Cart Promotions Ultimate Guide

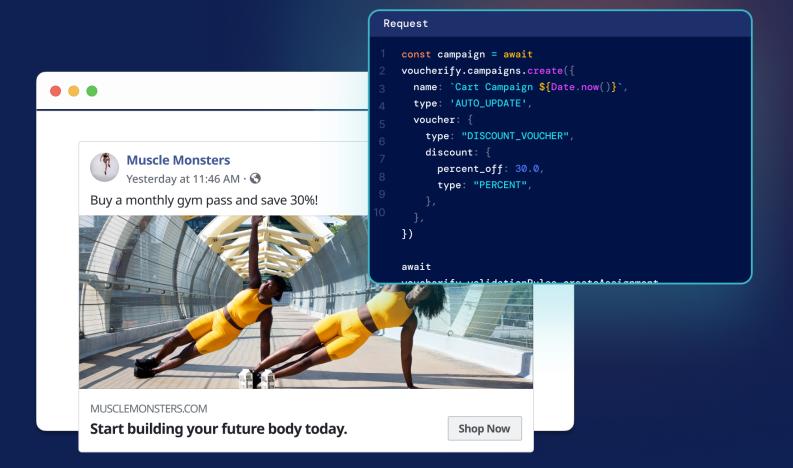


Table of contents:

- What is a cart promotion?
- Benefits of cart promotions
- Downsides
- Setting a goal for your campaign
- What incentives to use?
- How big of a discount to offer?
- How to target promotions?
- What limits to use?
- How to personalize cart promotions?
- How to share cart promotions?
- How to design promotion messaging?
- ✓ How to measure campaign ROI?
- How to optimize your strategy?
- Cart promotions toolbox
- Campaigns library
- Case study from Be Power

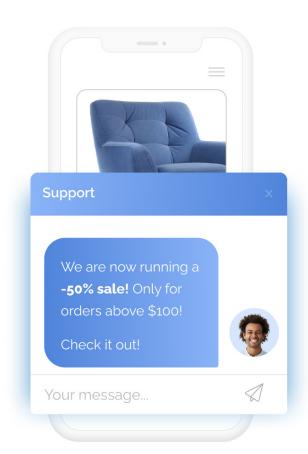
What is a cart promotion?

Cart promotions are promotions (discounts & offers) that are automatically applied to the customers' orders, without the need for any coupon codes. Cart promotions are often called automatic discounts or simply promotions.

When to choose automatic promotions over coupon discounts?

Generally, there are two types of promotions you can run, based on the way the discount is applied to the order – **coupon** or **automatic promotions**. Automatic discounts are more commonly used for site-wide or publicly available promotions. Auto-applied discounts are easier for customers, as they do not need to find, remember and apply the coupon code. It can increase the promotion usage and reach.

On the other hand, automatic discounts are more difficult to track than coupons as there is no identifier attached to the completed orders. Running publicly available promotions may also burn your budget, unless you target them at specific audiences, orders or products. We recommend cart promotions if you want to make your promotions easy to apply and increase their reach. We still recommend using various restrictions and narrow targeting for the best results. More on that later.



Benefits of cart promotions



Increase revenue

Discounting can help you generate more revenue by bringing in more customers, boosting average order size or increasing repeat purchases. For example, you can launch flash sales or other time-bound promotions to boost your revenue in the low season.

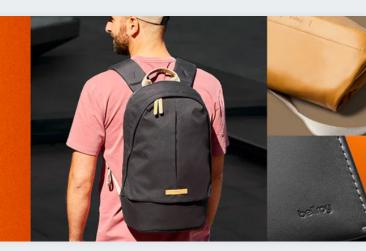


Sell out your stock

You can discount slow-moving items, old collections or products you want to discontinue. Some companies create an "outlet" for their older product versions that they sell cheaper. For example, Bellroy has an "outlet" tab on their website where they offer older product designs cheaper.

The Outlet

Our designs evolve, but we always hold some love for the originals. This is your last chance to buy these discontinued styles and colors. Once they're gone, they're gone.





