

How to Acquire Low-Cost, High-Value Customers Using Digital Rewards



Introduction

The cost of acquiring customers (CAC) has risen 50% over the past five years - and that's a huge problem. Whether you're a large Utilities & Energy company or a fast scaling FinTech business, having a cost-effective customer acquisition strategy is essential.

Over that same period, Incentive Marketing has emerged as an effective and cost-efficient acquisition strategy. Especially for increasing conversion rates further down the marketing funnel. The logic is simple - people like being rewarded. So, with the right incentives, you can motivate them to make a purchase.

If you're in a competitive consumer market, this guide is especially for you. We'll explain how you can stand out from the crowd and run highly-effective acquisition campaigns like Vodafone, Fidelity, Verizon and E.ON using 3rd party incentives.

e.on

Fidelity

verizon[✓]

vodafone


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Why are customer acquisition costs going up?

The 'new' wave of digital marketing has matured. Literally, every business has a PPC or Content agency on retainer. The long and short of it is that, you are competing with *a lot* of companies for your customer's attention.

Paid advertising is effective at generating top-funnel awareness. However, given mass adoption - price competition is rampant and the most valuable keywords are increasingly expensive.



THE ROI
on Pay-per-click
and Content
Marketing is
diminishing

Companies are publishing

- ↑ **300% more content per month compared to 5 years ago.**

Content Marketing salaries have

- ↑ **gone up 25-40% over 5 years.**

Avg. no. of *shares* per post has

- ↓ **fallen by 90% compared to 2 years ago.**

This isn't to say that companies should abandon paid advertising and content marketing. Not at all! These activities bring in crucial top-funnel traffic and are still ROI positive.

However, both of those channels are now maturing and increasingly becoming saturated. After a certain point, investing in PPC advertising and Content Marketing won't give you the best ROI. Other strategies will offer better returns and must be explored.

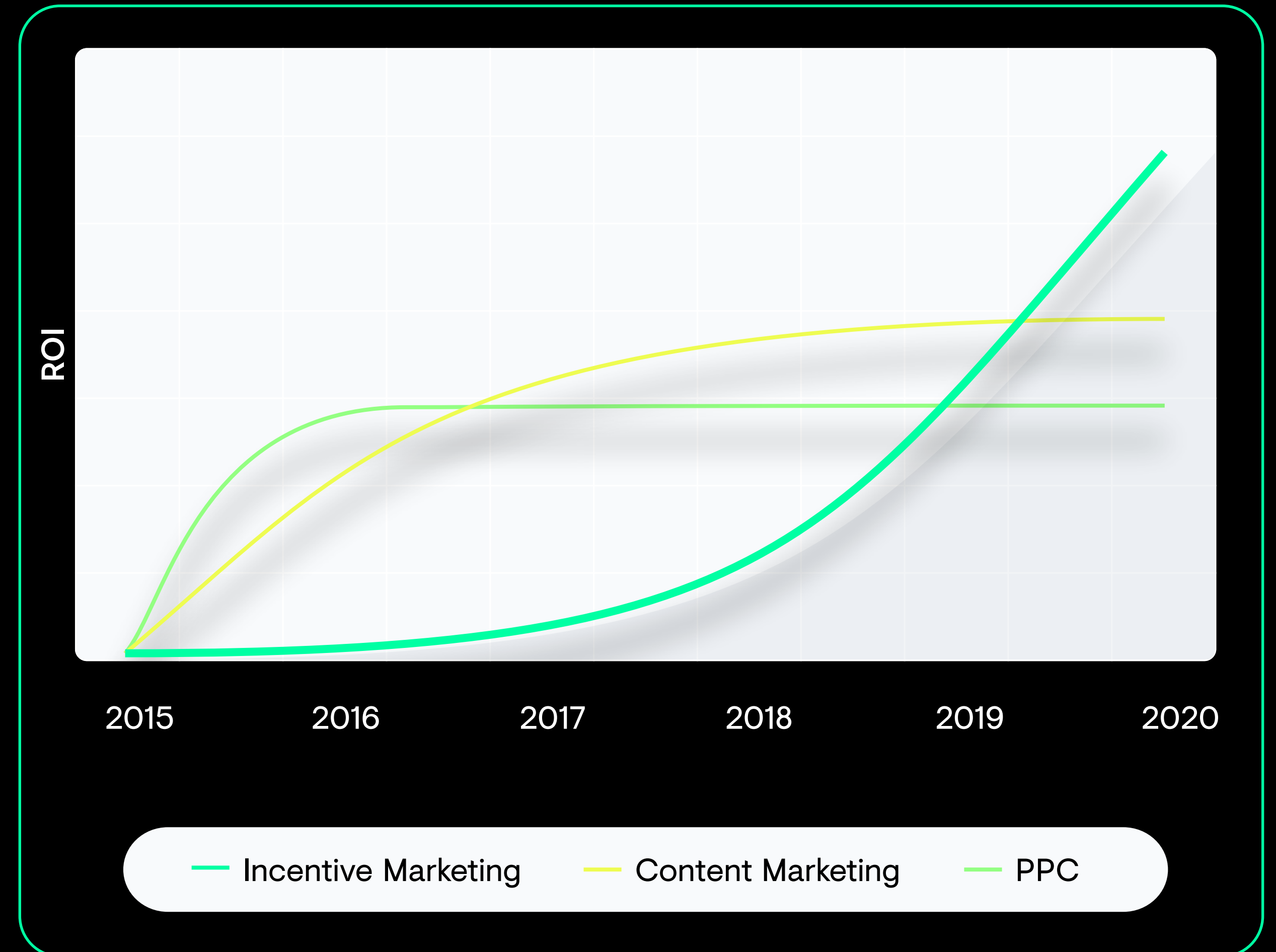


If you want to improve your customer acquisition effort, ask yourself:

- 1) Is your customer acquisition budget being spent on the highest ROI activities?
- 2) Are you improving conversion rates further down the buyers journey?

The focus shifts to gaining efficiencies further down the funnel - converting prospects who know about your company and products but are on the fence about going with you over a competitor.

Enter Incentive Marketing.

