LOYALTY & PROMOTIONS SOFTWARE

THE BUYER'S GUIDE

Talon.One

A successful loyalty and promotions strategy hinges on the right technology to bring it to life. With so many vendors out there, where do you begin your search? How do you pick the best one for your organization?

Whether you're crafting a new incentives strategy or you're ready to switch to another provider, our buyer's guide is here to help you navigate the process. We'll guide you in finding the perfect partner to create hyper-personalized promotion and loyalty experiences that drive profit.

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Unlock success by choosing the right promotion engine

It's difficult to overstate just how important promotions and loyalty programs are. With the average discount rate hovering at 18%, it's often the biggest impact marketers can have on a company's financials. The vendor you choose to power your promotions and loyalty program plays a crucial role in your success - and for leading consumer brands, the right incentives engine has become a critical part of customer infrastructure.

But it's a tricky software market. The industry has historically been dominated by several large corporations, who offer legacy-led monolithic systems that make any customizations or additional functionality hard to integrate. Historically, loyalty and promotions have been a part of software "suites" alongside a commerce platform or email suite. These vendors have to build and maintain many domains, with promotions & core loyalty often neglected in favor of other areas.

On the other side of the market, there are smaller vendors with a targeted solution for some part of loyalty – but often missing the API scale, sophistication and security that enterprises need.

At Talon.One, we believe in a middle path: pure-play loyalty and promotions technology that doesn't create another siloed customer experience, frontend, or email tool, and integrates seamlessly with platforms that excel in those areas — all supported by a high-performance architecture.

