Could you share a recent example and tell us what influenced your decision not to buy? (allow 3-5 people to share, then ask those who resonate with their responses to raise their hands)
 - i. **Unexpected Shipping Costs:** *6 out of 10 participants said they abandoned their carts due to higher-than-expected shipping fees. They felt this was particularly frustrating because they expect consistent or reduced shipping costs.*
 - ii. **Misleading Sales or Discounts:** *Several participants raised their hands in agreement when someone mentioned they found some sales misleading, with items only slightly discounted. They felt that loyal customers should have more discount options.*
 - iii. **Delivery Times:** *5 out of 10 participants shared experiences with recent delivery delays, long estimated delivery times, and difficulty returning items, which made them hesitant to complete subsequent purchases.*
 - iv. **Insight:** *Loyal customers value transparency and loyalty-driven rewards. Unexpected costs and inconsistent sales experiences erode trust, leading them to abandon their carts. They would appreciate loyalty rewards/discounts*
 - c. Were there features or information that you wish were present or could have helped you feel more confident about completing your purchase?
 - i. **Clear Total Cost Breakdown:** *Many participants expressed a need for a clearer, upfront breakdown of the total cost, including shipping, taxes, and any additional fees before reaching the final checkout page.*

- ii. **More payment options:** 6 out of 10 participants expressed the need for more payment options, e.g., pay with PayPal. They liked these options on other online stores and expressed this made their checkout process more seamless without having to enter credit card info
- iii. **Insight:** Providing detailed, transparent information throughout the user journey—especially around costs and product reviews—would help reassure customers and reduce cart abandonment. One-click faster checkout is also preferred to reduce the chance of second-guessing their decision.
- d. Are there any loyalty benefits, rewards, or incentives that might have helped you follow through with the purchase?
 - i. **Free Shipping for Loyal Customers:** 90% of participants expressed that reduced-cost shipping for loyal customers would encourage them to complete their purchases.
 - ii. **Exclusive Discounts and Rewards:** Majority of participants said they would like to see loyalty rewards, such as loyalty points redeemable for discounts or birthday/anniversary offers for frequent shoppers.
 - iii. **Insight:** In general, loyal customers feel they should be rewarded for their commitment to the brand. Implementing loyalty-focused rewards would encourage them to complete more purchases.

Next, we selected 10 people for a second focus group involving those who have never completed a purchase on the website but left items in the cart (**First-timers**). Discussion questions and possible findings are below:

Strategy

Ask everyone to introduce each other (their name, how often they shop on “our fake store” site.

Remind them there are no right answers

Group questions:

1. What typically brings you to our online store? Are you usually looking for something specific or just browsing
 - a. **Common Shopping Behavior:** Most participants shared that they visit the site primarily for browsing, inspiration, and exploring trending products but no specific purchase in mind
 - b. Majority liked the variety of styles offered, particularly unique and trendy ones. However, several participants admitted they are still in the process of deciding if the website is the right fit for them.
 - c. **Attracted by new collections:** Some participants are drawn to the site due to promotional emails or social media ads showcasing new collections.
 - d. **Insights:** Many users are casual browsers or are attracted by marketing efforts but don’t have a strong intent to purchase. This indicates an opportunity to convert them to visitors who make purchases
2. What factors influence your choices when you add items to your cart?
 - a. **Visual Appeal of Products:** 7 out of 10 participants mentioned that they liked the high-quality images of the fashion product items and detailed descriptions.
 - b. **Price and Discounts:** The majority mentioned that competitive pricing encourages them to add items to their cart.