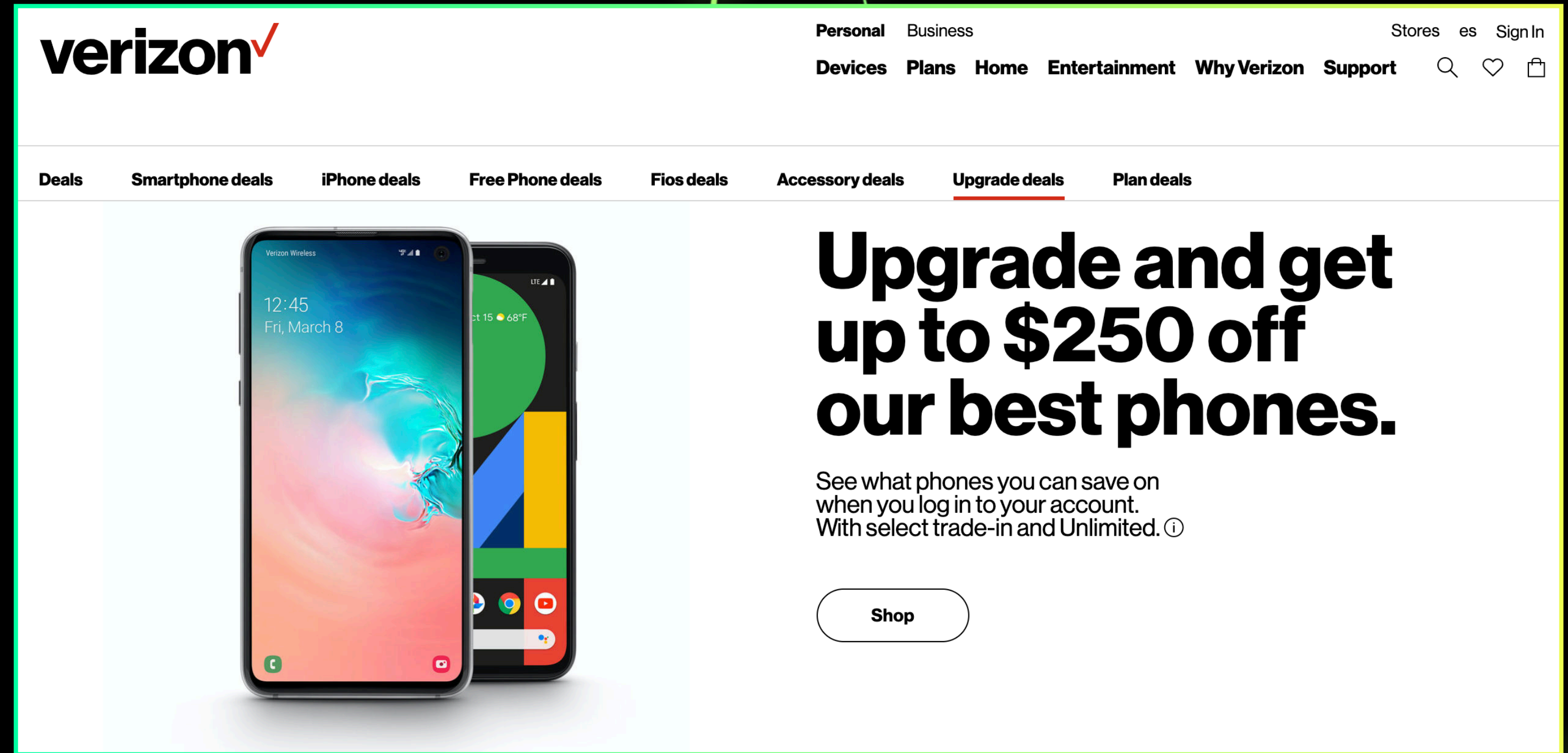


Incentive Marketing

How to boost ROI and optimize bottom-funnel conversions

Incentives are straight forward - they give your prospects a clear reason to sign up with you.

So, instead of spending your marketing budget on increasingly technical channels, you can pass on that benefit to the customer in the form of discounts, free gifts, or digital gift cards. (More on which form of incentive is best for your business here)



What makes a 'good incentive'?

After analyzing over 200 incentive marketing campaigns we found that the most compelling ones had four defining characteristics.

1. Valuable, relevant & memorable - trigger an emotive response

Incentives must be undeniably valuable to your target audience.

Prospects should instantly be able to see how that incentive would impact their life.

Straight up cash discounts are great, but unless they are significant - 25% or greater, they don't really tick the 'memorable' box. Very few people (and I'm being generous here) will have an emotional response to a 10% discount on their monthly insurance premium.

That's why Amazon and VISA Gift Cards make great incentives - they are as good as cash in terms of real value. But, unlike a price discount they get the customer thinking "Ooh, I could treat myself to X" - creating an emotional event.

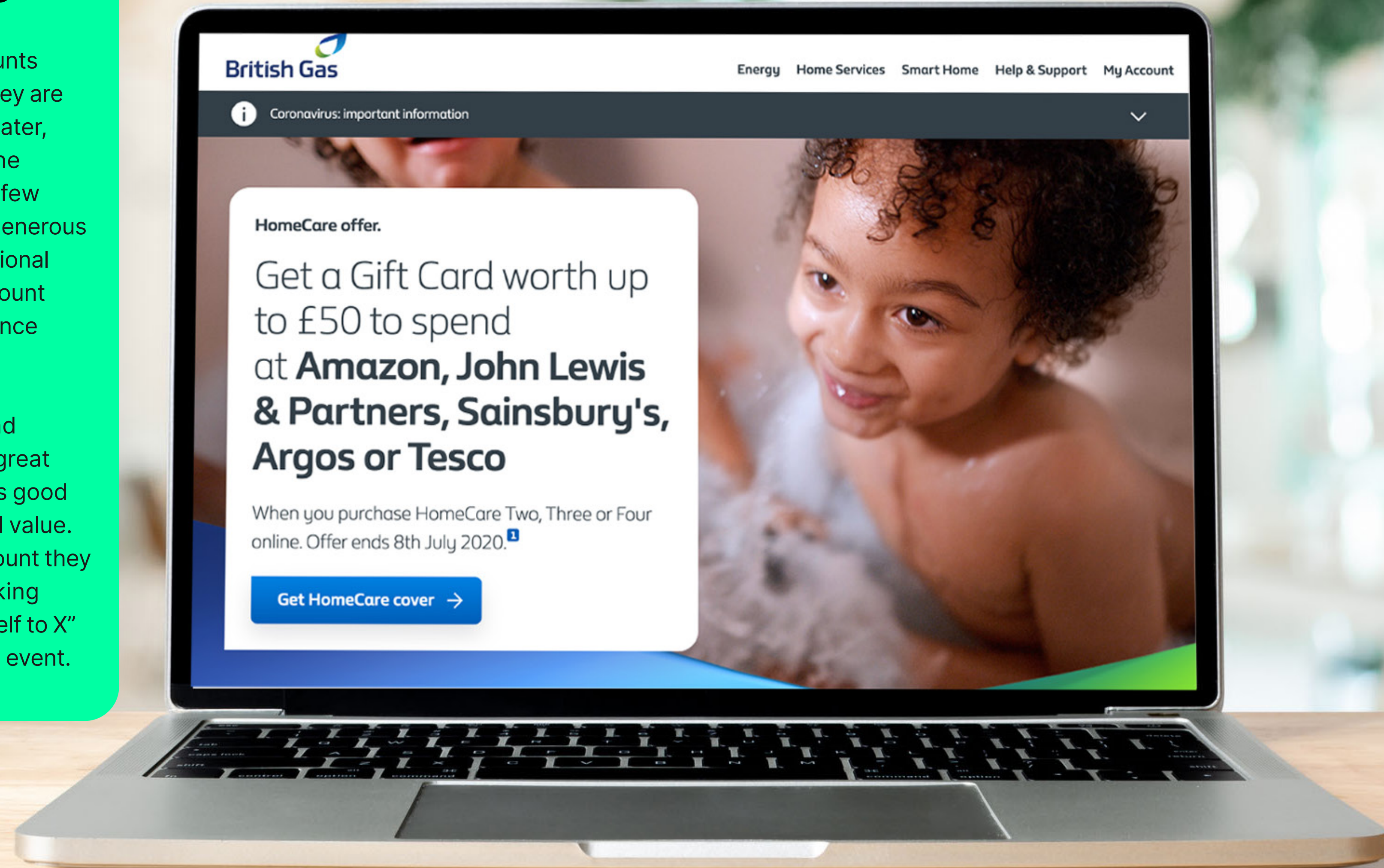
UNLESS THEY ARE SIGNIFICANT
- 25% or greater, cash discounts don't really tick the 'memorable' box.

Example 1:

British Gas HomeCare (Insurance)

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Example 2:

Upstart Loans (Finance)

For businesses with long sales cycles (several steps on the journey to becoming a customer), incentives can be used at any point in that journey to improve conversions. So, If you know that a certain action leads to sales down the line, you can also use incentives to motivate prospects to complete those actions. A common example of this is “book a test drive” for the car sales industry, or as shown in the example below - checking borrowing rates from a loan provider.