Beat the competition

Running promotions can help you compete, even if you have to keep MRRPs. You can keep your MRRPs and run occasional promotions to make your offers competitive, without risking legal issues or lower brand perception.



Grow customer base

Promotions are a great way to bring in new customers, especially if you are introducing a new product or opening to a new audience. Automatic discounts require no effort to apply and can be a more effective strategy to get new customers to purchase from you than coupons. For example, Rent The Runway runs a 20% discount for new customers for their first order.

new customer exclusive
20% Off Your First Order

FIND YOUR LOOK

Downsides of automatic promotions

Be careful with running promotions too often or offering excessive discounts. Offering publicly available discounts often can lead to customers abusing promotions and waiting until you launch a discount to make usual purchases. It can also lead to more one-time buyers and less loyal clients overall. Offering high discounts can damage your brand image. To minimize those risks, you should target promotions more narrowly, run public or site-wide promotions rarely and do not excessively discount, definitely not below your bottom line. Auto-applied promotions are more difficult to track and protect from abuse than unique coupons. The last aspect is that publicly available discounts can be less effective than unique coupons as they do not make customers feel special. If you offer personalized coupons, customers feel that you appreciate them and give them something special. A 20% off site-wide promotion lacks personal touch.

Setting a goal for your campaign

Every good campaign starts with defining the ultimate goal. Here is a list of marketing goals that can help you with planning your next auto-applied promotion:



Acquiring new customers

You can offer a cart promotion to boost new customer acquisition. You can do it by, for example, targeting only new customers with the discount (only customers who have never purchased from you before can use the discount) or by launching the discount in a new location (only NY-based customers can use your discount).



Increasing the basket value

You can motivate your customers to add more items to their basket to get the desired discount or free shipping. The best way to do it is to display how much is missing to a specific deal or all available promotions straight in their basket. If you auto-apply a promotion, do not forget to display it in the basket and at the checkout. For example, Estee Lauder runs a tiered promotion offering more free samples with bigger orders.



SPECIAL OFFER

Free Deluxe Samples

Choose a free deluxe sample at checkout with every \$25 you spend up to \$150.*

Spend \$50 to get 2 samples Spend \$75 to get 3 samples Spend \$100 to get 4 samples and more!

SHOP NOW

*Offer valid up to \$150. Limit 6 samples per customer; each sample must be different.

\$

Boosting sales in a low season or for specific product

Some products are seasonal or their sales drop slightly in specific seasons. You can discount those products specifically in that low season. If you experience low seasons on all of your products (for example, if you sell ice cream, your low season may be winter), you can also offer general promotion on all your inventory in that season. If you have slow-moving items, discontinued or close to expiry date products, you can discount these products to get rid of that stock faster.



Re-engaging inactive customers

You can activate your dormant customers by sending them a limited-time offer. This is a little bit more tricky with automatic promotions than with coupons as you would need to provide a link that applies the promotion or run it only for logged-in customers to validate whether they qualify for the offer. On the other hand, automatic discounts are easier to use than coupons so it may be worth the extra time spent on setting the campaign up. For example, Hello Fresh runs a back-to-school promotion offering six free meals for resubscribing customers.





Selling more on special dates

Many companies offer site-wide discounts on national holidays when customers tend to shop more. Automatic promotions are usually a preferred promotion type on such events as they are easier to use than coupons and can bring in more sales, especially from new customers.

For example, Snap Kitchen ran a Black Friday sale offering 25% off all products.



Cart recovery

You can send emails, push notifications or other types of communication after the customer abandons the order, offering a time-limited special offer if they complete the purchase within a time limit. Again, you will need to either request the customer to log into their account to use the offer or provide them with a link that applies the offer to their order automatically to ensure the promotion validity. If the customer has not realized they were eligible for a promotion while shopping, they may realize it and have a nice surprise at the checkout, which in turn can help you decrease cart abandonment.





App downloads

There are many benefits to your customers having your app on their phones. This will later help you notify your customers about deals in real-time, use geolocation for your offers, and keep your brand top of their minds. You can motivate customers to download your app by offering a discount gratifying the download or a permanent discount on all orders done via mobile app (for example, 1% off on all orders done via mobile app).