- c. ***Desire to Save Items:*** Some use the cart as a way to save items they like for future consideration.
- 3. What stops you from completing the purchase?
 - a. ***Lack of Trust:*** Many participants expressed hesitation due to uncertainty about the store's reliability, especially regarding return process, and product quality.
 - b. ***Complicated Checkout Process:*** Some found the checkout process too long, requiring account creation before checkout
 - c. ***Limited Payment Options:*** Participants mentioned not seeing their preferred payment options. The absence of options such as preferred digital wallets or installment payment options, deterred some users
 - d. ***No Urgency to Buy:*** When there are no time-sensitive offers or low-stock alerts, participants feel no immediate need to complete the purchase.
 - e. ***Insights:*** Simplifying the layout and offering a guest checkout could encourage first-time buyers to complete their purchases with confidence.
- 4. If you were shopping around, did you find any factors on other store sites that made you abandon your cart on our site?
 - a. ***Free Shipping Offers:*** Competitor sites offering free shipping were more appealing.
 - b. ***Simpler Checkout Processes:*** Other sites have quicker, more straightforward checkout experiences
 - c. ***Insight:*** The competitor sites offer stronger incentives and a smoother purchasing experience. This highlights areas for improvement on our site.
- 5. What could help you feel more comfortable purchasing with us for the first time?
 - a. ***Customer Reviews and Testimonials:*** customer feedback and ratings would help validate product quality and store reliability.
 - b. ***Clear Return and Refund Policies:*** Transparent return policies would reduce their hesitation to purchase items
 - c. ***First-Time Buyer Discounts:*** Offering a special discount or incentive for first-time customers would motivate them to complete the purchase.
 - d. ***Insight:*** Building trust and reducing perceived risks are important for converting first-time visitors into customers.

Finally, We selected 30 out of 50 people who mostly abandon carts because they don't like the checkout page layout and experience issues during the checkout process.

Interview strategy: *User interview involving real-time monitoring of responses. All participants receive questions on their laptop screen at the same time on Zoom (no video) with a timer to respond (30-45 seconds). Part of the goal is to ask them to interact with different parts of the website, or different layouts of the checkout page and ask questions to understand their take on these interactions. Some of the questions we would ask, and potential findings are below:*

Questions:

1. What's your age?
 - a. 60% of users are in the 25-35 age group, 25% are in the 35-45 age group and others are between 20-25.
2. What types of products do you usually shop for on our online store?

- a. *Most commonly searched items: clothes, bags, and accessories.*
 - b. *Younger users tend to shop for “trendy” clothes and accessories*
 - c. *Older users prefer classic styles*
 - d. *Insights: Users appreciate the curated selection of trending and unique items, which could be filtered when shopping on the homepage to align with their search interests.*
3. Select options that apply to your reason for abandoning the cart.
- a. *Decision fatigue: 35% selected feeling overwhelmed by too many similar options, leading to indecision and abandonment.*
 - b. *Unexpected Costs: 50% abandon carts due to unexpected additional fees that show up during checkout, such as shipping costs*
 - c. *Lack of urgency: 40% express that they abandon carts because they don’t feel a sense of urgency to complete the purchase especially when there is no limited-time offer*
 - d. **Insight:** *Implementing cost and fee transparency early on during the checkout process, and offering reminders about saved items, could reduce abandonment rates.*
4. Provide different website layouts, including the checkout page, and ask users questions about which layouts or visual cues make them want to continue shopping and proceed to check out.
- a. **Preferred Layout:** *80% of participants favored a checkout layout that displays all costs upfront, including taxes and shipping, with a streamlined, minimal design*
 - b. **Visual Cues:** *Users responded positively to layouts with clear, bold “Proceed to Checkout” buttons, “Secure Checkout” icons and return policy reminders.*
 - c. **Least selected layout:** *Users expressed frustrations when layouts have multiple pop-ups, unnecessary sections (like additional recommended items), or cluttered screens. These encouraged cart abandonment*
 - d. **Payment options:** *They like the layout options that include faster checkout/payment options including a one-click payment option.*
 - e. **Insight:** *Users are more likely to complete the checkout process if the checkout page is simple, transparent, and gives visual cues that build trust.*
5. Provide different style curation formats and ask which ones would likely help them settle on the style they want.
- a. *70% of users favored a “Personalized Recommendations” format that shows styles based on their browsing or purchase history.*
 - b. *50% liked a “Trending Now” section that highlights popular items, particularly when the season is put into consideration (e.g., “Best for Fall”). This was more popular among young users*
 - c. *50% also liked the idea of taking a “shopper’s personality test “to help customize their shopping experience and make refining options in the cart easier*
 - d. **Insight:** *Users prefer personalized curation over generic options. Customizing the homepage and product pages with sections like “Personalized for You” or “Trending Now” could help guide them to a purchase decision more effectively.*
6. Show different shopping cart icons, and ask which ones attract them to their cart e.g. an icon that has how much they’ve saved hovering on top of it or that alerts them they’ve earned “free shipping”
- a. **Icon with Savings Display:** *60% of users were drawn to a shopping cart icon that displays the total amount they’ve saved with discounts.*

