

| CASE STUDY

How KYROS Helped Fanatics Explode Their Loyalty Program with Smarter Data and Forecasting



CLIENT OVERVIEW:

Fanatics dominates the licensed sports merchandise market, operating over 900 e-commerce sites and more than 1,000 retail locations under the Lids brand. Since 2022, the company has expanded into new arenas, launching sports betting with Fanatics Sportsbook, growing its collectibles portfolio through Topps and Fanatics Collect, and hosting live events like Fanatics Fest. These ventures collectively contribute to creating a global digital sports platform designed to deeply engage fans at every stage of their sports journey.

CHALLENGE:

Fanatics viewed FanCash, its popular and successful loyalty currency, as an important connector of the company's new businesses, and a critical component of the vision to create an integrated digital sports ecosystem that no other company could match.

As the loyalty program rapidly expanded, the loyalty team anticipated managing the complexity of FanCash across multiple business units would present several challenges:



Developing accurate FanCash award data and redemption rates across verticals.



Developing accurate data to manage the financial reconciliation between verticals, report current liabilities, and forecast future liabilities.



Implementing a scalable and auditable process for managing the loyalty program.



Navigating data consistency issues across multiple business units and numerous program channels.

While Fanatics had strong finance and analytics teams within each vertical, their focus remained on their own business unit data. As a result, they couldn't forecast redemption of FanCash across the company. Without a unified, company-wide view, it was difficult to set accurate redemption rates, establish transfer pricing, and create a cohesive financial strategy for the loyalty program. The leadership team knew they needed to bring in external experts to help solve these challenges and create a unified strategy.

SOLUTION:

KYROS immediately addressed Fanatics' pressing needs with specialized actuarial expertise and a holistic view of the loyalty program.

Here are some of the critical actions KYROS took:

- 1. Developed Member-Level URR Models:** KYROS created Ultimate Redemption Rate (URR) models at the member level, which gave Fanatics deeper insights into customer behavior across different verticals. These models allowed for more accurate predictions of redemption rates, tailored to each sub-business, and provided essential data for program management.
- 2. Facilitated Cross-Functional Communication:** KYROS aligned Fanatics' finance, marketing, and loyalty teams by ensuring everyone worked from the same data sets and models. This improved collaboration between departments and enabled more cohesive planning and execution of the loyalty program.
- 3. Delivered Strategic Forecasting & Analytics:** KYROS helped Fanatics forecast redemption rates for various verticals, providing valuable insights that supported more informed decision-making. Their enterprise-wide approach ensured that Fanatics could adjust the program as needed to meet business goals.
- 4. Industry Expertise and Proactive Data Support:** KYROS's deep industry expertise allowed them to act as an extension of the Fanatics team. They proactively identified and resolved data inconsistencies that could have impacted the program's success, ensuring smoother collaboration across business units.

Looking to the future, KYROS also positioned Fanatics to handle new programs and initiatives better.

“If we bring new programs or items, KYROS can provide us with a range of what the URR should look like. This way, we can go back to leadership with confidence, leveraging KYROS's experience with similar loyalty programs.”

– Thuyet T To Director, Corporate Accounting

This proactive approach ensures Fanatics can continuously refine its loyalty strategy and maintain a competitive edge.

KEY RESULTS:

KYROS's specialized expertise and holistic approach provided Fanatics with the tools to optimize FanCash, improve data consistency, and align the loyalty strategy with overall business goals.

The following results highlight the impact of KYROS's support:

- **Holistic View of the Loyalty Program:** KYROS enabled Fanatics to take a comprehensive view of the loyalty program's impact across all verticals. This holistic approach allowed Fanatics to break down departmental silos, optimize strategies across the entire program, and ensure that every vertical aligned with broader business goals.
- **Accurate Forecasting and Monthly Estimates:** KYROS provided consistent monthly liability and URR estimates, helping Fanatics to track and adjust the program as needed. This support was crucial in maintaining accurate forecasts, improving decision-making, and supporting long-term program stability.
- **Improved Data Integrity:** KYROS ensured that Fanatics had clean, reliable data, strengthening the loyalty program's foundation. This allowed for more informed decision-making across business units and helped Fanatics avoid costly errors.
- **Risk Management and Strategic Insights:** By developing accurate liability estimates and URR models, KYROS helped Fanatics navigate potential risks. As a result, it helped Fanatics minimize financial exposure while optimizing the loyalty program's overall performance.
- **Accurate Forecasting for New Verticals:** KYROS's forecasting support allowed Fanatics to confidently introduce new verticals into the FanCash program, providing clear insights into customer redemption rates and financial impacts.

“KYROS has been incredibly responsive to our requests, often with short lead times. The detail and depth provided in the monthly numbers, along with important considerations beyond just the raw data, are invaluable. Even when iterations are required, the turnaround is always as fast as we could expect. This is especially important when we're pushing for deadlines, and it's a relief to have one less thing to worry about. That level of support is truly valuable.”

– Douglas Glazer, VP, Loyalty and Gift Cards

WHY OUTSOURCING TO KYROS MATTERS:

Fanatics realized that managing a complex loyalty program like FanCash required specialized actuarial expertise beyond the scope of traditional finance, accounting, and analytics.

KYROS provided this critical expertise, offering actuarial knowledge and a holistic view of the entire program. By looking at the program enterprise-wide, KYROS could identify how different parts of the business were interconnected and deliver insights that enabled Fanatics to make more informed, strategic decisions.

Additionally, Fanatics leveraged KYROS' comprehensive understanding of loyalty programs to implement best practices tailored to FanCash. With years of experience working across various industries, KYROS introduced strategies that optimized redemption rates, streamlined operations, and minimized financial risk.

“KYROS feels like an extension of our team. Their flexibility and responsiveness have been key as we've grown. They ensure we have the clean data we need, and they provide valuable insights as we forecast for new verticals. We couldn't have done this in-house. KYROS has the specialized skills that we don't have, and they provide a full enterprise view that's been critical to our success.”

– Hayley Norris, Senior Director of Enterprise Loyalty, Fanatics

WHY KYROS?

KYROS stood out because of their ability to provide tailored actuarial and strategic support from the beginning of Fanatics' program evolution. Their deep understanding of the loyalty program landscape and flexibility and responsiveness ensured that Fanatics had the insights and resources needed to grow their FanCash program across multiple verticals.

CONCLUSION

If your organization is facing challenges with managing a loyalty program or handling complex forecasting, KYROS can help. Our specialized actuarial expertise and strategic support can optimize your loyalty program and provide you with the insights needed to drive growth.

Contact [KYROS](#) today to see how we can transform your loyalty initiatives.