What incentives to use?

There are various incentives you can offer to your customers in your auto-applied promotions. We recommend researching and testing which incentives perform best for specific customer segments and a specific campaign goal. Here are some examples of incentives you could offer to your customers in a cart promotion campaign:

Free products & services

You can add a free product or service to the order automatically for eligible customers. You can either require the customers to add it to their cart and then discount it or add a free item automatically to each order. For example, Vanity Planet offered a free tote bag with all qualifying purchases during the Labor Day long weekend.



Save an EXTRA 50% off qualifying orders +
Receive a FREE Everything Tote with qualifying Labor
Day Collection purchases.

SHOP NOW

Free shipping

You can offer free shipping on all orders in a specific timeframe or on all orders above a

certain value permanently, depending on your sales goal. You can also offer free shipping to the loyalty club members or VIP customers only to make them feel special. You can offer discounted shipping as well.

Amount & percentage discounts

For example, a \$10 or 10% off discount on orders above \$100. The rule of 100 says that under 100, percentage discounts seem larger than absolute ones. But over 100, things reverse. Over 100, absolute discounts seem larger than percentage ones.

BOGO promotion

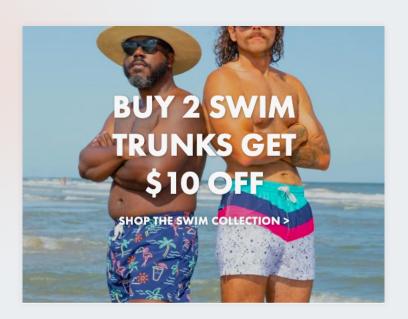
For example, buy a one-month gym pass and g et another month of subscription for free. You can offer other multiple discounts, like buy 2 get 3.

This is a great promotion strategy to sell out your stock faster, get rid of slow-moving goods or simply increase the average order size.



Product bundling

Besides offering BOGO promotions, you can also offer other types of product bundles. You could offer complementary products sold together as a pack on a special price or products from the same product line sold as a bundle with a discount, as compared to their regular prices.



Also, McDonalds runs multiple bundling promotions.



Tiered promotion

You can offer a promotion with tiers based, for example, on the order value. For example,

Athletic Brewing Co offers a tiered percentage off promotion based on the total order value.

Fixed price promotion

You can offer a new, fixed price for a product or products from a certain category. For example, Affliction Clothing has a sale every Thursday, offering a chosen t-shirt for a fixed price of \$30.



How big of a discount to offer?

Try to find the minimum discount level that will increase the purchase rates enough to meet your goals. We do not recommend going below your bottom line as selling below profits is damaging your brand image, revenue and, in some countries, is considered illegal.

How to target promotions?

We recommend starting with collecting customer data and then creating customer segments. You can then target your cart promotions at specific groups. You should find the factor that differentiates the customer preferences and shopping behaviours that can be easily identified in your CRM and segment the customers by those factors. Some segmenting examples include:

- Segments based on the customers' age.
- Segments based on the family situation and marital status.
- Work occupation-based segment.
- Location-based segments.
- Segments based on the revenue per customer.
- Customers divided according to their activity.

You can also limit promotions to specific orders, for example containing specific products or having a minimum order value. For example, H&M offers a cart discount to their loyalty program members only.



What limits to use?

To protect your marketing budget and optimize your campaigns' ROI, you should limit your promotions. You should keep in mind your target market and goal of the campaign to define which limits to use. Here are some ideas of the limitations you could implement in you campaigns:

Number of redemptions per customer

Define how many times a customer can use your promotion. Most often this is limited to once in a campaign or once per day per customer.

Total discount per customer

Define how big of a discount a customer can get, for example a maximum of \$200 discount per person. You can also define a maximum order value that can be discounted, for example \$1000 per person.