18%

is the **average retail discount rate**; going up to 30% on peak promo days

Salesforce

+205M

Americans are **members of a loyalty program**

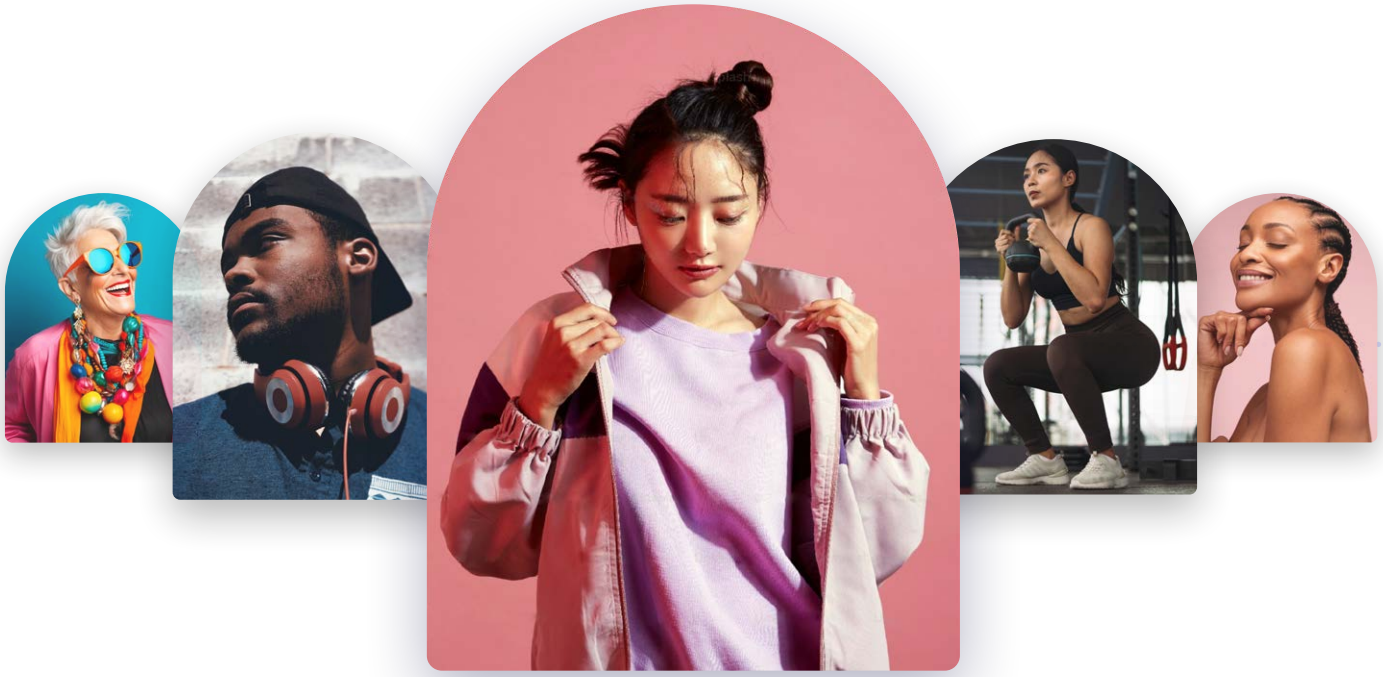
CouponBirds

20-50%

of purchases have a **promotion or loyalty reward applied**

Talon.One benchmark

3 principles to meet customer expectations and achieve business goals



1

Leverage personalization

The most efficient incentives are personalized, with **research from Boston Consulting Group** showing that shifting 25% of mass promotions spend to personalized offers improves offer ROI by 200%.

To achieve this, choose a vendor that connects all your customer and product data, allowing you to craft offers that resonate based on purchase history, preferences, and behavior. Your vendor should be able to connect in real-time with Commerce Platforms, Customer Data Platforms, CRMs, and ERP/PIM systems.

TALON.ONE DIFFERENTIATOR

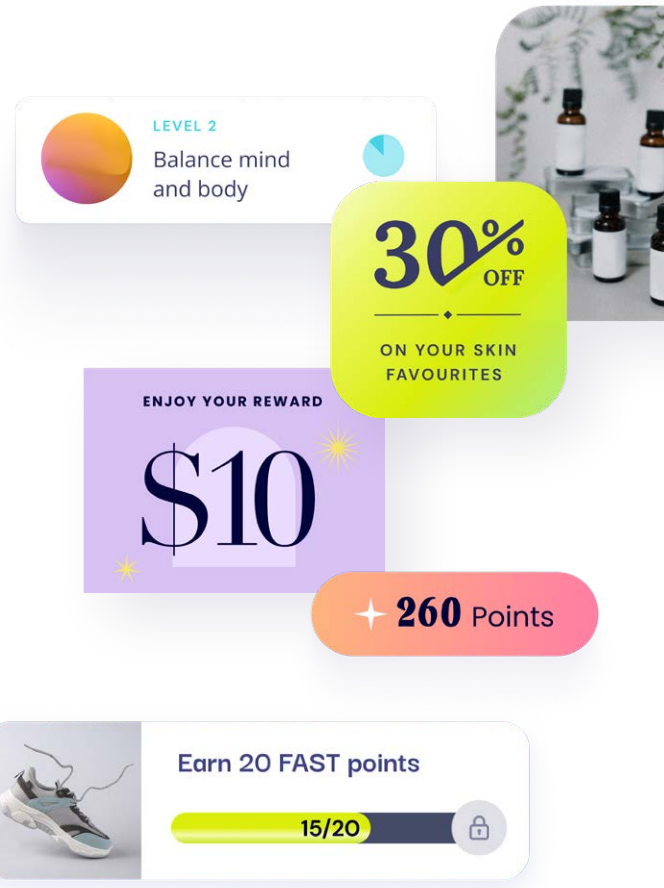
Dynamic, data-connected offers resonate better with users: we often see **discounted AOV uplift of >20%** when switching from basic, legacy promotions to dynamic incentives built with Talon.One.

