



Nespresso Coffee Capsules

“Spain Market”

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Agenda

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Goals & Objectives

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Introduction- FMT

- The Spanish coffee market is facing increased competition from other players like Lavazza and Illy within the coffee capsules market.
- The thesis examines Nespresso's introduction of "Nespro" protein-coffee capsules, focusing on cultural appropriateness and environmental sustainability. The capsules combine protein with coffee in a convenient format, appealing to health-conscious connoisseurs seeking a unique and nourishing coffee experience.
- The study examines Nespresso's distribution channels, value propositions and environmental initiatives to identify areas for improvement and expansion. It aims to position capsules for Spanish consumers, align with their values and emphasize sustainability practices.





Nespresso Loyalty Programme

“Nespresso & You”



“Nespresso & You” Loyalty Programme

Goals & Objectives

Customer Retention Program

- ❖ Enhances customer retention and loyalty.
- ❖ Provides private sales, complimentary shipping and machine warranties.
- ❖ Encourages brand loyalty and continued purchases.

Increase Purchase Volume

- ❖ Customers can attain categories (Connoisseur, Expert, Ambassador) through the programme by accumulating a specific quantity of Nespresso capsules annually.
- ❖ This is intended to encourage devoted consumers to purchase additional capsules.

Gather Customer Data & Insights

- ❖ Nespresso acquire valuable information regarding customer engagement, purchasing behaviour and preferences by implementing a customer loyalty programme.
- ❖ This information is utilised to tailor offers and enhance the consumer experience.

Contribute to the Sustainability Efforts

- ❖ Customers who purchase Nespresso products are demonstrating their support for the brand's sustainability initiatives and positive social influence, according to the programme.
- ❖ This is consistent with the messaging and overarching sustainability objectives of Nespresso's AAA Sustainable Quality programme.

“Nespresso & You” Loyalty Programme

Goals- Sales & General KPIs



Customer Lifetime Value (CLTV): €5,220



Retention Rate: 90%



Churn Rate: 10% per year



Purchase Frequency: Twice a month



Number of Participating Members: 1,400,000



Nespresso's tiered loyalty program boosts customer advocacy, revenue, and retention, resulting in low attrition and high retention rates, demonstrating its commitment to customer value and active involvement.

Nespresso Loyalty Program

“Nespresso & You”



The loyalty programme includes exclusive benefits and discounts which also provides specialised coffee materials to help the customer enjoy their preferred coffee every day. “Nespresso & You” provides an array of advantages correlated with the customer’s tenure with Nespresso and the extent of the customer’s consumption. Nespresso has three customer segmentation as a Connoisseur, an Expert and an Ambassador.

- ❖ Introduction of the new Nespresso Coffee Capsules line “ Nespro” which contains protein.

“Nespresso & You”

Current Loyalty Programme- Members Segmentation (By Levels)



Connoisseur

Attained immediately upon placing the initial order.

- ❖ Free Delivery.
- ❖ Coffee Offers.
- ❖ Machine Care.
- ❖ Coffee Experiences.

Expert

Attained after a duration of five years with Nespresso (or by acquiring a range of 600 to 1,200 capsules annually).

- ❖ Free Delivery.
- ❖ Coffee Offers.
- ❖ Machine Care.
- ❖ Coffee Experiences.
- ❖ 50% Discount off Descaling Kit.
- ❖ 20% Discount off Accessories.
- ❖ Online private sales.

Ambassador

Achieved after a duration of 10 years with Nespresso (or by purchasing 1,200 or more capsules annually).

- ❖ Free Delivery.
- ❖ Coffee Offers.
- ❖ Machine Care.
- ❖ Coffee Experiences.
- ❖ 50% Discount off Descaling Kit.
- ❖ 20% Discount off Accessories.
- ❖ Online private sales.
- ❖ Discount for Machine Upgrade.
- ❖ Exclusive Rewards.

“Nespresso & You”

Future Upgrade Benefits- “Nespro & You”



Connoisseur

- ❖ Highest tier unlockable through continuous membership or purchase of 1,500+ capsules.
- ❖ Machine discounts: 35% for Vertuo machines, 15% for Original machines.
- ❖ Unique gift on membership anniversary, either €10 for Original or €15 for Vertuo machines.
- ❖ 35% discount on the new capsules “Nespro”.

Expert

- ❖ Enjoy a 20% discount when purchasing Nespresso accessories and food items.
- ❖ Receive a free descaling kit for every 600 capsules purchased, up to 2 per membership year.
- ❖ 25% discount on the new capsules “Nespro”.

