

How would i calculate the working of the reward points-

Taking reward points as 2 paisa on 1 rupee.

Then, for every Rs 10,000 that customer spends, he will get Rs 200 .

Revenue recognition for the above (Calculation is done in proportion basis)

Goods sold worth Rs 10,000

Reward points 200

Discount will be allocated proportionally

$$10,000/10,200 * 200 = 196$$

So, The Journal that we will pass would be (considering the customer comes to claim the reward points)

Cash.....DR	10,000
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To revenue	9804
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To Customer Liability.	196
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Customer liability 196

To Revenue	196
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Considering the Cost of goods sold as 8000

Then,

COGS.... DR.	8000
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To Inventory	8000
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COGS....DR	180
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TO inventory 180

Case 2-

If they don't come to exercise the reward points then also we will exercise revenue but COGS won't be exercised.

Case 3-f it's unsure then we will check by the past experience and allocate proportionally.

How would you plan & strategize to raise marketing amount from other companies.

Ways through which we can plan it by :-

1) Affiliate marketing-We place on your website a link pointing to a product on another company's website. The link would include a special code that would identify us. If somebody clicks through that link and ends up buying something, that sale will be credited to us. Our business will get a commission for the sale.

2)Sponsored posts - This is where a company can pay us to publish a blog post with one or more of three features:

a brand mention

a link to their website

a product review (presumably positive)

3) Recommending products that create a need for our business.

4) Promoting their business to our customers.

Investment portfolio

35-40 % EQUITIES(Direct investments in market)

Mutual bonds-20-25%

Bonds-20%

Gold bonds -10 %

Fixed Deposit , recurring and saving-10%(because of liquidity)

How many reward points will you give with what strategies and at what duration of return for the following sections.

Games & Activities with the customers

Vendors who do our Marketing

Events in colleges

Games and activity with the customers should be given the most rewards points because they will be the one who will be the most engaged ones and frequent visitors. For example every game they play and win they can get rs 5.

Vendors can be allocated some and events in college would be a rare event but with a better reach hence the reward points should be given to games and activities with the customers as the returns are here mostly.

Pros and Cons of reward points-

1) The biggest advantage is customer retention.- It makes the customer feel valued which makes sure that they continue doing business with our company.

2)Would help in attracting new customers-

3) Data- When a customer signs up for our reward points we can register their information in our database. This data would enable us to determine their behaviour, buying practices etc.

4) Better communication with customers.

5) Reducing unprofitable customers-This will allow us to segment customers and discover profitable and unprofitable customers. Helps them in dropping off the customers who only buy the discounted products and avoid premium range almost on a regular basis.

Cons include

1) Market saturation- Many businesses use it and at one point it becomes identical.

2) Sometimes it's difficult to identify local customers-It is actually difficult to differentiate sometimes between loyal customers and repeated buyers. When a customer frequently buys a product then it might not necessarily be that they are loyal. They might be buying because of the perks that we might be offering them.

3) There are limitations to the data as well.- It does not look at the purchases from other brands and stores and provides a very limited picture of a customer's overall purchase behaviour.

4) Unused points act as liability for the vendors.