- b. **Icon with Free Shipping Alert:** 70% of participants favored a cart icon that alerts them when they've earned "free shipping" or when they've added to the cart, items that have "ship free" tags
- c. **Standard Cart Icon:** Only 20% preferred the basic cart icon without additional features.
- d. **Insight:** Adding incentives, such as savings and free shipping alerts, directly on the cart icon makes it more appealing and encourages users to review their cart and finish the checkout process.

Based on the results of this study, we identify three personas, and they are summarized below:



Nikita

THE OVERWHELMED SHOPPER

Nikita, 30, a Californian scientist, married, loves science, travel vlogs, seeks unique styles for her creative lifestyle.

Highest level of education

Ph.D

Social Networks



Quote: "The best finds are the ones that don't make you second-guess."

Personality

- Aesthetic-Oriented
- Analytical
- Detail-oriented
- Simplicity-Seeking
- Easily-overwhelmed

Goals

- Discover distinct styles for work or travel vlogs, make confident choices, and spend less time during checkout process and narrowing down options

Shopping behavior

Puts lots in cart, but can't decide, so abandons it

Pain Points

- Gets lost in crowded layouts
- Prefers content relevant to her style
- Overwhelmed by many options, and similar items
- Often second-guesses her choices
- Discouraged by slow complicated checkout process

Design considerations

- Adopt simpler checkout layout with minimal fields
- Boost her confidence with themed selections
- Add option to take personality quizzes to know her style
- Customized alerts for items in carts & low stock

Motivations

- Easily discover quality products that suit her aesthetic and lifestyle
- Ability to easily narrow down choices
- One-click/other faster payment options

Nikita is browsing the website on her mobile phone during a quick break.



She finds a nice dress and a pair of shoes and adds them to her cart



She clicks on the cart icon to review the selected items and proceed to checkout



She starts typing in her shipping address but feel frustrated by the number of required fields and distracting pop-ups



She begins to feel unsure and overwhelmed by the checkout process. Eventually she abandons her cart



A storyboard of Nikita's frustration with the checkout page layout at Chic Avenue



Sandra: the cautious first-time shopper

Age: 35
Location: Illinois
Level of education: Masters degree in public health
Occupation: Epidemiologist
Relationship status: married with 2 kids

Social Media Platforms



Shopping habits

- *Browses frequently, especially for clothing and accessories, but has yet to make a purchase on the site.*

Goals

- *Buy unique styles for outing with low-shipping cost*
- *Take advantage of first-time buyer discount to reduce cost*

Motivations

- *Trendy items and the idea of unique finds*
- *Low shipping cost and One-click payment options*
- *Discounts and sales*

Pain Points

- *Hesitant to buy because of unfamiliarity with the website.*
- *Needs trust signals (secure checkout, clear return policies) and detailed product reviews.*
- *Annoyed by the absence of a guest checkout, seems inconvenient.*

Design considerations

- *Offer first-time buyer discounts*
- *Add guest checkout and faster payment options*
- *Make shipping and return policies clear at checkout page*



Sandra is browsing for nice jackets, intrigued by the styles in her cart but is cautious.



She views her cart and proceeds to checkout page. She sees high shipping fee, no first-timer discount, and no info on return policy



Feeling disappointed, she abandons her cart because "there is no first-time buyer discount, and return policy was unclear

A storyboard of Sandra's experience as a first-time buyer at Chic Avenue



KATE

THE LOYAL CUSTOMER WITH CART HESITATIONS

Age: 25
Location: NEW YORK
Level of education: Masters degree in Finance
Occupation: Financial Analyst
Relationship status: Single

Social Media Platforms



Shopping habits

- Regularly shops online but now leaves cart due to extra fees and delivery problems.