Ambassador

- ❖ Nespresso Assistance Signature.
- ❖ Progressive Discounts
- ❖ Multi-Machine Support.
- ❖ Technical Assistance.
- ❖ 15% on new capsules “Nespro” protein-coffee

“Nespresso & You” Members & KPIs



Connoisseur

(0-3yrs membership)

- ❖ 800,000 members (80%).
- ❖ Purchase frequency: Once a month.
- ❖ AOV: €30
- ❖ CLTV: €660
- ❖ Churn Rate: 10%
- ❖ CRR: 90%

Expert

(5yrs+membership)

- ❖ 400,000 members (40%).
- ❖ Purchase frequency: Once a month.
- ❖ AOV: €55
- ❖ CLTV: €6.600
- ❖ Churn Rate: 10%
- ❖ CRR: 90%

Ambassador

(10yrs+ membership)

- ❖ 200,000 members (20%).
- ❖ Purchase frequency: Once a month..
- ❖ AOV: €70
- ❖ CLTV: €8,400
- ❖ Churn Rate: 10%.
- ❖ CRR: 90%.

Reward System- Transactional



Connoisseur

- ❖ Coffee Gives: Nespresso's gives promotions to its members, catering to their inclination for distinctive encounters.
- ❖ Machine Maintenance: Nespresso's provides maintenance services for customers' machines, fostering a caring connection.
- ❖ Nespresso's arranges educational programmes to cater to the interest of its customers.

Expert

- ❖ A 20% reduction in price for accessories.
- ❖ Nespresso's offers a complimentary descaling kit that serves as a useful tool for maintaining the customer's machine, hence enhancing the connection.
- ❖ Nespresso's offers exclusive gifts for special occasions.

Ambassador

- ❖ Tailored offers are provided by Nespresso to meet the customer's specific requirement.
- ❖ Machine Discounts: Nespresso's provides a substantial discount for their valued customers.
- ❖ An Anniversary Gift is presented by Nespresso's in recognition of the customer's enduring patronage, fostering an emotive connection in the process.

Reward System- Emotional



Connoisseur

- ❖ Personalised welcome video or letter for new members.
- ❖ Exclusive content like behind-the-scenes videos, expert interviews, early product introductions.
- ❖ Milestone commemorations like "Nespresso anniversary" with unique gifts or personalized messages.

Expert

- ❖ Host exclusive VIP events for Expert members.
- ❖ Provide customised coffee recommendations based on customer data.
- ❖ Offer loyalty rewards for unique experiences like private barista classes.

Ambassador

- ❖ Establishing exclusive online community for dialogue and feedback.
- ❖ Exclusive coffee experience weekends in partnership with high-end hotels or resorts.
- ❖ Co-creation opportunities for new Nespresso products or services.

Frequency & Intensity of the Rewards

<u>Reward Type</u>	<u>Description</u>	<u>Frequency</u>	<u>Time Map</u>	<u>Intensity (Emotional Appeal)</u>
Free Delivery	Free delivery on orders over 100 capsules	Frequent	Connoisseur tier (0-1000 capsules)	Moderate - Provides convenience and value
Machine Warranty & Servicing	Warranty and servicing for Nespresso machines	Frequent	Connoisseur tier (0-1000 capsules)	Moderate - Ensures reliable machine performance
Coffee Masterclasses	Access to exclusive coffee education events	Frequent	Connoisseur tier (0-1000 capsules)	High - Enhances brand experience and expertise
Accessories Discount	20% off Nespresso accessories	Frequent	Expert tier (1000-1500 capsules)	Moderate - Provides tangible savings
Exclusive Rewards	Personalized offers, anniversary gifts, and other premium benefits	Infrequent	Ambassador tier (over 1500 capsules)	High - Fosters a sense of exclusivity and appreciation
Sustainability Initiatives	Opportunities to support Nespresso's environmental programs	Frequent across all tiers	Ongoing	High - Aligns with customer values and brand identity

Sign up/Acquisition Plan

Digital & Social Media Campaigns

- Social Media Influencer: partnerships with sustainability-focused influencers to create sponsored content showcasing their coffee capsules and loyalty program.
- Digital Advertising Campaigns: utilize various promotional strategies including display, video, and social media advertisements to enhance its coffee capsules and loyalty program.
- Email Marketing and Automation: enhance customer loyalty and repeat purchases by implementing automated welcome series, abandoned cart reminders, and personalized product recommendations.

Retail Expansion & In-Store Experiences

- Nespresso Boutiques Expansion: Focus on densely populated regions and retail complexes to expand Nespresso's boutique concept.
- Self-Service "N Cube" Stations. Introduce self-service "N Cube" stations to facilitate the easy perusal, selection, and purchase of Nespresso capsules by customers.
- Loyalty Programme Integration: Offering specialized, indigenous experiences, such as coffee sampling and seminars, to showcase regional coffee blends.



