

Incentive Marketing

Would you like to know when to make incentive offers to customers? Probably not but most companies immediately see the benefits of being able to do so.

As you might have guessed from the web site, predictive analytics can help.

Imagine a distributor who just bought a larger than normal quantity of an item. They can use the price reduction and offer incentives to their customers. How can they maximize their profits? Let's look at some options using Product A123.

Do they blanket offer a reduced price to every customer? Possibly the item is one that is a key item that a large number of customers based their orders on. Perhaps incentives on A123 could be used to get more business from those customers that order related products but not A123 right now.

If A123 is ordered on a regular basis by a few customers, maybe use incentives to increase orders from similar customers who do not already purchase A123. (Predictive analytics could be used to generate a customer classification model.)

Another strategy would be to offer A123 incentives to those customers that are possibly shopping with other competitors in order to secure more of their spending. (Predictive analytics can help identify those people.)

Predictive analytics may have already given you a list of customers that are ready to drop you from their supplier list (changes in order patterns, longevity, personnel changes, etc.). If the right type of product, A123 could be used to lure those customers back before they even leave.

Maybe an incentive on A123 could be used to help secure the loyalty of new customers. Predictive analytics could be used to assess the projected re-order rates for new customers but customer segment. A123 incentives may be the hook that captures more of those early orders and cements long term loyalty from new customers.

Predictive analytics might have determined that A123 is a great cross sell item. Your salespeople could use a discount on A123 to get the customer to increase the order size by suggestive selling.

Of course you could just pass along the lower price to your customers en masse. That would make everyone happy but probably won't make you any more money.