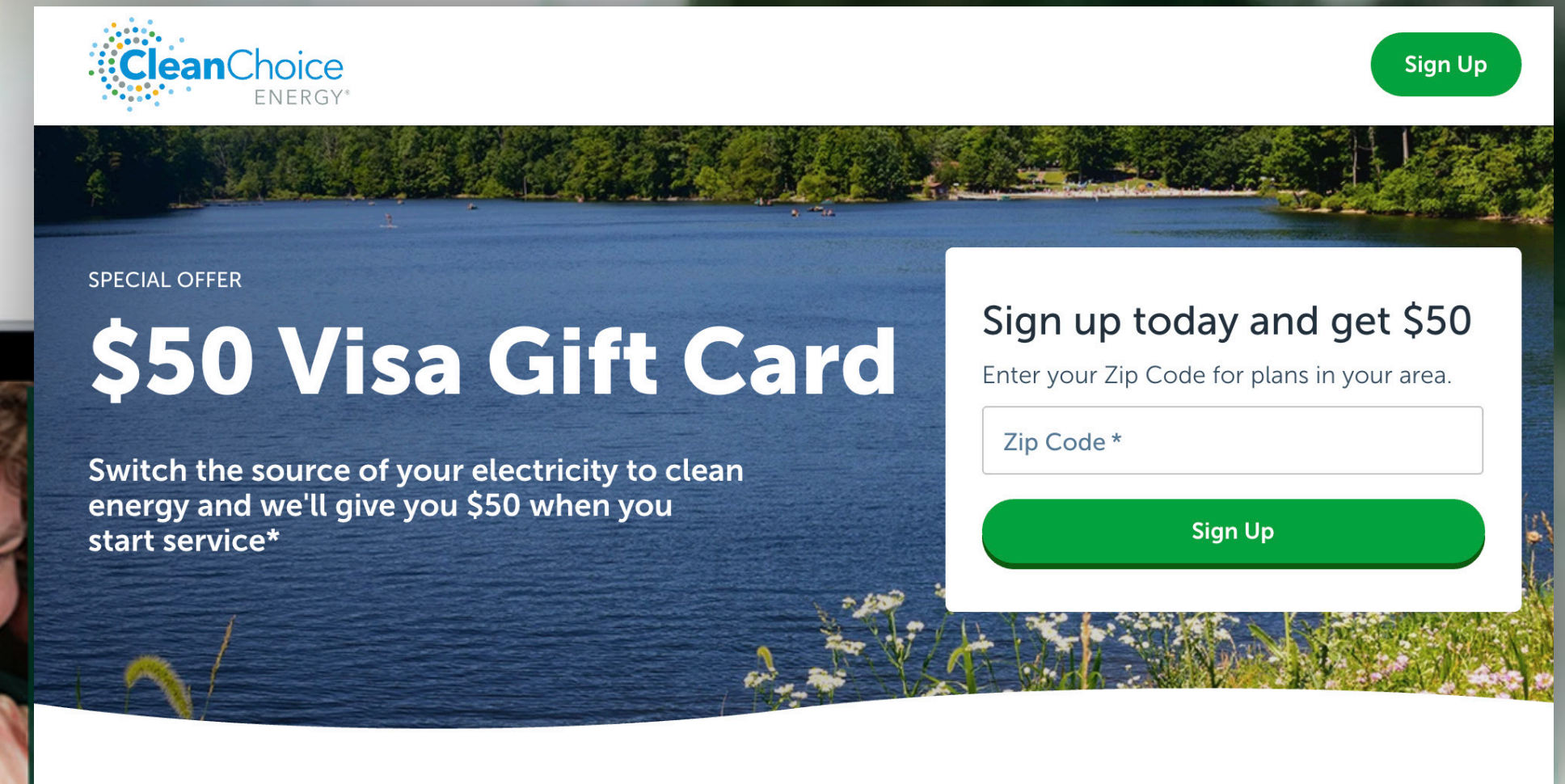
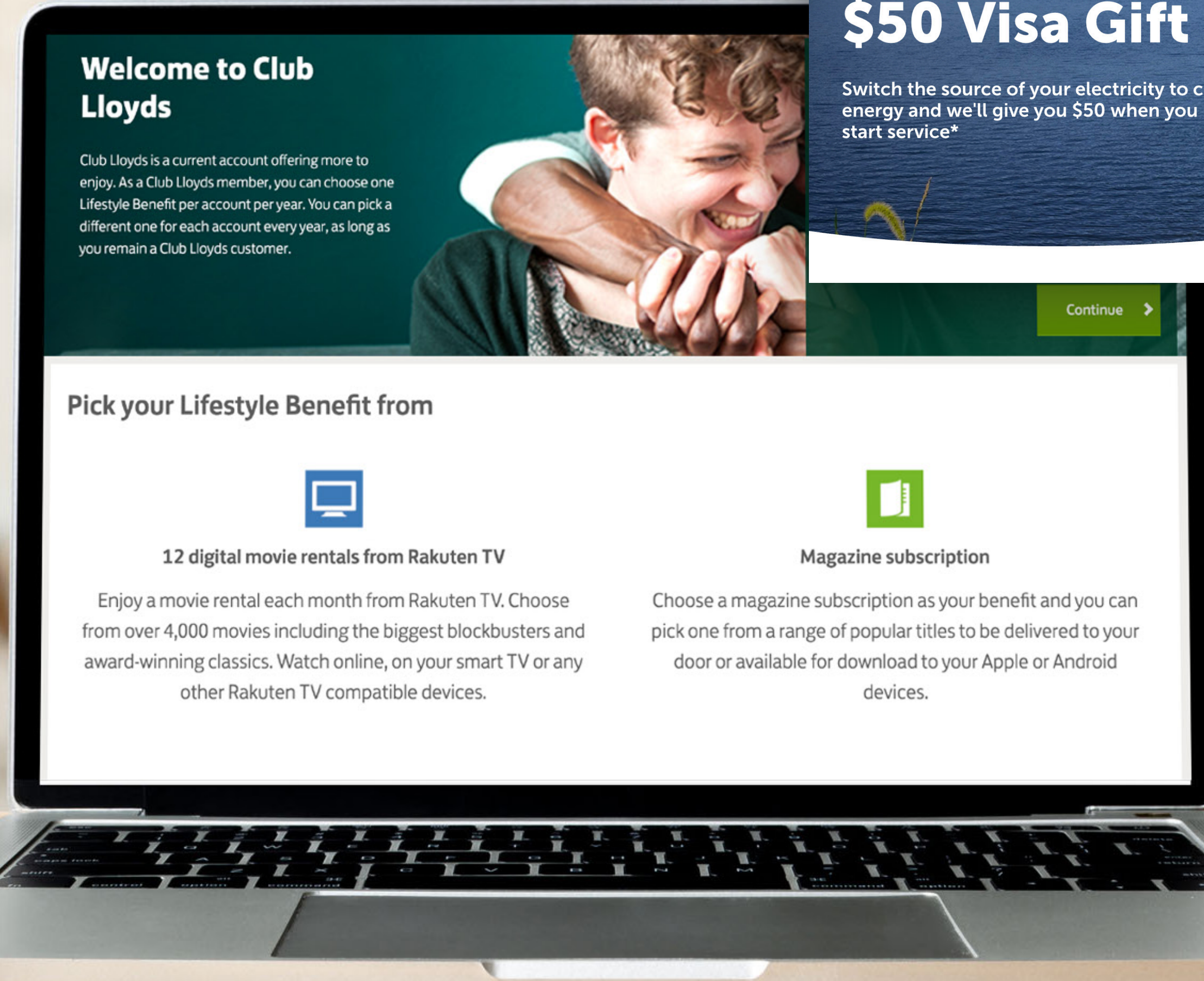
Upstart Loans (Finance)

Amazon, VISA and Mastercard gift cards work particularly well for the energy sector as people looking to switch providers are often looking to save hard cash.