Goals

- Continue to buy trendy items with no delivery issues and surprise fees
- Receive loyalty discounts

Motivations

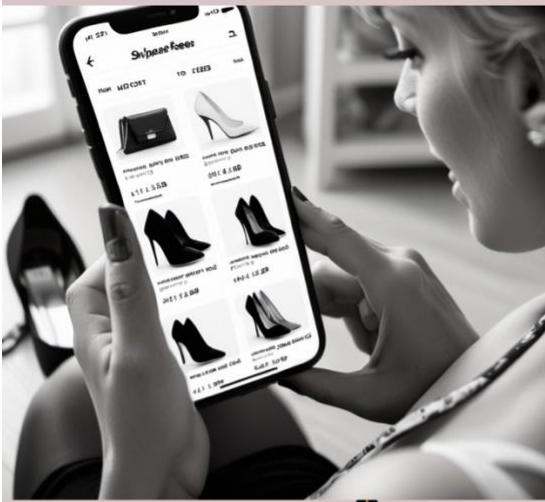
- The quality of products.
- Appreciates unique designs and quality.
- Fast delivery and quick customer service
- Appreciates reward for being a loyal customer

Pain Points

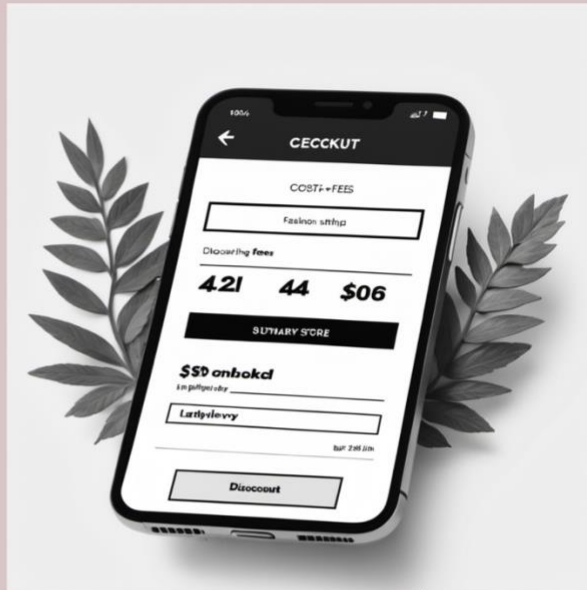
- Pricier shipping and slower delivery, leads to doubt in purchases.
- Disappointed by misleading sales or discounts
- Lack of exclusive benefits for loyal customers and wishes for better loyalty rewards.

Design considerations

- Establish loyalty rewards for regular customers
- Offer free or reduced cost of shipping
- Ensure on-time deliveries or offer discounts when delivery is late



Kate is a long-time shopper, very familiar with the online store. She adds items to her cart



She proceeds to checkout and finds that the shipping fees have increased, and she didn't receive any loyalty discount



Shocked by the increase in fees and lack of loyalty reward, she abandons her cart

A storyboard of Kate's recent experience as a loyal customer at Chic Avenue

At Glow Cosmetics (GC), we specialize in makeup and skin care products and services available both online and at our physical store. In addition to our product offerings, we provide various offers, including a store credit card that rewards customers with cash back and redeemable points for every purchase online or in-store. Our VIP membership program, priced at \$29.99 per month, offers exclusive benefits, such as a monthly makeup bag containing five curated items (e.g. lipstick, lashes, powder, etc., all based on customers' preselected product categories at sign-up) from our VIP collection. However, we have been experiencing a decline in these VIP memberships over the past three business quarters. To find out why, we are conducting a survey to gather data on the major drivers behind this membership churn. The insights will guide us in devising solutions to membership retention.

Proposed survey and expected insights on the decreased membership rate over the last three business quarters.

Problem Statement: Memberships have been decreasing over the past three business quarters at Glow Cosmetics. Our goal is to identify the factors contributing to this decline and devise actionable solutions.