Nespresso Business Strategy

Pricing

- Capitalise on brand's exclusivity and excellence.
- Offer discounts and special offers to loyalty program members.
- Market coffee appliances as investments in Nespresso experience.

Assortment

- Expanding coffee capsule flavours and combinations to cater to diverse customer preferences.
- Offering diverse coffee machine models to cater to various consumer segments.
- Providing curated supplementary accessories to enhance Nespresso experience.

Marketing

- Align resources towards elevated, refined, opulent brand experiences.
- Utilize influencer marketing strategies and public figures.
- Promote loyalty program benefits like member-only events, personalized experiences, and exclusive offers.



Nespresso Business Strategy

Digital

- Optimize platform for seamless online purchasing.
- Employ digital advertising strategies like retargeting, search engine marketing and social media.
- Develop resilient mobile app for loyalty program tracking, purchases, and exclusive content access.

Brick & Mortar

- Strategically place boutiques in high-traffic areas.
- Incorporate personalized customer service, interactive product demonstrations, and coffee sampling.
- Use physical stores to stimulate loyalty programs and offer exclusive experiences.

Logistics

- Ensure timely, efficient delivery of coffee capsules and accessories.
- Implement reverse logistics for used capsule accumulation and recycling.
- Partner with logistics providers for convenient delivery options.

Technology Infrastructure



Integrated CRM & Customer Data Platform

- Nespresso to implement a centralised customer relationship management (CRM) system that consolidates consumer data from multiple touchpoints—including loyalty programme, online and in-store interactions.
- Salesforce Loyalty Management integrates CRM and CRM for personalized experiences.
- Or Zoho CRM Plus integrates customer service, marketing, and CRM for unified customer experience.

Customer Analytics & Insights

- Nespresso to invest in advanced analytics tools and dashboards to gain valuable insights from customer data, including purchasing behaviour, product preferences, attrition risk, and lifetime value.
- Smile.io: Provides insights and advanced analytics for loyalty programme administration.
- Or- Referrizer: Marketing automation platform with analytics and loyalty management capabilities.

Automation & Workflow Management

- Nespresso should implement customer retention software & tools to streamline customer engagement and success processes, including onboarding, support, and loyalty program administration.
- Salesforce Loyalty Programme, Zoho CRM Plus & Referrizer.
- Or-Yotpo: A cloud-based platform designed to assist e-commerce enterprises with content marketing and customer loyalty management.

Dashboard 1

Section	Metrics/KPIs
Program Growth	<ul style="list-style-type: none">- New member acquisitions- Membership growth rate- Capsule purchase frequency of new members
Member Engagement	<ul style="list-style-type: none">- Active member rate- Capsule purchase frequency of active members- Engagement with loyalty program communications/app- Net Promoter Score (NPS)
Reward Performance	<ul style="list-style-type: none">- Reward redemption rate- Average reward value per member- Incremental sales from reward redemptions- Cost per reward
Program Impact	<ul style="list-style-type: none">- Incremental revenue from loyalty program- Customer lifetime value of loyalty members vs non-members- Share of wallet from loyalty members- Retention rate of loyalty members- ROI of loyalty program investments

KPIs & Metrics	Nespresso Loyalty Programme Levels	Value
New member acquisitions	Connoisseur: 500-800 capsules, Expert: 800-1200 capsules, Ambassador: Over 1200 capsules	500 new members acquired in the last quarter
Membership growth rate	Connoisseur: 5% increase based on capsule purchases, Expert: 8% increase based on capsule purchases, Ambassador: 12% increase with over 1100 capsules every 12 months for 9 continuous years	10% increase in membership over the past year
Active member rate	Connoisseur: 60% active members, Expert: 70% active members, Ambassador: 80% active members	70% of members are active in the loyalty program
Engagement with loyalty program communications/app	Connoisseur: 70% engagement rate, Expert: 75% engagement rate, Ambassador: 80% engagement rate	80% engagement rate with loyalty program communications
Average reward value per member	Connoisseur: €10, Expert: €20, Ambassador: €30	Average reward value per member is €20
Customer lifetime value of loyalty members vs non-members	Connoisseur: 15% higher, Expert: 20% higher, Ambassador: 25% higher	Loyalty members have a 20% higher customer lifetime value compared to non-members

Conclusion

Through the ongoing improvement and adaptation of Nespresso coffee capsules loyalty programme, Nespresso can cultivate more robust customer relationships, stimulate recurring transactions, acquire significant insights, and maintain a competitive edge in the ever-changing coffee sector.



Thank You