

## Loyalty and Promotion Management Best Practices

1. **Understand your customers and incentivize them based on their buying patterns.** Understanding your customers, 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's offers to help keep customers from going elsewhere.** The key factor for abandonment is cost, whether product pricing, shipping, or even tax. Gearing your promotions to reduce cost will help you convert orders. Understanding how your competition rewards its 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. Online retailers can learn from this model and merchandise and promote their sites to drive sales of items customers may not realize 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 carts.** Just because a customer has abandoned a cart does not mean they will not return and order. Sending them an incentive to order those items may bring them back to purchase. Sometimes, an email without an incentive can also cause a conversion event.
5. **Try to create reasonable promotions geared to increasing the quantity of items purchased.** Having a BOGO promotion (buy one get one 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 the product in with a promotion, then you will drive even more sales.
7. **Turn current customers into loyal ones.** Create a loyalty program that truly incentivizes repeat purchasing. This can be in the form of points-based, or credit-based loyalty, or a subscription program. Customers want to be rewarded for their loyalty, and feel special for being a part of your ecosystem.
8. **Offer loyalty rewards that appeal to your top customers.** This will increase repeat purchases and profit. Finding and defining your best customers will take some work. You will need to understand what drives their purchase decisions and to continually acquire more information to better target them.
9. **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.
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 transactions, and email marketing. Gather all this information and continually add to your information repository to build your customer knowledge.

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# eCommerce Diligence™ Checklist

## Loyalty and Promotion Key Questions to Ask Providers

### Company

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1. How long have you been in this business?
2. How many clients have you sold? How many have you lost, and why?
3. What size or types of clients fall into your “sweet spot”? Won any awards in that space?
4. What peripheral or supporting services do you offer (e.g., technology, SEO/SEM, creative design, photo shoots)?

### Products/Services

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1. Is your solution offered as perpetual licensed software or on-demand multi-tenant solution?  
**If perpetual license:**
  - a. What are the hosting requirements?
  - b. What should I expect regarding upgrades (both timing and pain)?
  - c. Do you provide customization/implementation services?
  - d. Can outside third parties provide customization/implementation?**If SAAS/ASP:**
  - a. Do all tiers include maintenance and support?
  - b. How often are new features introduced?
  - c. What do I do if I need a feature you don't have or plan to have soon?
2. What optional services do you provide as part of your solution?
3. How long to implement a basic solution? A sophisticated one?
4. What ROI should I expect from implementing your solution?
5. What type of training do you provide to use your solution?
6. What skills does my organization (or hired third party) need to implement this platform?
7. What technical support services are available?
8. Do you have a support knowledgebase, community forum, or applications that are shared by customers?
9. Which third-party product technology eCommerce platform providers have you worked with in the past?

### Features

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1. What key features are included in your solution?
  - a. What features are currently missing, on your roadmap, does management love? What about shoppers?
2. What is your product's competitive advantage over other packages? Why?
  - a. Price? Dashboard? Ease of use? Flexibility? Don't say “all of the above”.
3. Please describe your philosophy on increasing customer loyalty.
  - a. How do you help me achieve this?
4. What information do you need to determine and manage customer groups for loyalty and promotions?
  - a. Where do you need to get this information (e.g., eCommerce, analytics, CRM applications)?
  - b. Is this feature available in your solution or externally fed into your system?
5. How will I know whether your solution is improving my profitability and customer lifecycle value?
  - a. How will I be able to use your system to improve these?
6. How does your platform integrate with other loyalty or promotions systems (eCommerce, CMS, analytics, email and back-office)?
  - a. Please list the applications for which you have standard integrations already built.
  - b. Please list the applications where you have built custom integrations.
7. Do you have a management console? Features?
  - a. Is it web-based, application-based, other?
8. Do you have reporting and a dashboard?
  - a. Please describe the reporting capabilities and how your solution can determine effectiveness of loyalty and promotions.
  - b. Please provide a list of standard reports.

### Pricing

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1. What is the license fee (if perpetual license)?
2. What are the pricing schedules and what features do they include (if SAAS/ASP)?
3. How do you charge for annual support? What about maintenance?
4. Are there any hidden fees (e.g., implementation, transaction costs, revenue sharing)?

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