However, Amazon gift cards are not always the best option for every business. To squeeze even more value out of branded incentives (and make the most of gift card discounts) you should try and tailor your offering to your target audience. Pick a branded incentive that is already top of mind for your customer. An incentive that matches the intent of the purchase they are looking to make. For example:

- A spa day reward for a health-conscious mum (Wellness Industry)
- Cinema ticket rewards for a college student (Bank - Student Accounts)

Lloyds Bank offering prospective customers Cinema Tickets as a rewards



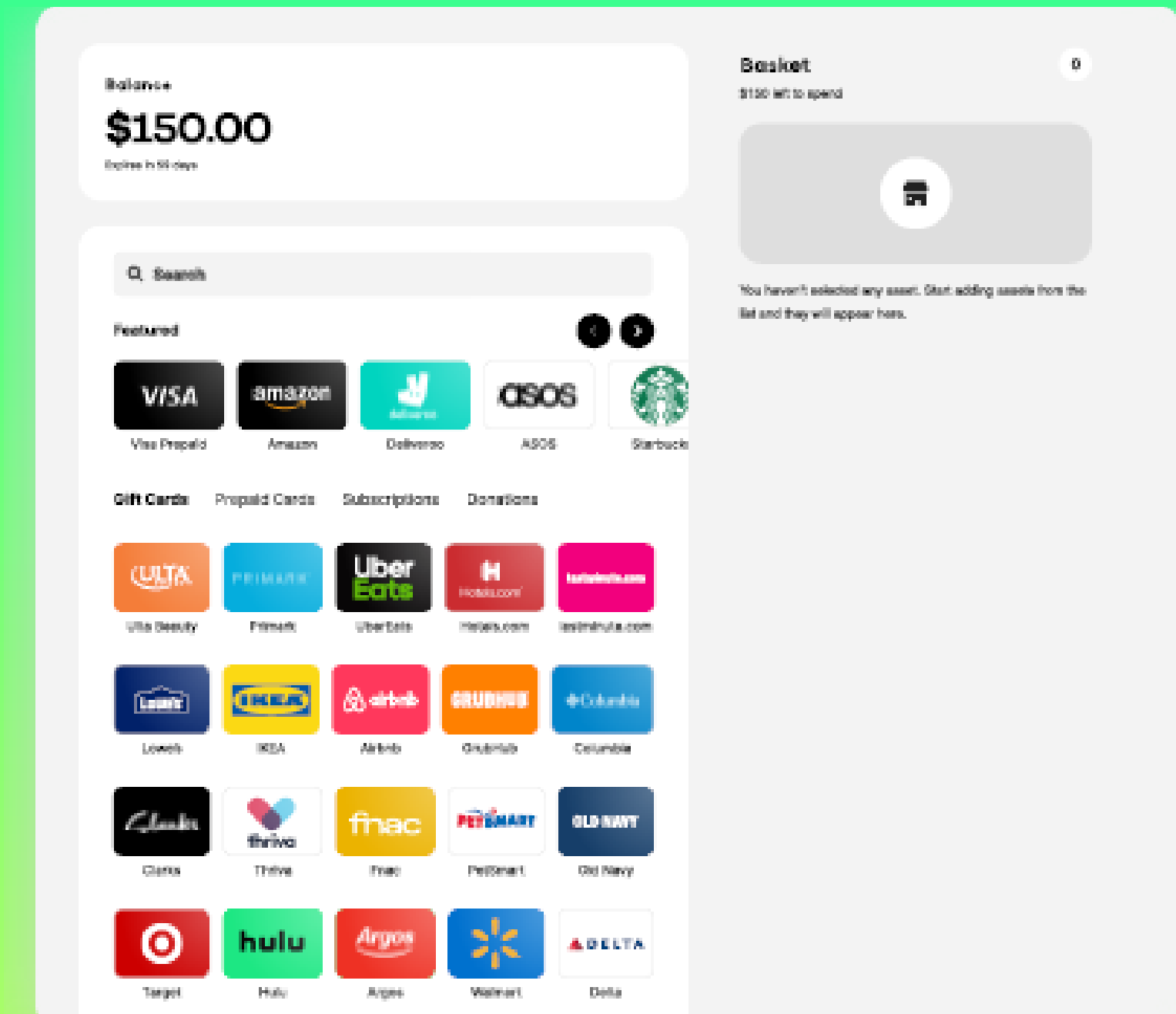
CleanChoice Energy offering a VISA gift card as an incentive to switch energy providers

Not sure what your audience likes?

If you're new to incentive marketing, you might not know which brands to go for. It could take a lot of trial and error to figure out which incentives are most effective at attracting your target audience.

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Once you've run a couple of campaigns, you'll have a much better understanding of what motivates your customers.



What makes a 'good incentive'?

2. Easy to claim: instant gratification is key

The first thing someone thinks of when they come across a great incentive is-
"How much of a hassle will this be?"

As a marketer, you really have to pay attention to the buyer experience. You have to reduce the "time to value" and make the process as smooth as possible. Here's how:

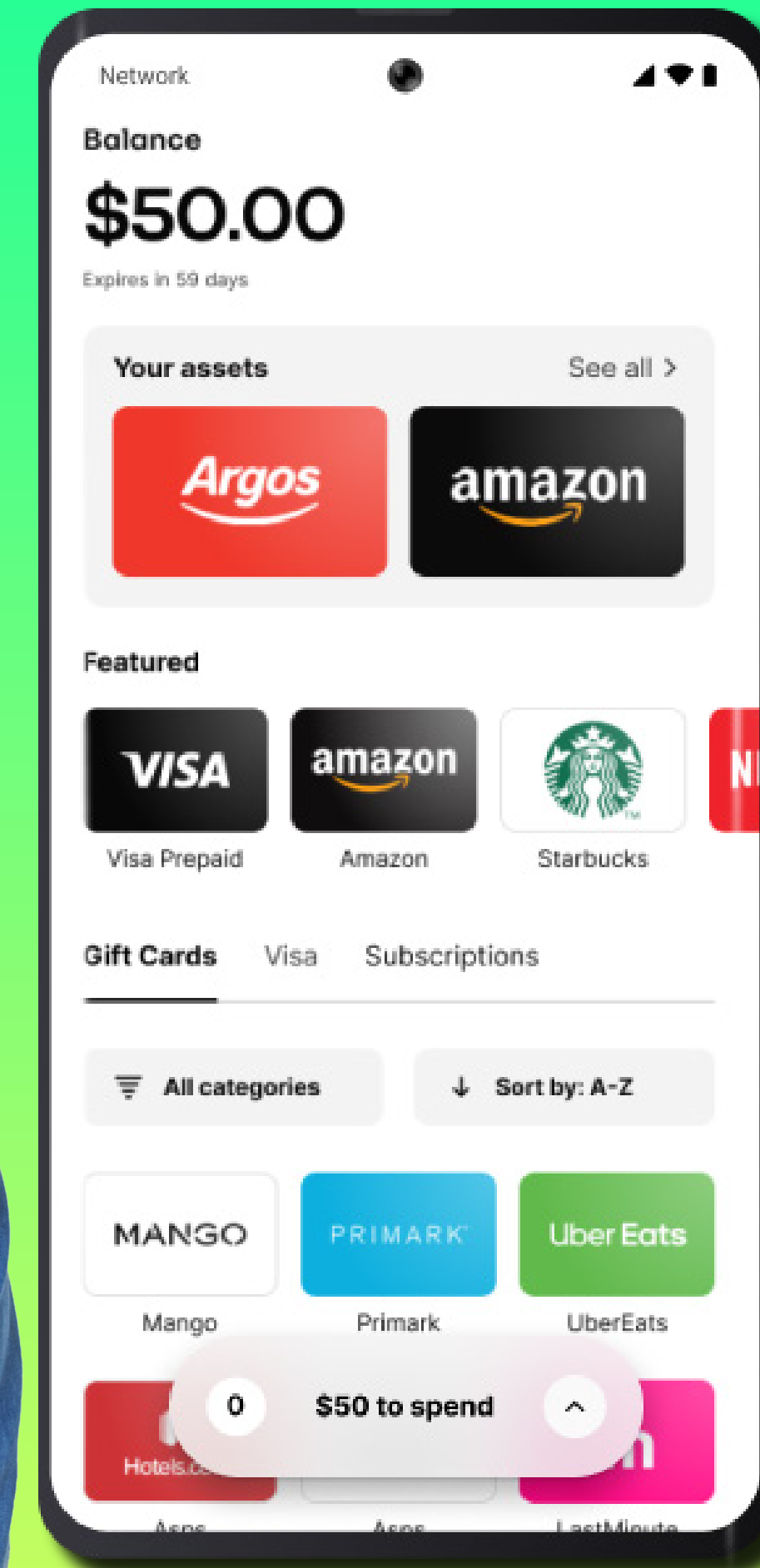
Go Digital:

No one has the time to deal with a physical gift card

Physical gift cards are a huge hassle for customers, but also for you as a business. You have to deal with the gift card provider, send excel sheets back and forth via email (this is a nightmare). And then arrange for the cards to be posted out, which can take several days.

Instead, send a digital reward. You can automate this whole process with Runa. From setting up the customer-facing landing page to the email delivery of the digital gift card.

Once they sign up, the customer automatically and instantly gets their gift card via email, which they can easily redeem in seconds. Here's what that looks like:



Think about the User Experience (UX):

Set expectations and guide prospects

Customers shouldn't have to read a document on how the incentive works. The process should be seamlessly merged with the purchase. If it's not intuitive - get ready for a whole load of customer service tickets and upset customers.

You should always be upfront about the qualifying conditions for the incentive and the T&C's that go with it. Create a simple FAQ section so that customers know exactly what to expect and how to go about it.

How to use

Online



You can use your gift card to pay for purchases on [Amazon.com](#). Simply add the gift card number and the PIN in the gift card section at check out.

Frequently asked questions

Online

Can more than one e-gift be used on a single purchase?	✓ Yes
Can the leftover balance on my e-gift be used for future purchases?	✓ Yes
If the e-gift does not cover the purchase amount can I pay the difference with an alternate form of payment?	✓ Yes
Can an e-gift be combined with other coupons, voucher or discounts?	✓ Yes

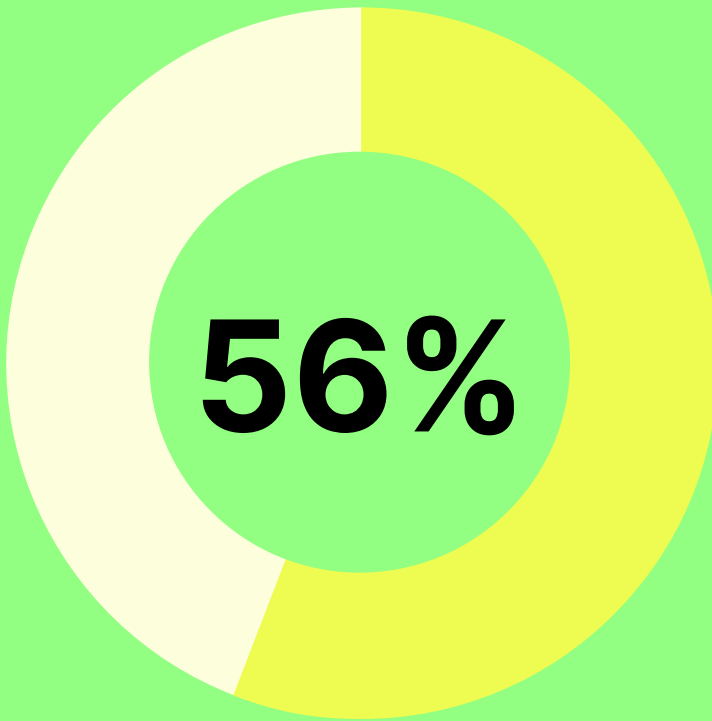
Support & troubleshooting

	Customer Service Find support related to your eGift Card	Get support
	Phone support Speak to Amazon support on +441223123456	Call support

Mobile friendly:

Keep your rewards handy

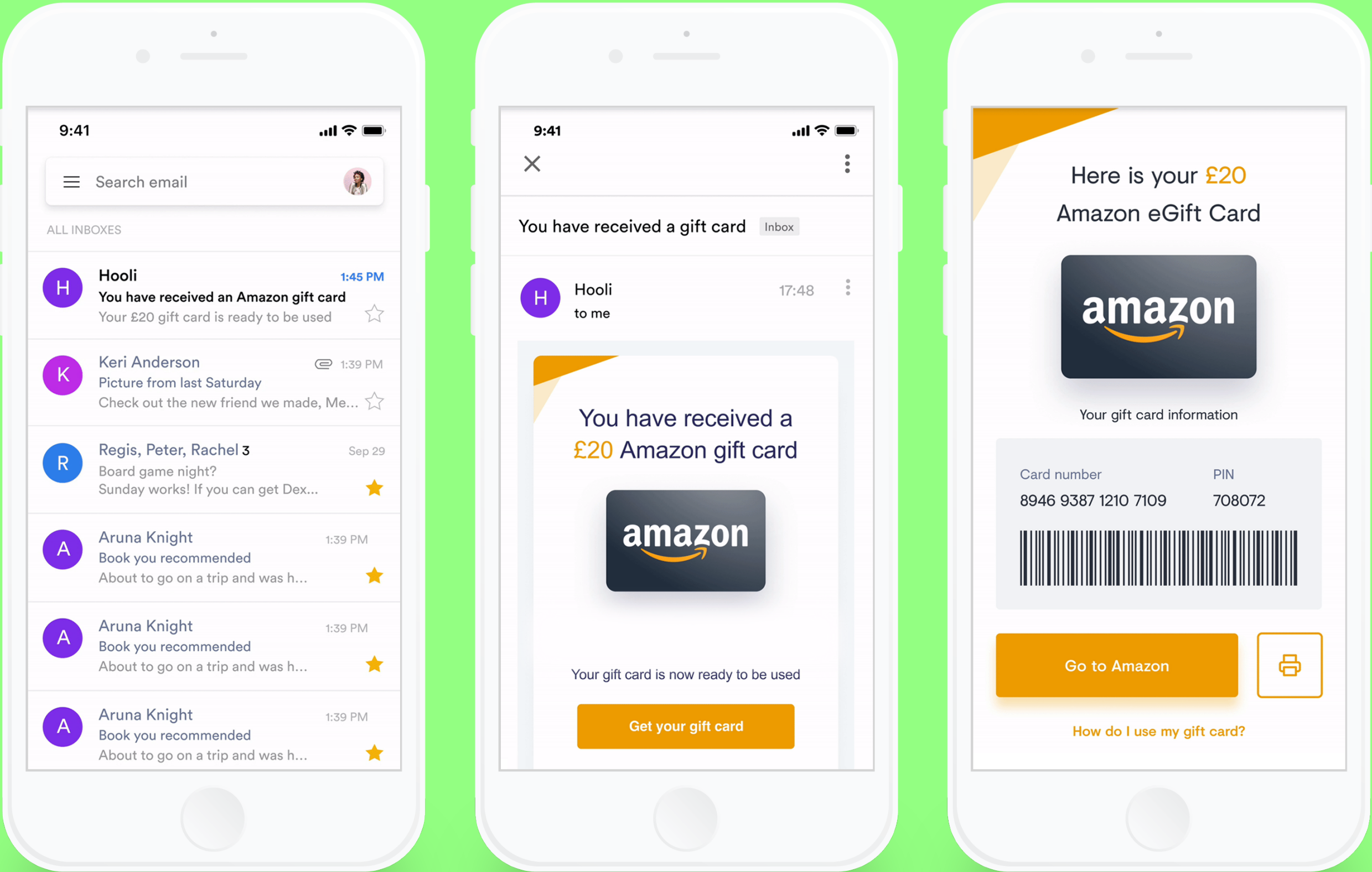
According to stats from Monetate, smartphone traffic to retailers accounts for 56% of all traffic (worldwide). You don't want to miss out on that!