Campaign timeframe

Define in which time frame the promotion should be valid. You can limit it to specific days, make it repetitive (imagine happy hours every Monday) or set it to be valid for a specific time after delivery (for example, 3 days for a birthday campaign of 20% off on a customer's birthday). For example, Dunkin' Donuts runs a promotion where they give a free donut with any drink ordered every Wednesday.



Eligible customers

You should select the customers or segments eligible for the discount.

Discounted & excluded products

You can select which products and product categories should be discounted and which should be excluded from getting a discount. For example, One Kings Lane runs a 20% off cart promotion on selected product categories.

Order value & size

You can define the minimum order volume and value that qualifies for the discount.

Redemption location

You can define your promotion validity, for example make it valid only in your online store or only on your mobile app. You can also define the location where the promotion can be used.

Eligible payment methods

You can define whether all or only some payment methods are accepted for getting the discount.

For example, you could exclude cash on delivery from the promotion.

20% Off Finishing Touches* Save on art, lighting, pillows, mirrors, and more—but only through Tuesday, May 4. SHOP NOW

Stacking and overall limits

Which discounts and offers can be combined? What is the discount hierarchy?

You can also limit the whole campaign budget for example by defining the maximum total discounted value.

How to personalize cart promotions?

Personalization is a process of tailoring the customer experience to individual customers based on many attributes such as previous visits, demographics, or preferences.

Promotion personalization revolves around four key areas:

- Customizing promotions based on audience and individual customers.
- Personalization driven by special occasions, festivals and holidays.
- Personalizing the incentive itself.
- Customizing the channel via which the incentive is delivered.

Personalization starts with getting a proper customer data platform and the data to feed it, defining which data you want to collect and ensuring data quality.

How to share cart promotions?

There are many channels you can use to promote your auto-applied promotions. You should investigate where your customers spend the most time and then try those channels. Of course, the preferences will depend on the customer segment so you should use different channels for different customer segments.

Email marketing & newsletters

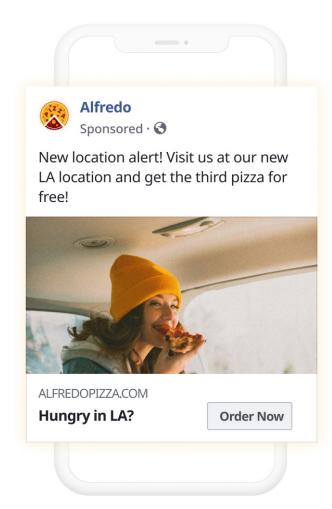
You can inform customers about your promotions via email. This is a great communication tool for personalized promotions or targeted promotions that are not available to the general public. Instead of just sending emails to all customers you can also send the discount information exclusively to the newsletter subscribers to promote your newsletter subscriptions. Some companies inform newsletter subscribers about upcoming promotions before the information becomes publicly available.

Social media

Social media can be a great tool for promotion marketing. You can reach your current followers by posting organically on your feed or use social media for acquisition campaigns and place the promotion information in paid ads. There are various social media channels you can use to advertise your campaigns.

Partner websites

If you have any business partners you could offer special discounts to their customers. They could then promote your offer on their website and other channels. To verify the promotion validity, you could ask the customers to give you their unique identifier from the partner website or some other number that proves they are actually a client of your partner. This is what, for example, booking.com did with WizzAir, requesting the



WizzAir customers to add their customer number to their booking to get the partner discount.

SMS & push notifications

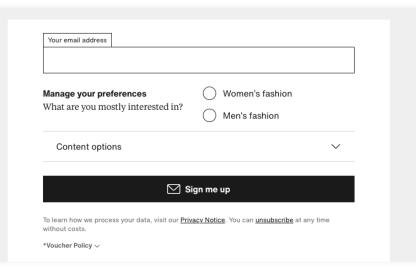
Similarly to emails, SMS and push notifications are a great way to inform chosen customers about a promotion they are eligible to receive, if the promotion is not publicly available.

Website

You can create a landing page for all the promotions and sales you are publicly running at the moment. You can list there products that are eligible for that discount, if the discount is not available for all items, for example. You can place your promotion ad on website banners, for example on the main page or a category page or even on the product pages.