Survey Design: Why has membership decreased at Glow Cosmetics?

This survey aims to evaluate customer satisfaction by collecting feedback on their experiences with a focus on behavior, satisfaction levels, and external factors. The main objectives are to assess satisfaction with Glow Cosmetic's products, pricing, services, and membership program. From this, we can identify primary barriers to membership retention and inform strategies to enhance customer loyalty.

This survey will span over a period of 4 weeks (1 month). Only existing and former members who respond to the invitation to survey emails will be sampled for this survey. A total of 15 candidates will be surveyed. The **screening questions** will help to determine the eligibility of the respondents, the longevity/duration of their membership, and their preferred services and products. Respondents will be briefed on the goal of the study.

Likert scale, sliding scale, and open-ended questions will be used to gather relevant data in the **main questions** section. Respondents will be notified that these survey questions will only take about 20 minutes to complete, so as not to discourage them from participating. Questions will be short, easy to understand unambiguous, and randomized among respondents.

In the **demographics question** section, respondents will be notified that these questions are not compulsory and will not influence the importance of their responses. In the **debrief** section, respondents will be urged to freely share other questions or suggestions that they may have.

Screening questions:

The goal of the subsequent study is to evaluate membership satisfaction and factors that would encourage your continual subscription or membership renewal.

Instruction: Please fill out the survey form only if you are an existing or old customer of Glow Cosmetics.

1. Do you currently or in the past have a VIP membership at Glow Cosmetics?
Yes___ No___

If their response is “yes”, they get to move on to the next questions, if “no”, the survey ends.

2. If you are still a member, how long have you held your membership?
 Less than 6 months_____
 6 months to 1 year_____
 Over 1 year_____
3. If you no longer hold a membership, how were you a member?
 Less than 6 months_____
 6 months to 1 year_____
 Over 1 year_____
4. Have you ever opted for a returning membership of Glow Cosmetics VIP?
Yes___ No___
5. If your answer to question 3 is “Yes”, please state in a couple of sentences, why you discontinued your membership and why you returned.
-

6. Select from below the services that you’ve used. Please select all that apply.
- | | |
|-------------------------------|----------------------------|
| 1. Eyebrow threading/waxing | 5. Bridal Makeup |
| 2. Full-face threading/waxing | 6. Photoshop makeup |
| 3. Regular makeup application | 7. Manicure/pedicure |
| 4. Full facebeat/glam | 8. Gel/acrylic nail polish |
7. Select from below the products that you purchase. Please select all that apply.
- | | |
|----------------------------|------------------|
| 1. GC foundation | 7. GC eye pencil |
| 2. GC concealer | 8. GC lipstick |
| 3. GC powder | 9. GC lip gloss |
| 4. GC premium makeup brush | 10. GC lip liner |
| 5. GC eye shadow | 11. GC prime |
| 6. GC eyeliner | |

Main questions:

Instruction: For each statement below, select one corresponding option between 1 and 6. The options are ranked based on how you agree with the statement with 1 being strongly disagree and 6 being strongly agree.

For each statement below, select one corresponding option between 1 and 6, where:

1 = Strongly Disagree

2 = Disagree

3 = Slightly Disagree

4 = Slightly Agree

5 = Agree

6 = Strongly Agree

Section 1: Membership satisfaction

1. The current membership perks meet my expectations.
2. I feel that the membership benefits justify the cost.
3. The variety of services offered through my membership is satisfactory.
4. The personalized makeup products offered by the company meet my needs.
5. I find the current makeup product sampling options sufficient.
6. The free shipping benefits offered by the company are satisfactory.

Section 2: Likelihood to continue membership

1. I am likely to continue my membership for another year.
2. I feel valued as a member of this company.
3. If the membership fees were reduced, I would be more likely to continue my membership.
4. I would continue my membership if more exclusive perks were added.
5. The benefits I receive from my membership are competitive compared to other makeup companies.
6. I prefer being a member rather than having access to the company's services without membership.