Smartphone traffic to retailers accounts for 56% of all traffic (worldwide).

When designing your Incentive Marketing campaign, think about the user journey from a mobile-first point of view. This is especially important if you are promoting your incentives using social media as those platforms are primarily designed for mobile users.

This extends to the delivery and redemption of the incentive. No one wants to have to navigate a clunky desktop site to redeem a gift card.



What makes a 'good incentive'?

3. Cost effective

So, how do you maximize the ROI of your Incentive Marketing campaign?
Two things - make the most of wholesale discounts and pay-per-customer.

How do you maximize the ROI of your Incentive Marketing campaign?

Buy your incentives at a discount

You can get up to 25% in discounts when buying gift cards for your campaigns. So for example, a \$50 cinema gift card incentive will only cost you \$37.50 to send out.

It's discounted money!

If you're running a large consumer focussed campaign, say 5000 x \$50 gift cards, instead of paying \$250,000 you'll only be paying \$187,500. That's \$62,500 in savings - lowering your average acquisition cost per customer.

Of all the different kinds of incentives (cash discounts, gifts, bundles, free add ons), this is where digital gift cards shine through.

Where do the discounts come from?

Retail brands view gift cards as a means of generating revenue in advance of selling their products. They are happy to give discounts on wholesale orders, which makes them perfect for Incentive Marketing campaigns.

Discounts vary based on the margins brands make on their products. You'll see retailers who have high margin products like jewellery give 20% discounts. And retailers with low margins like Grocers and Department Stores give 3-5% discounts.

Do I have to build relationships with all the different brands?

In the past, businesses would have to build individual relationships with brands, commit to bulk wholesale orders (not knowing how many they'll need for their campaign), negotiate discounts, manage inventory and process deliveries. This made it a costly and cumbersome operation to set up.

Runa have revolutionised this industry. Businesses can instantly access an 800+ brand catalog, avail the market-leading discounts, and plug them right into their incentive marketing campaigns (on-demand).

THESE DISCOUNTS have a huge impact on the ROI of your Incentive Marketing campaigns.



How do you maximize the ROI of your Incentive Marketing campaign?

Recover unclaimed incentives

One of the challenges with incentive marketing is that you can't segment and exclude certain customer groups from your offer - especially customers who were willing to buy your product without the incentive. As a result, a portion of these incentives go unused or unclaimed. This is a lose-lose situation, you end up paying for an incentive that doesn't get used!

This is true of incentives like add-ons, bundles and physical gift cards - there just isn't a way to recover the costs of unused incentives.

With Runa, you can automate the recovery of unwanted and unclaimed incentives. This is a huge innovation in the Incentive Marketing industry as it lowers the cost of acquiring customers significantly. Acquisition campaigns in B2C consumer markets (Energy, Telecom, Retail Finance) report that 20% - 25% of their incentives go unclaimed. Recovering that cost has a huge impact on the ROI of the overall campaign.



What makes a 'good incentive'?

4. Trackable - Optimize conversion rates and measure your ROI

It is essential for you to be able to track and attribute revenue to your Incentive Marketing campaigns. On a high-level, the key metrics that you should be tracking are:

- Cost of acquisition per customer (CAC)
- Revenue Generated
- Return on Investment (ROI)

Key metrics



REACH

Impressions, website traffic, landing page views (offer page)



ENGAGEMENT

Advertising CTR's, Social CTR's, Avg. time spent on offer page



CONVERSIONS

Page views – Sign up conversion rate, No. of new sign ups, AOV



CHOICE

Incentive chosen (if more than one has been offered)



REDEMPTIONS

Unclaimed Rewards (as a %)

Tracking these metrics on a campaign by campaign basis will help you understand how different incentives compare. They will also indicate drop-off points in the buyer's journey, which can then be optimized.

For example, if you have high engagement in terms of CTR's on your ads, but low conversion rates on the offer page - look into the design and messaging on the landing page and see how you can make it easier for your prospect to make their purchase.

How to promote your incentives effectively

Your Incentive Marketing offer is all set up and you've created a great buyer journey. Now what? How do you get the word out about your offer? These promotion tactics will kickstart and supercharge your campaign.

Make your offer time-sensitive

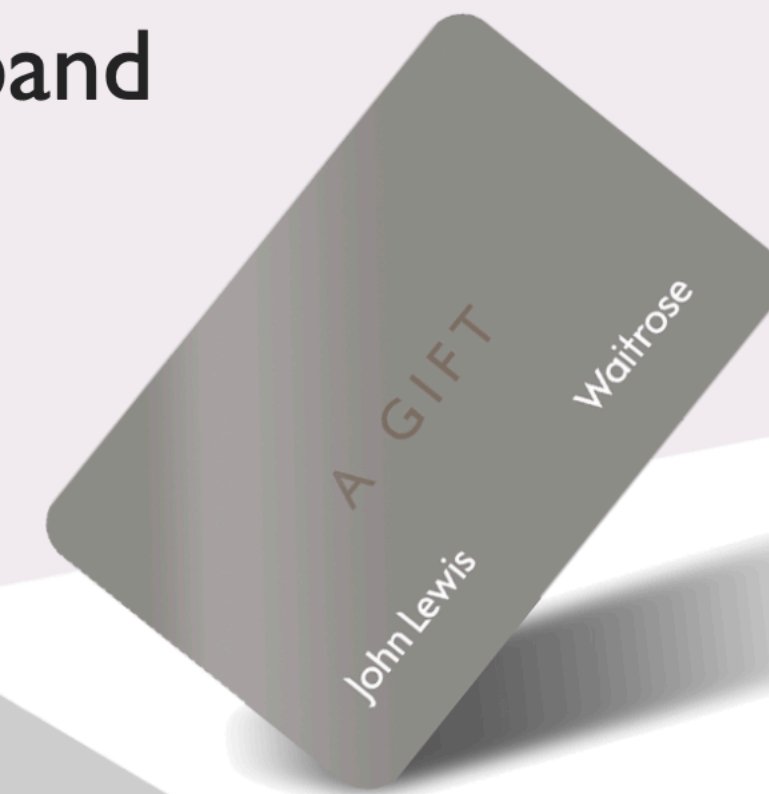
(then change the incentive and repeat)

Putting a time limit on your incentive creates urgency. This is a particularly effective marketing tactic for customer acquisition in commoditised industries such as telecom and energy. Customers don't usually think about changing their utilities providers, unless something goes wrong. With time-sensitive incentives, you can offer a compelling reason to make a change.