You should also use website top ribbon and footer to promote your campaigns. Ribbons are clearly visible throughout the website, which is great for promoting publicly available promotions. On the other hand, footers are quite popular for the newsletter subscription incentives. You can also add a link to the promotion terms and conditions there. Here is how Zalando advertises their newsletter discount in the footer.





Cart view

You can add available promotions to the cart view, this way you can encourage customers to increase their order size or add specific products to their cart to qualify for the promotions last minute.

Product pricing & labels

You should inform customers about the previous and current price to visualize the discount they are getting. This should be done across all pages, product page, category page, main page, basket and checkout page views. If your automatic promotion has a time limit, you can also add it next to the product price, to create a sense of urgency. You can add the information about the promotion (crossed out old price, new price or the discount amount in \$ or %) to the labels or price tags, either in-store or online. Make sure the promotion conditions are visible, too. For example, Pomelo Fashion displays the old price crossed out next to the new price and shows the amount of savings in %.



Customer cockpits (digital wallets)

You can offer customer portals for logged in customers that display all rewards and incentives, for example cart promotions, loyalty points, gift card balance, vouchers, together with their conditions and validity dates. This will increase the use of your promotions and make them easier to navigate.

Paid ads

You can promote your promotions with paid ads, for example leading to your homepage and in the description marking the promotion and its time frame. You can use Google Ads, social media ads, retargeting or any paid ads you would like.

Pop-ups

Website and mobile pop-ups are a very visible placement to use for your discount promotion.

However, they may be considered intrusive. Despite intrusive character, pop-ups are an effective way of communicating the promotion.

Mass media

You can include your promotions in newspapers and other mass media (television, radio, cinema and Netflix, HBO, Hulu, etc.). There are plenty of ways to advertise your promotions in mass media. It is a common practice especially around special sales days, like Black Friday or Cyber Monday, when multiple companies add the information about the promotions they are planning to run on that day(s).

If you want to gain some offline visibility, there are plenty of options.

From billboards, road-side banners, banners on airports, to posters hanging in venues. You can include the information about your automatic promotions in your leaflets or newspapers, if you issue any. For example, if you send a monthly newspaper or a magazine, you can include the information about the promotion there.

Omnichannel experience

Whatever channels you decide to use, keep in mind that people strive for genuinely omnichannel experience these days. It means they want a seamless journey when changing from online to offline mode. You should ensure the same promotion is valid across all channels and that the visuals and the validation of the promotion experience are the same.

How to design promotion messaging?

You should ensure that the automatic promotion conditions are easy to understand and simple. They should be either contained in your promotion messages or in terms and conditions (that should be clearly linked to in the promotion messages). The promotion slogans should be catchy and clearly stating the amount of savings or the incentives offered. You should not overload your website or mobile app with promotional banners, otherwise your customers may be overwhelmed. Make sure the most important promotion is more visible than other deals.

How to measure your campaign ROI?

There are a couple of measurements you should implement to measure the success of your promotions.

Redemptions measurements

Redemption is, in other words, an application of your promotion to a specific order. Each redemption should be tracked and include the following details:

- Whether it was successful or failed.
- Customer who redeemed it.
- Date and time.

- Campaign, and redemption channel.
- Order details.
- Customer detailed view.

It is very insightful to have a 360-degree customer overview. You should be able to see all purchase history, redeemed promotions, and valid offers per customer.

Distribution reports

To see how your channels are performing, you should be able to access distribution reports with open rates (OR) and click-through rates (CTR).

Campaign overview

You should be able to see the campaign details at a glance. It would also be helpful to see the average order size and volume from all purchases in this campaign. You should also be able to track changes made to the campaign.



How to optimize your strategy?

There are a couple of ways to optimize your promotion strategy. Most of them are based on trial and error and require you to measure the results, so implementing tracking is the base for it.