Section 3: Competitor influence

1. The makeup products and services offered by competitors seem more appealing.
2. The free sampling options provided by competitors influenced my decision to consider switching.
3. A lack of free delivery on all products influences my dissatisfaction with my membership.
4. I would prefer if the company made membership optional for accessing all services.
5. Competitors offering personalized products make me reconsider my membership.
6. The one-year free delivery offered by competitors makes their services more attractive.

Instruction: Please answer the following questions by filling in one corresponding answer between 1 and 10, with 1 being the lowest and 10 being the highest ranking.

Section 1: Areas for improvement

1. How important is it for the company to provide additional exclusive perks?
2. How important is it for the company to offer free delivery on all products?
3. How likely are you to remain a member if access to services is made available without requiring membership?
4. How important are cost savings compared to perks when deciding to continue your membership?
5. How likely are you to rejoin the membership if improvements are made to the perks and services?
6. Preference to pay full price for each service received instead of monthly membership.
7. Preference for a annual payment over a monthly fee?
8. How willing are you to pay slightly higher membership fees for improved membership perks?

Section 2: Overall experience

1. How would you rate your overall experience as a member?
2. How satisfied are you with the customer service provided as part of your membership?
3. Do you think that the prices of our services are reasonable?
4. How strongly do you feel the company listens to member feedback?
5. How would you rate your loyalty to this company?
6. How well does this membership align with your expectations of value and convenience?
7. Would you recommend our products to others?
8. Would you refer others to our join membership at our company?

Instruction: In your own words, kindly let us know your responses to the following questions.

1. What changes to the membership perks would encourage you to continue or renew your membership?
2. If you have considered switching to a competitor, what specific services or benefits influenced your decision?
3. What do you think the company does well compared to its competitors?
4. How convenient is it to pay a monthly membership fee to receive membership-based services?
5. Would you prefer to pay slightly higher for non-membership services than a monthly subscription?

Demographics:

Instruction: These questions are not compulsory and will not influence the importance of their responses

1. Gender: Male_____ Female_____ non-binary_____ Prefer not to respond_____
2. Race: Caucasian_____ Asian_____ Black/African-American_____ Other_____
3. Age: (18 – 23yrs old)_____ (24 – 29yrs old)_____ (30 – 35years old)_____ (36 – 40yrs old)_____ (41 and above)_____
4. Income bracket: (15 – 25K annual)_____ (26 – 45K annual)_____ (46 – 75K annual)_____ (76 – 110k annual)_____ (more than 110K annual)_____
5. Marital status: Single_____ Married_____ Divorced_____ Widow_____ Others_____

Debrief:

Instruction: Please share freely other questions or suggestions they may have below:

Expected Insights

1. Possible insights from the screening section

70 % of participants used to be a member and held their membership for 6 months – 1 year. 5 % of these returned to renew membership. This indicates most customers don't come back once they cancel their membership.

Most participants have used a mixture of our services and products.

2. Membership satisfaction

- **Some insights we can expect:**

- Customers who feel membership perks, such as free shipping and product sampling, are insufficient are more likely to discontinue their membership.
- Some customers feel the personalized products in the monthly makeup bag don't meet expectations. E.g. the category of products they selected in their personalization quiz after signing up for membership is not what they receive.

- **Action:**

- Modify membership perks or pricing to better align with customer expectations.

3. Retention factors

- **Some insights we can get:**

- Price sensitivity is a major factor influencing decisions to retain memberships.
- Customers who feel valued by the company (via discounts or promotions they sometimes receive) show a higher likelihood of retention.