Free e-gift card worth up to £40^Δ with Unlimited John Lewis Broadband

- ✓ £19.00* a month, line rental included
- ✓ Free Evening and Weekend call plan
- ✓ Router and delivery included
- ✓ 24/7 freephone UK customer support
- ✓ 12-month contract
- ✓ 10Mb average download speed*
- ✓ Free £40 e-gift card

[Find out more >](#)



Limited time only^Δ

Leverage special days and events

This goes for all any kind of marketing campaign - people are just more willing to spend more over the holidays. But with 3rd-party, branded incentives you can tailor the reward to the occasion.

Virgin experience days are popular for valentines day, mothers day and fathers day. Spa days, fine dining, and race car driving experiences make great incentives for those occasions. Plus the discounts on these incentives are great (22% for Virgin Experiences), bringing down your cost of acquisition.

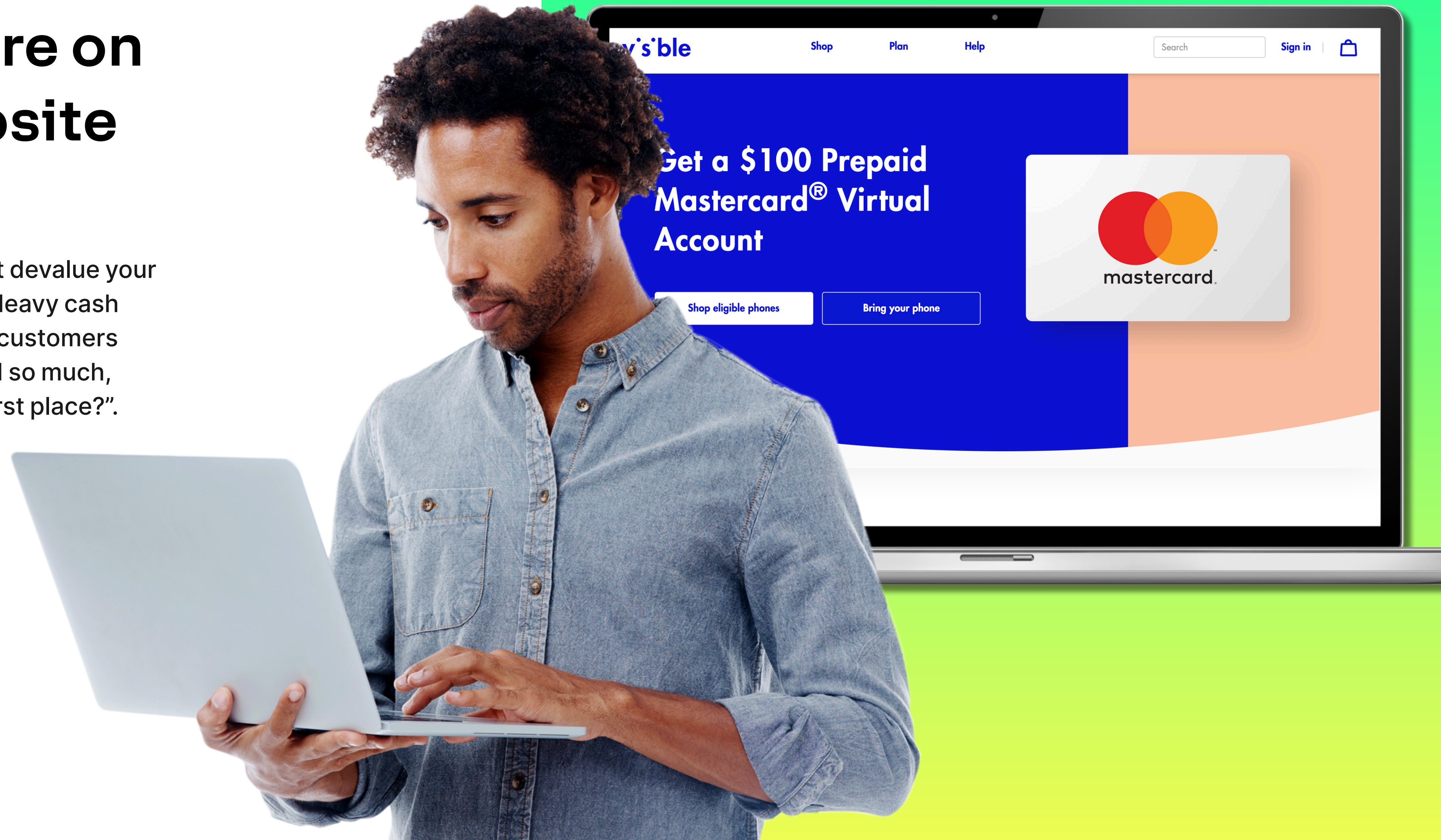
A red rectangular gift card for Virgin Experience Days. The top half features a collage of six images: a woman relaxing in a spa, a silver sports car, a leopard's face, a private jet, a person in a hot air balloon, and a person kayaking. The bottom half is solid red with the text 'GIFT CARD' in white, followed by the 'Virgin EXPERIENCE DAYS' logo.

GIFT CARDS
Let your favourites do the choosing

Thousands of adventures are waiting with a Virgin Experience Days Gift Card.

