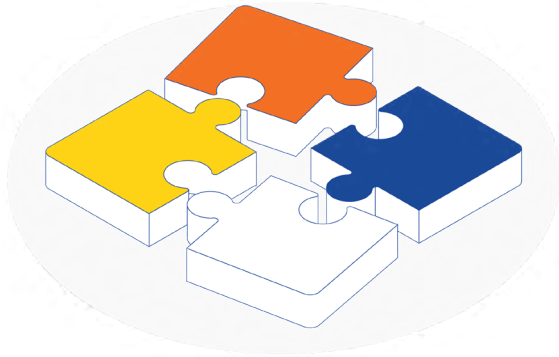# TADA

Digital Promotion and Engagement:

# How and Why It Works



The reason more brands are looking into digital promotion and engagement

## Getting to know the world of digital promotion and engagement

Find out how to sell more and give your customers a much more enjoyable shopping experience at the same time!

# WHAT'S INSIDE

What Is Digital Promotion and Engagement?

# Digital promotion and engagement creates a much more rewarding shopping experience for customers.

Digital promotion and engagement is a concept used by many brands to improve their customers' shopping experience. Conventionally, it has taken many forms like coupons and prize giveaways.

With today's advancement of technology, the possibilities for digital promotion and engagement are almost unlimited. Let us look at some great and inspiring examples out there on how businesses give customers a more engaging shopping experience!

*The value of the worldwide digital promotion and engagement market is forecast to be $11.94 billion in 2021.*
*• Statista •*

How Does Digital Promotion and Engagement Work?

# Digital promotion and engagement positively reinforces buying behavior with rewards and game-like features.

Digital promotion and engagement taps into the brain's dopamine reward system, which happens when we experience something exciting or complete an achievement.

## Effective digital promotion and engagement

With the versatility of digital promotional campaigns, you need to carefully choose which platform is most suitable, and the techniques you want to use.

Inspired by Southeast Asia

# Digital promotions are hugely popular and impactful in Southeast Asia.

*69% of individuals in Southeast Asia regularly shop online with a mobile device. The global average is just 53%*
*• Globalwebindex 2019 •*

Luxury and mainstream brands throughout Southeast Asia incorporate digital promotion and engagement to make their shopping experience more exciting. The high number of mobile purchases in Southeast Asia opens up countless opportunities for digital promotion and engagement.

Tiered/Daily Rewards

## Rewards can be given to customers periodically to encourage repeat purchases.

Daily rewards are very effective at encouraging customers to spend regularly. They work best as part of a properly implemented loyalty program. Customers gain points or rewards for regular interactions with a brand. The interactions involved don't only have to be purchases, but can also include non-purchase activities like filling surveys or referring a friend.

### Achieving business goals

Digital promotion and engagement can be used to steer customers towards certain behaviors and/or purchases based on your business goals. For example, when wanting to get rid of excess products, you could include a 50% discount on that product as a reward that your customers can work towards, e.g. after using your app four days in a row.

### Rewarding customers

Reward customers as a way to make them feel valued. Depending on the type of rewards you include, which customer segments you target, and which loyalty tiers you focus on, you can improve brand loyalty among any specific customer group.

## Rewards can be tied to targets to encourage customers to spend.

Target-based rewards use clear goals to encourage customers to complete certain actions. While daily rewards focus on regular interaction with customers, target-based rewards set specific goals, such as a certain minimum spending. Additional goals can also be added to increase the incentive over a longer period of time.

This initial offer could be
- **Target: Spend Rp 500.000 in a month**
- **Reward: Rp 50.000 + 50% for every additional Rp 250.000 spent**

This new offer adds a clear incentive for customers to up their spend. Again, target-based rewards don't just have to be related to the amount of money customers spend. It can be linked to number of friends referred, number of different product categories bought, etc.

## Loyalty tiers are essential to keep customers interested in the rewards you have on offer.

Loyalty tiers are another very important mechanism. Having only a single tier will be much less effective than one with multiple tiers where each have their own unique perks and incentives. Offer increasing incentives as customers rise through the ranks.

The consecutive tiered rewards could look like this:

- **Bronze Tier - 20% off Rp 250.000 shops**
- **Silver Tier - 25% off Rp 250.000 shops**
- **Gold Tier - 30% off Rp 250.000 shops**.

To facilitate movement between different tiers, this mechanism needs to be tied to a loyalty points system. Having your own branded points system can aid your gamification experience significantly. Instead of using simple unbranded credits or a real-world currency, you can create your own loyalty currency.