- **Action:**
 - Incorporate tailored loyalty programs or tiered pricing for the VIP membership to increase retention. For example, the monthly makeup bag accessed via VIP membership can have different price tiers for customers to choose from. Add options to downgrade or upgrade from different price tiers.
4. **Competitor Influence**
 - a. **Insights:**
 - i. Competitors offering better-personalized products from top brands, and access to the latest brand products are attracting Glow Cosmetics members.
 - ii. Competitor benefits are more cost-effective and appealing to our customers.
 - b. **Actions**
 - i. Adjust Glow Cosmetic’s offerings to better compete with key competitor advantages (e.g. introductory offers for members considering switching).
 5. **Areas of improvement**
 - a. **Insights:**
 - i. Free delivery on orders is very important for customers.
 - ii. Some members prefer a discounted annual membership fee option to a monthly membership fee.
 - b. **Actions:**
 - i. Implement changes to perks and payment options based on customer preferences. Add the option of a discounted annual membership payment.
 6. **Overall experience**
 - a. **Insight:**
 - i. Customers who have positive customer service experiences correlate with higher satisfaction and loyalty.
 - b. **Action**
 - i. Use feedback to improve customer service and strengthen loyalty.
 7. **Demographics**
 - a. **Insights:**
 - i. Younger members (18-29) prioritize saving on costs while older members value exclusive perks.
 - ii. Higher earners are more likely to continue memberships if the perks align with their expectations.
 - b. **Action:**
 - i. Tailor marketing and retention strategies towards key customer demographics. For example, if majority of customers can’t afford the membership, create a lower price tier.

8. Open-ended feedback

a. Insights:

- i. Customers value transparency in pricing and benefits, as well as exclusive perks for VIP members.
- ii. Many suggest matching competitor pricing and offerings.

b. Action:

- i. Focus on improving transparency and competitive analysis to refine Glow Cosmetics' membership.

An A/B test to evaluate how varying membership criteria affect membership rates.

Study goal: The goal of this test is to evaluate whether either of the two proposed membership criteria will affect membership rates. We will determine whether customers would prefer the flexibility of opting for one of our three new membership categories (**Premium**, \$14.99/month: standard perks from the current membership plan which gives customers five makeup products per month but with extra cost of shipping; **Gold**, \$24.99/month: additional perks e.g. eight items in the monthly bag and free shipping; and **Platinum**: \$39.99/month with ten items in the monthly makeup bag with free shipping, option to use monthly allowance for other services like waxing, manicure/pedicure) with varying but improved perks or option of discounted (20%) yearly rate but no categories.

Hypothesis:

We hypothesize that a reduced membership fee with the option of improved add-ons at extra costs will increase membership rates compared to yearly membership categories with varying but improved perks.

Test Groups

1. Control Group A

- Current membership plan (\$29.99/month) with standard perks

2. Independent variable (1) Group B

- Introduce three new membership tiers:
 - **Premium tier (\$14.99/month):** Reduced membership cost for standard perks (5 makeup products per month) but with additional shipping costs.
 - **Gold tier (\$24.99/month):** 8 items per month in the makeup bag and with free shipping
 - **Platinum (\$39.99/month):** 10 items in the monthly makeup bag, free shipping, and an option to use the monthly allowance for other Glow Cosmetics services like waxing and manicure/pedicure

3. Independent variable (2) Group C

- No membership tiers but offer a discounted (20%) annual billing option and free shipping with the current membership plan

4. **Dependent variables:**

- Membership sign-up rates
- Rate of retention over 3 months
- Customer satisfaction scores assessed via a follow-up survey
- Revenue per member

Duration of test

- This will run for 6 weeks to gather enough data on customer behavior and preferences

Expected Outcomes

- This test would provide insights into the popularity of the new membership tiers versus the annual discounted rate. A possible outcome could be that the majority favor the new membership categories over the discounted annual rate because of the flexibility of pricing
- We would also be able to determine whether the additional perks in Gold and Platinum tiers drive higher engagement and customer satisfaction
- Lastly, the price sensitivity and customer preferences for flexible billing can also be evaluated

Execution plan for A/B testing:

An online survey or testing platform will be used to present brief information about the two membership structures. Preamble question to segment respondents into variable 1 (perks focus) or variable 2 (cost focus). Both groups will be presented with membership tiers (Premium, Gold, and Platinum) and reduced annual rate membership structures. Participants will be randomly assigned within each segment to minimize bias. This test would run for 6 weeks

Perks of Group A: Yearly membership categories

Premium (\$14.99, with additional shipping cost)

1. 5 items in the monthly makeup bag
2. Allowances get transferred to the next month

Gold (\$29.99)

1. 8 items in the monthly makeup bag
2. Free shipping
3. Allowances get transferred to the next month

Platinum (\$39.99)

1. Free shipping
2. 10 items in the monthly makeup bag

3. Allowances get transferred to the next month
4. Option to use monthly allowance for other services (e.g. Facials, manicures/pedicure)

Perks of Group B: 20% Discounted annual membership rate (\$288) with the standard perks from the current membership plan

1. 5 items per monthly makeup bag
2. 10% off all products (cannot be added to other promotions)
3. 2 free in-store services on birthday month
4. free delivery

Possible results:

Outcome 1: The majority across both groups of customers will prefer the option of choosing a monthly membership tier that fits their needs and affordability.

