

Loyalty and Promotion Management Best Practices

1. **Providing incentives for your customers to buy now and come back can be very complex. Understand your customers and incentivize them based on their buying patterns.** There are many types of programs out there. Some will work for one retailer, some may not. Understanding your customer, how they buy, what their key decision factors are, etc., will help you identify the proper mix of incentive programs needed to drive sales.
2. **Analyze your conversion, top abandonment pages and your competition to help keep customers from going elsewhere.** The key abandonment factor is cost, whether product pricing, shipping, or even tax. Gearing your promotions to reduce cost will help you convert orders. Understanding how the competition rewards their customers will help you prevent excessive incentives.
3. **Show customers products they may want and incentivize them to buy.** The mega-discount warehouse model convinces customers to buy things they may not need but, because the prices are so good, they can't pass them up. Customers didn't plan to buy a gallon of ketchup, but they do. Online retailers can learn from this model and merchandise and promote their sites to drive sales of items customers may not think they need. As long as this is done within reason and does not overly distract your customers, it can be an effective tool to increase order items and values.
4. **Try to convert your customers' abandoned cart.** Just because a customer has abandoned their cart does not mean they will not return and order. Sending them an incentive to order those items may bring them back to purchase.
5. **Try to create reasonable promotions geared to increasing the quantity of items purchased.** Having a promotion of "buy 10, get 2 free" for a product that customers only buy one or two of at a time does not make sense. Perhaps "buy 3 get 1 free" will increase sales from the original single item purchase.
6. **Create promotions to tie into cross-sells.** The best time to up-sell a customer is when they are considering buying a particular product. Tying the product to a few up-sells and accessories will help drive a few more sales. However, if you tie them in with a promotion, then you will drive sales even more.
7. **When creating loyalty programs, target your top customers.** This will increase repeat purchases and profit. Finding them and defining them will take some work. You will need to understand what drives their purchase decisions and to continually acquire more information to better target them.
8. **Rate your customers on how they purchase, not just how much and how often.** Rating your customers based only on number and quantity of orders may miss some key elements. If they always use promotions, or they only purchase your outlet items, then they may not be your top customers. They may still be good customers, just not your most profitable ones.
9. **Continually strive to find new customers and to turn current customers into loyal ones.** While obvious, we sometimes put this important aspect of building business behind other pressing tasks.
10. **Cultivating customers is all about information; know what you need to know.** What works well, why, for whom, and when is a puzzle facing many retailers. Being able to answer this question requires a full view of the customer that comes from integrated analytics, CRM, eCommerce, and email marketing. Gather all this information and continually add to your information repository to build your customer knowledge.