There are two main approaches to optimizing promotion campaigns:



Launching smaller campaign experiments

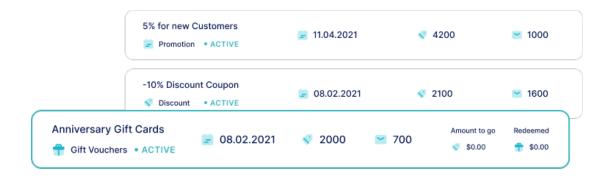
Doing a test run with smaller segments can help you determine which strategies are the most effective. This can also help to keep you from offering a discount that is too big and cuts into your profits. In the beginning, you could run small campaigns with diversified parameters, such as discount value and type, and duration. You must be patient and aware that it will take some time and numerous experiments to figure out what works best for your business.



A/B testing

This one is more complicated as it requires a dedicated software that would show different campaigns to different people in a randomized manner. On the other hand, the results are more straightforward and obtained in a more reliable way than if you were just launching small experiments. If you have or can pay for a software that allows you to A/B test your campaigns, we believe this is the best way to optimize your campaigns.

10% for Loyal Customers



20.04.2021

37000

≥ 8000

Cart promotions toolbox

You already know that cart promotions are an incredibly powerful strategy for attracting new customers, driving revenue, and building positive associations with your brand. But what you probably don't know is how to make auto-applied discounts the most powerful growth engine. So what exactly do you need to launch a cart promotion?

If you want to run a promotions available to anyone, anytime and under all circumstances, cart promotions is like child's play. The problems begin to pile up as you try to restrict the promotions useage, track redemption rates, and calculate the ROI. What elements do you need to have in place in order to succeed?

- ✓ Tool for creating redemption restrictions.
- Infrastructure for advertising the promotion or 3rd party integrations.
- A method of handling redemptions efficiently.
- Analytical tools for tracking redemption rates and campaign ROI.

You can take three approaches when deciding on promotional infrastructure – you can create your own software, you can use SaaS coupon providers which offer many out-of-the-box solutions, or you can use SaaS coupon providers based on API and geared towards customization.

The first approach offers the ultimate freedom, but it requires a lot of IT effort, resources, and time. The second method will be the fastest, yet it will fail to provide you with the customization your campaigns might require in the long run. The third strategy requires some developmental work at the beginning yet eventually it will bring you almost ultimate freedom with designing your campaigns at the end.

Even if you have a substantial team of software engineers at your disposal, achieving a high level of flexibility of your promotional software can take ages. This is where the headless commerce or API-first approach comes in. It gives your team programmable building blocks that make business logic development faster, but you still get the freedom of choosing the technology of the customer-facing applications and can connect your backend to other ecommerce/CRM systems to ensure data integrity. In a nutshell, it takes out the cons of both rigid eCommerce platforms and the legacy in-house promotions implementations, making discount management easier.

Developers' time is not cheap. There are a lot of more important projects in your backlog than changes to the promotions, which could be potentially done by your marketing department. You should ensure that the solution you implement will reduce maintenance and running costs to the minimum. The best way to do that is to go for an API-first solution. This approach will make implementing all necessary discount features faster and cheaper as well as allow for plenty of

customization in the long run.

```
https://api.voucherify.io/v1/campaigns
                                                                              • 200 OK
      "id": "camp_zMPMZ8EDgsqEaJ4g3j2fb8PT",
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                                                       await voucherify.campaigns.create({
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              "charset":
                                                             percent_off: 10.0,
  "abcdefghijklmnopqrstuvwxyz",
              "pattern": "######",
          "type": "DISCOUNT_VOUCHER",
                                                         metadata: {
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              "percent_off": 10.0
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      "join_once": false,
```

Campaigns library

For the complete library of ideas for engaging cart promotions, visit our Inspirations section.

Go to library

Acquisition Flash sale Suggested channels: Email Banner

Example

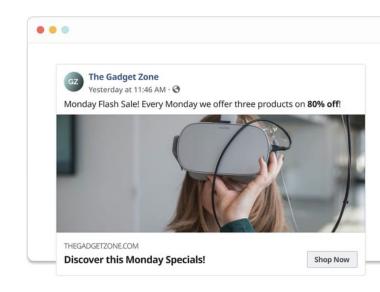
Run regular flash sales on selected products. For example, every Monday offer three products at crazily low prices to bring customer attention regularly to your offerings and trigger new sales.