Outcome 2: The majority of Group 1 (perks-driven) prefer a low-price tier membership plan, while the majority in Group 2 (cost-driven) prefer the discounted annual membership.

Quantitative Analysis Plan

Survey Data Analysis

1. Descriptive statistics

- a. The survey responses for the Likert scale sections can be summarized with mean, median, and mode
- b. Percentages can be used to evaluate categorical responses (e.g., membership duration, services used)
- c. A distribution of customer satisfaction and retention across demographics can also be calculated (e.g. mean satisfaction scores for customers aged 18-29). A bar chart or histogram plot can also be used to visualize differences in satisfaction and retention across demographics.
- d. **Expected insights:** identify clear patterns in satisfaction scores and preferences across customer groups

2. Segmental analysis:

- a. We can group participants by key demographics (e.g. age, income) and analyze key drivers of membership cancellation for each segment
- b. Compare the responses from current and former members.
- c. **Expected insights:** identify different needs and concerns for various customer segments

3. Sentiment analysis

- a. Study the open-ended responses for recurring themes and sentiments
- b. **Expected insights:** One can identify reasons for membership cancellation and actionable suggestions from customers

4. Correlation analysis:

- a. Identify correlations between membership duration, and satisfaction levels (e.g. using scatter plots)
- b. **Expected insights:** Identify key drivers of loyalty and retention

A/B Test Analysis

1. Membership sign-up rates
 - a. Calculate the percentage change in membership sign-up rates from each test group compared to the control
 - b. **Expected insights:** we would expect to see the impact of the new annual pricing and tier options on membership sign-up rates
2. Retention Rates:
 - a. Compare customer retention rates across test groups over the 3 months
 - b. **Expected insights:** we would expect to see how effective the new categories or annual discounts in retaining membership
3. Revenue analysis
 - a. Evaluate the amount of revenue made per member of each group to determine profitability
 - b. **Expected Insights:** Explore how viable the membership structure is financially
4. Customer satisfaction scores
 - a. Analyze the follow-up survey scores to assess customer satisfaction with the new membership criteria
 - b. **Expected insights:** we should be able to identify preferences in pricing, perks, and billing frequency
5. Statistical Testing
 - a. Null Hypothesis (H_0): There is no significant difference in membership metrics (i.e. sign-up rates, retention rates, satisfaction scores) between the control and the test groups
 - b. Alternative Hypothesis (H_a): There is a significant difference in membership metrics between the control and the test groups
 - c. Statistical tests:
 - i. Use T-tests to compare the means between two groups (e.g. Control vs discounted annual rate).
 - ii. Use ANOVA to compare means across multiple groups (e.g. control, premium, gold, and platinum)
 - iii. Use Chi-square tests to evaluate the relationships between different categories of variables (e.g. new membership tiers vs duration of membership)

- iv. **Expected insights:** these analyses will help determine if changes in pricing, price tiers, or perks would lead to a statistically significant improvement in membership sign-up rates and retention. If we have enough evidence from our respondents' data following statistical analysis that they mostly select options or respond positively to options that relate to the non-renewal of their membership, then we will accept the null hypothesis (H_0) and reject the alternate hypothesis (H_a). This will imply that improving membership perks is not enough to encourage existing members to stay and old members to return. However, if most respondents select options or respond positively to options that relate to continuing or renewing their membership, then we will reject the null hypothesis (H_0) and accept the alternate hypothesis (H_a). This will imply that improving membership perks will encourage existing members to stay and old members to return.