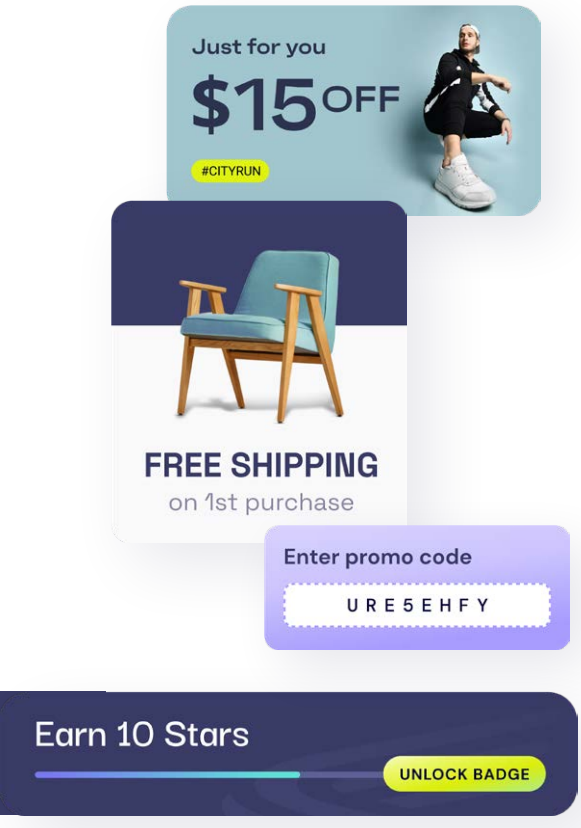
2

Bring all your incentives under one platform

Typically, brands will manage promotions in a commerce platform and POS, clearance pricing in an ERP or PIM, and core loyalty earn & redeem in a loyalty platform.

This siloed approach leads to teams running competing or overlapping incentives to achieve similar objectives. The most successful loyalty programs and software providers combine all three, creating a unified strategy that enhances both loyalty and promotional outcomes.





3

Protect margins and boost profitability

Many brands waste money on poorly executed promotion strategies, running sweeping category or site-wide discounts. But when running a discount, you have to move a lot more inventory to maintain profit.

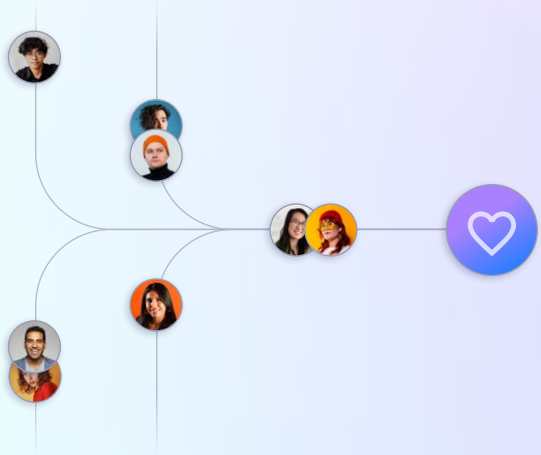
Incentives should instead be treated as strategic investments to guide your customers where you want them to go. That's why forward-thinking brands are moving away from blanket discounts, towards targeted incentives based on past transactions and other user data. As part of your evaluation, look for vendors that offer complex campaign prioritization and budget control frameworks - so you can make sure every campaign drives optimal profit.

How to build your incentives task force

Securing buy-in for your loyalty and promotions strategy is a complex lift that needs commited sponsorship across senior management. Many brands still approach loyalty as a pure marketing project, failing to engage the rest of the C-suite as sponsors.

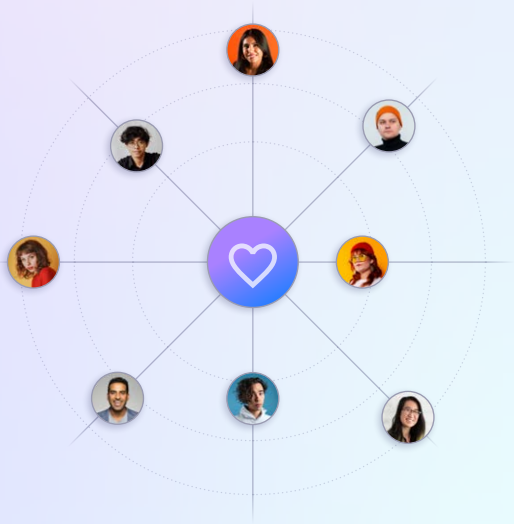
Especially in the buying phase, your program needs technical stakeholder buy-in to ensure you've got the resources to maintain and iterate the investment. This goes beyond having a Senior Architect at kick-off meetings or developers building the program - it's about having a CTO who sees a winning loyalty program as a key accelerator for their organization and business outcomes.