Promote it front and centre on your website

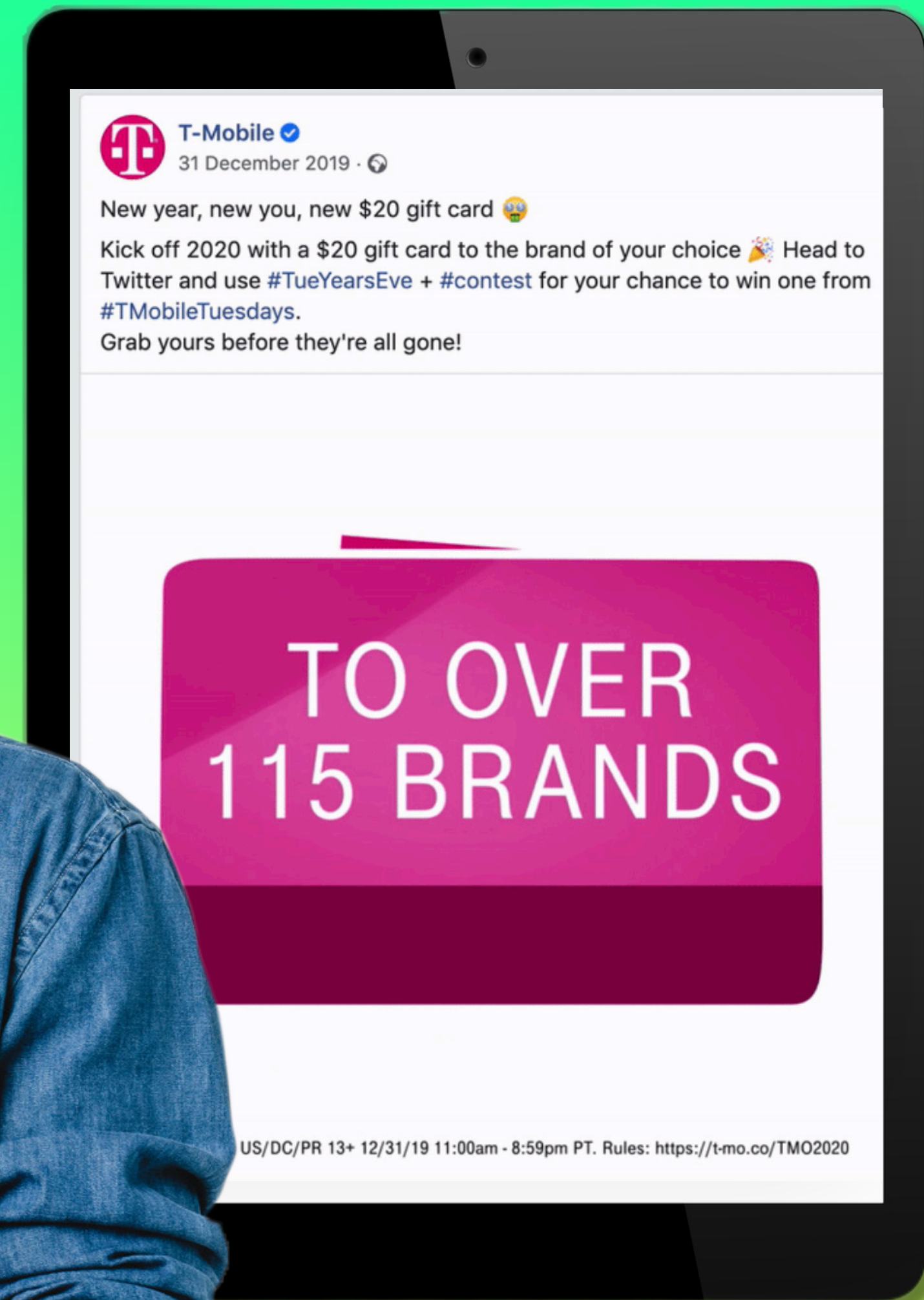
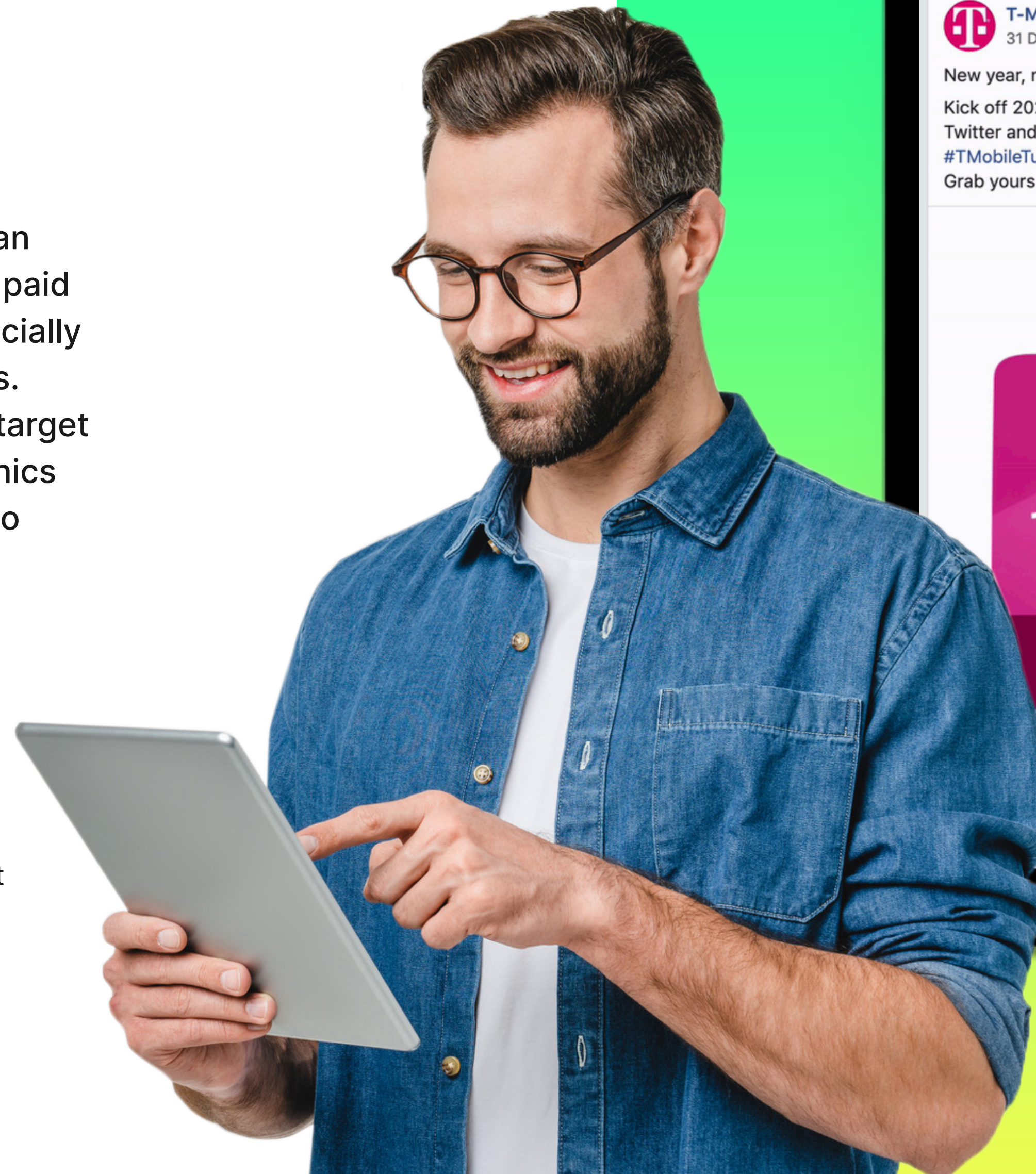
Branded rewards don't devalue your brand like discounts. Heavy cash discounts often make customers think "if it's discounted so much, was it worth it in the first place?". However branded rewards are seen as an 'added value', rather than a price cut.



Get social

Incentive-driven campaigns can be amplified when paired with paid social media advertising. Especially given the targeting capabilities. You could even segment your target audience based on demographics and offer different incentives to each group.

For example: If you're a broadband provider, you could target students with a Starbucks reward and target families with a grocery/ department store gift card.



Self-reflection time

What kind of incentives do you offer?

Customer acquisition is an immense task, and it should be an ongoing one. As traditional marketing strategies mature, you will need to adapt in order to stand out from the competition.

Not all strategies will work for your business. You need to keep a constant eye on your campaigns to ensure that you are investing in the most effective ones. But, you must account for the opportunity cost of running your campaigns. Compare all potential strategies and double down on the ones with the best ROI.

If you're in a commoditised industry, you're probably already running incentive-driven campaigns. In which case you should look for ways to reduce your CAC and improve the buyer experience. One way of doing that is to try out 3rd-party digital incentives.

	 Cash Discounts	 Free Add Ons	 Digital Incentives via Runa
Low CAC	—	✓	✓
Competitive ROI	—	—	✓
Low operational cost	✓	✗	✓
Scalable	✓	—	✓
Protect brand equity	✗	—	✓
Simple user experience	—	✗	✓
Choice of incentive (for customers)	✗	✗	✓

Plug and play

Incentive Marketing for your business

The barriers to using digital incentives have disappeared. With Runa, you can access the world's largest catalog of digital rewards and plug them right into your acquisition campaigns.

Our easy-to-use platform which will help your business acquire and retain customers at scale.

Runa's platform can also support your business beyond customer acquisition.

[CLICK HERE to get learn about Runa and request a Demo](#)



"Runa have unlocked a world of possibilities for Vodafone and were exactly what we needed to drive new revenue"



Cai Mullins, Head of Affiliate partnerships at Vodafone