Larger rewards encourage customers to stick with a brand over a longer period of time.
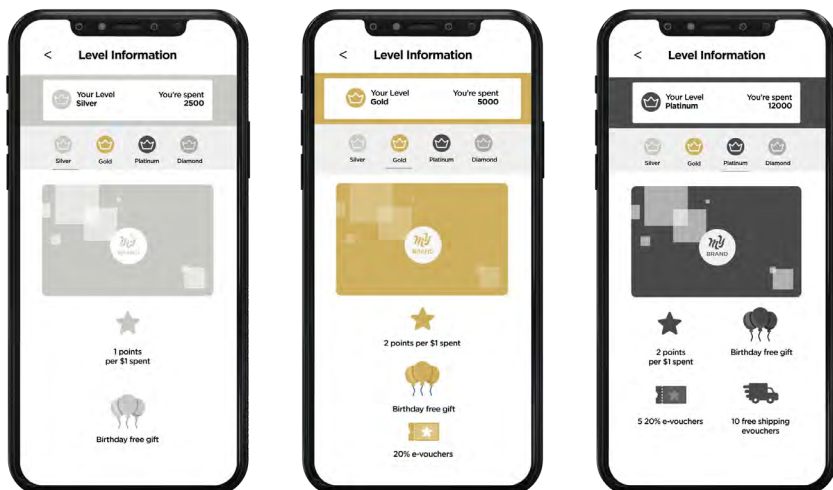
Stamps and Badges

# Stamps and badges are a popular engagement method to bring out customers' inner collector.

Although digital promotion and engagement options have increased massively for online or digital platforms, it still holds a significant role in offline situations too. Take a simple stamp loyalty card as a basic example. Coffee shops usually offer a free drink after customers have bought X amount of coffees as a physical, more tangible version of tiered/daily rewards.

This is the same idea behind special edition products that are only available to top customers. Just like games give players awards and badges for completing certain objectives, businesses can set up badges for customers when they complete certain actions. For example:

- **Badge Hunter (use Rp 250.000 worth of coupons)**
- **Loyal Customer (reach the Gold Tier)**
- **Super Referrer (refer 5 friends)**

Digital Engagement Experiences

# Many brands now use digital engagement experiences to increase their brand visibility.



So far, we've talked about examples that encourage some form of purchase behaviour or customer action that benefits the business. Sometimes, digital engagement is simply used to give an exciting or fun experience, without explicitly trying to encourage a purchase. This is particularly popular among luxury brands, where brand image and customer loyalty is of more important consideration. This type of promotion is also big in Southeast Asia, where luxury brands have a big presence among middle class consumers. A 'digital engagement experience' can be created in an app.

## White Label Customer Engagement App

White label customer engagement apps are among the most common types. Standalone apps specifically for engagement experiences allow brands to separate the experience and their sales operation. For example, Starbucks created a full, standalone app with a range of special features such as point or 'star' earning, personalized challenges, games and more.

## Competitions and giveaways

Many brands also use creative engagement to make competitions and giveaways more attractive and effective. With the help of digital platforms, modern prize competitions can be even more exciting.

Alternatively, you could offer customers free entry into a giveaway if they've spent a certain amount of money. This way, you're introducing an additional incentive to encourage customers to spend.

Digital Shopping Experience

# Smaller digital promotion and engagement techniques can be employed throughout your online store.

Digital shopping is a smaller, more subtle technique that is commonly used by businesses.

## Promotion and Engagement Website

Brands often create digital promotion and engagement on their website with interactive graphic elements, personalized messages and other techniques to create a more enjoyable user experience. They help spread a positive brand image, encourage customers to shop, and add to the general user experience and satisfaction. and satisfaction.

## Reactive Messages

Many brands use personalised messages to encourage certain user behaviours. It shows that brands are reactive to the user's behaviour in real time. For example, when customers make their first purchase from a brand, they will get a reward that they can use in their next visit. They can receive reactive messages to remind them to use the reward before it expires, to encourage them to return sooner to the brand.
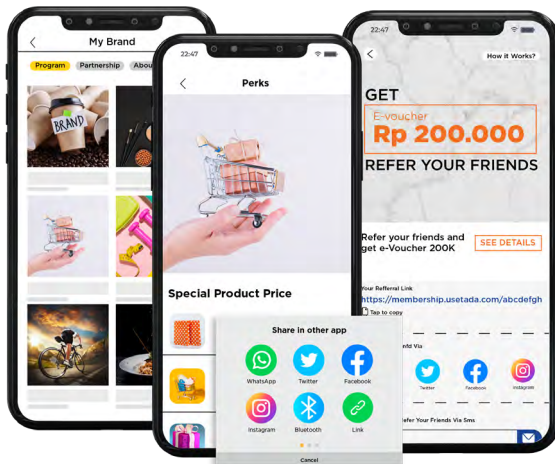
# Loyalty programs are the basis of effective digital promotion and engagement because they track customers' journey

All the digital promotion and engagement techniques we've already discussed can be incorporated into a loyalty program to give customers the ultimate shopping experience. For successful digital promotion and engagement, you also need to be able to track and store customers' journey.

Loyalty programs are ideal as they can track customer profiles, loyalty points, loyalty tiers, collectable badges and many more. Tying digital promotion and engagement to a loyalty program allows you to build a much better picture of your customers and what they are interested in, and retain them longer.

## In conclusion

There are many different digital promotion and engagement elements that can be incorporated into online and offline operations. The more interlinked these elements are, the better, as the data they provide about customer trends and shopping habits is highly valuable to help you plan ahead and increase sales in the long term.

# TADA's Solution

TADA helps you create the most suitable loyalty program with digital promotion and engagement features for you.



TADA can help you set up and run loyalty program with all the digital promotion and engagement techniques mentioned above quickly and seamlessly.

Loyalty programs can be combined with relevant and compelling rewards to your customers. Customize, track, and evaluate promotional campaigns to meet your business goals.

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