Java House Coffee Roasters and Heirloom Salad Company are under Iowa City Coffee Company and have been a local restaurant business in Johnson County for over 30 years. They have also established themselves as a wholesale coffee bean distributor, food and beverage catering facility, and cafe turn-key administrator. As someone who loves coffee houses and their atmosphere, I will be improving Java House's user experience, user interface design, return on investment, and marketing strategy.

Phase 2: In-depth Research

Methodology:
We gained insights into the loyalty program's usability and appeal by observing customer interactions and conducting surveys. Analyzing data on sales trends and customer spending patterns revealed opportunities to make the loyalty experience more rewarding. This phase was critical for understanding our customers' needs and preferences, enabling us to design a program that truly resonated with them.

Research:
One of my priorities was to document the loyalty rewards during checkout as the customer and to view how the people making the customer's order are viewing the order. I wanted to understand the beginning introduction of the company to the customer and the team members.
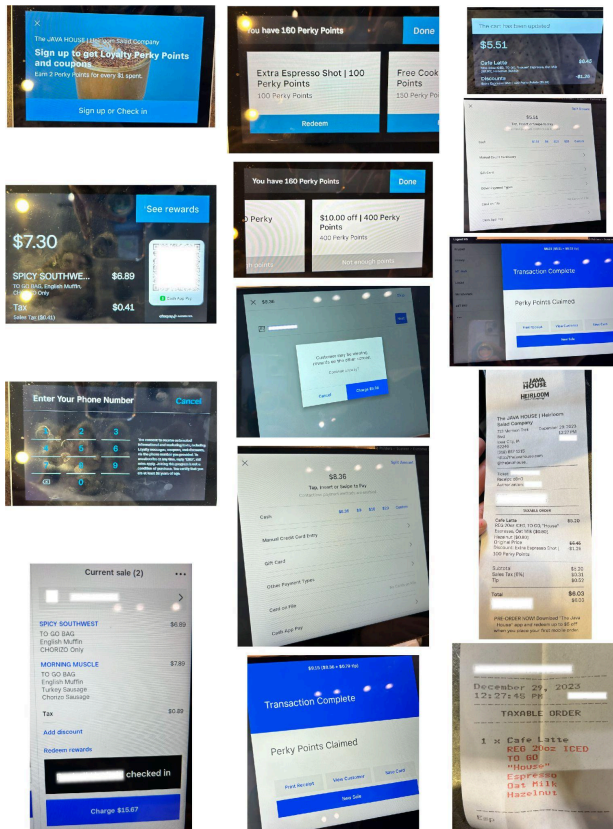
Through the interaction, I noticed the customer had to start by checking in or signing up by entering their phone number, and then they would be redirected to how many Perky Points they already have and they would see if they're able to redeem any of their rewards. I spent a couple of days viewing if customers would sign in or sign up. If they signed in I would watch to see if they used their points. I watched most customers ignoring the sign-in or sign-up options and continuing to the pay now option. There was a very rare moment in which the customer chose to sign in and use their perky points to redeem a reward.

I also did a customer survey to see how they liked and disliked the rewards system and then related their comments to the data analytics showing sales trends between loyalty and non-loyalty. Then the relation to the average customer spending between

loyalty and non-loyalty. All of these lean towards a higher percentage of customers' spending more as non-loyalty, but the average customer spent was loyalty customers. The survey's outcome was a higher percentage of customers disliking the program mostly due to **unreachable rewards, reward points expiring after six months, and not knowing how the rewards and points work.**

My next priority was to understand how I could manipulate the POS system. The reward system is run through Square and has certain limitations on how the system is structured. I found that I could add as many reward tiers as I wanted, but I could only provide rewards with the options: a free item, a specific percentage off an item or category, or a specific dollar amount off an item or category. I could also set how many points a customer could receive after spending whatever amount of money I chose. I could set any amount of points to equal any amount of free items, percentage off, or dollar amount off.

The loyalty rewards program has not been updated nor allowed the opportunity to be used to its full potential. The rewards were unreachable to most customers, the rewards weren't interesting enough, not a lot of people understood how the program worked, and even more people didn't know it existed.

Project Goals:
My mission is to make the program more appealing, understandable, easy to access, and easy to use during checkout, and let people know that the program exists.

What Is Needed:
The most important outcome is to adhere to:
 I.   Customer satisfaction.
 II.   A long-lasting relationship with the customer.
 III. Higher spending percentage per customer.
 IV.   Higher consistent customer revisit.

Proposal:
I proposed The Java House add two more tiers so the customers have a choice to save their points for higher reward tiers or attain a more reachable reward with two lower/attainable options. I will announce the new system to customers via email newsletters, text messages, social media posts, website banners, in-app pop-ups, counter signs, and poster advertisements. To get the ball rolling, I will schedule a loyalty rewards promotion for a specific time and day (some of Java House's low traction) for loyalty members to receive double points.

Achievable:
To measure my success in this project, I want to achieve a higher percentage of sales coming from loyalty members vs. non-loyalty members. I also want to achieve a higher average amount spent by loyalty members.

The Logistics:

The Loyalty Rewards System allows customers to be rewarded by spending. For every $1 spent gives the customer two perky points. The perky points have a six-month expiration date after being given. If the customer accumulates 200 perky points they may choose to use those points to redeem $5 off anything or save those perky points to accumulate 400 perky points in total to redeem $10 off anything. So the customer would have to have spent a total of $100 within the six-month time frame to receive $5 off anything or spent a total of $200 within the six-month time frame to receive $10 off anything.

100 Perky Points
Free cookie

150 Perky Points
$1.50 off drink

200 Perky Points
$5 off

375 Perky Points
$10 off

Adding two additional tiers to the loyalty rewards program includes 100 points = one free cookie, and 150 points = $1.50 off any drink. I also changed the fourth tier to 375 points = $10 off anything to allow customers to want to attain that higher reward by spending more and continuing to order from The Java House compared to any other competitor.

A cookie was sold for $2.50, but since The Java House baked the cookies in-house the cost of making the cookies was $0.50 per cookie.

The cheapest drink was a simple brewed coffee for $3.85 and the most expensive drink was a large 24-ounce specialty drink for $6.95.

The cheapest item is one fruit for $0.95 and the most expensive item is a 5-pound bag of a signature in-house coffee blend for $115- sold only online for a flat-rate shipping of $10.