Main benefits

Flash-sales are dynamic promotions wrapped in a short time window. Expiration dates in such campaigns drive traffic and cut customers' hesitations. Research claims that people find sales promotions much more attractive if limited in time.

Best practices

- You can run flash sales on special events, for example company anniversary or on days when you usually have lowest sales.
- To avoid a flash sale going wild, you can limit its availability to specific customer groups or order sizes.



Retention

Auto-applied cashback

Cart view

Suggested channels:

Banner

Example

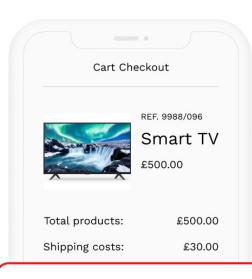
Offer 5% off every shopping, directly applied at the checkout, for all loyalty program members.

Main benefits

This is the most desired loyalty reward, especially in the food and retail industry. It is easy to handle, easy to understand for the customers and does not create any future liabilities – a perfect campaign for your retention strategy.

Best practices

- Set the discount so that it won't hurt your margins.
 Exclude certain products (for example those with lower margins or already discounted).
- Oifferentiate the discount level for different loyalty tiers, based on their annual spend.
- It could be set as a discount voucher promotion with limitless use for loyalty program members segment, the verification would work with the loyalty card number set as a voucher code.





loyalty card code at checkout.

Upselling

Suggested channels:

Email

Banner

Tiered cart discount

Example

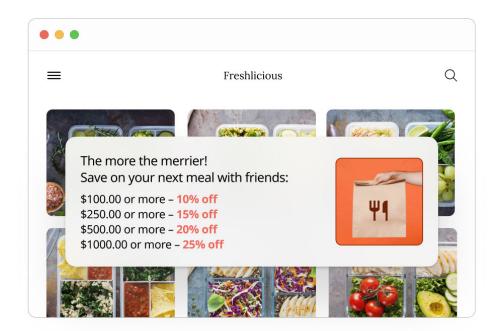
Run a multi-level cart promotion with distinct order value break tiers: If customers spend \$100.00 or more – 10% off, \$250.00 or more – 15% off, \$500.00 or more – 20% off, \$1000.00 or more – 25% off.

Main benefits

Tiered pricing is a fantastic way to encourage shoppers to buy more by applying discounts based on the quantity ordered.

Best practices

Limit the promotion budget on the campaign level or on the customer level to avoid wasting budget. This will help in preventing fraud. For example, a customer could buy many products for many smaller customers to get a bigger discount.



Read case study



Customer success story

An example of a company who have launched their automatic discounts successfully using an API-first Promotion Engine is Be Power. Be Power Group SpA is a Digital Green Utility (DGU) that constructs a fully-owned nationwide public network of EV charging stations to sell energy to electric vehicles and balance supply and demand on the grid real-time. To expand their market share and speed up the acquisition, they have decided to start running sales promotions. They were looking for a flexible solution that would allow them to launch B2C and B2B promotions, including automatic discounts, discount vouchers, and gift cards.

They needed the system to be easy to use and possible to integrate with their mobile app (written in custom code) quickly. They have chosen Voucherify as their promotion engine. The integration was relatively quick and possible to be done iteratively, making it possible to launch their first automatic discount fast. They have launched a successful, co-branded campaign with ENI.

Results

- Co-branded campaign with ENI
 bringing 681 redemptions in one
 and a half month since the launch.
- Faster time-to-market of promotional campaigns and a holistic promotion engine that can be implemented iteratively.



% voucherify



We are here to help

Contact sales for a personalized demo or sign up for a free trial and give Voucherify a try. You have 30 days to test your unique ideas for cart promotions and feel the power of a new cross-channel experience created with incentives. No strings attached, no credit card needed.

Book a demo

Current & future e-commerce leaders choose Voucherify:









Pomelo.