On a broader scale, it's also about cultivating a deep, company-wide understanding of how your brand and loyalty program will forge lasting emotional connections with your customers.



Before

Loyalty is seen as a function, not as a strategy. **The loyalty team competes with other marketing domains** for users' attention rather than making everybody better.



After

The entire business understands how loyalty can help them. **Every marketing domain uses loyalty** to achieve their goals faster.

Our clients assemble their task forces by bringing together a mix of the following stakeholders:

CMO, CCO, VP Loyalty

- Primary program or promotions stakeholder
- Ensures buy-in for loyalty and promotions strategy from C-suite
- Works to make loyalty and promotions a business-wide priority

Marketing, loyalty and/or promotions team

- Responsible for program design and adoption
- Builds strategic incentives to increase customer engagement and lifetime value
- Manages customer communications regarding program or promotions

Tech department (including CTO)

- Responsible for program build, development and troubleshooting
- Manages loyalty and promotions software integration with tech stack

Customer support

- First point of contact for loyalty program or promotions troubleshooting
- Empowered to use promotions software to compensate customers with open cases

Fraud & security

- Prevents reputational & financial damage
- Safeguards customer loyalty data
- Ensures teams across the business can leverage customer data

Finance

- Ensures financial viability of program
- Manages promotions profitability

Should you build or buy your incentives platform?

If you're considering building your incentives platform in-house, you need a clear understanding of the IT resources you can realistically commit to. Developing loyalty functionality from the ground up is a complex and time-consuming project, and requires a hefty amount of ongoing maintenance too.

Companies often start by addressing their most urgent promotion challenges with a basic solution tailored to just a few specific use cases. While this might offer a quick fix, it's not a strategic approach for a company with plans to scale. But building your solution in-house does have its advantages:

Building incentives platform in-house

PROS

- **Control over product architecture**
- **Flexibility for engineers** to customize the code
- **Control over timelines** and initial sprint planning
- Solutions designed to **meet highly specific needs**
- Requirements implemented on **your own terms**
- **Compatible with current systems**

CONS

- Developer and engineer time **diverted from the core product**
- **Costly upgrades** for functionality, security, and quality
- Ongoing demands on developers for **future builds**
- **Limited scalability** beyond initial development
- **High ongoing maintenance costs**
- New **backend development required** to test or launch new features
- **No dedicated support** for testing or QA
- Need to create and **maintain documentation**

The current software market for loyalty and promotion programs

Commerce platforms

- → Free functionality as part of package
- → **Limited promotion and loyalty functionality**
- → Simple cart & item discounts
- → Easy to build and set-up, but no support for complex use cases
- → **Limited ability to customize incentives in-session**
- → Data processing latency

Legacy monolith

- → Wide range of features (e.g. CDP, email platform, search) but rarely best-of-breed
- → **Vendor lock-in, making it difficult, costly and time-intensive to transition to a new system**
- → Limited promotion and loyalty functionality
- → **No custom work available**
- → Restricted omnichannel functionality

In-house build

- → **Expensive to build and upkeep**
- → Limited promotion and loyalty functionality
- → **Takes dev time away from core product**
- → Limited automation

Pure-play loyalty and/or promotions SaaS

- → **Real-time connectivity to personalize campaigns**
- → **Cart level integrations**
- → May struggle to offer enterprise-grade security requirements

What does best-of-breed look like for loyalty & promotion platforms?

Personalization capabilities	Select a vendor that facilitates campaign personalization for various target groups and channels. You should be able to utilize user data like geography, brand preferences, and history, plus RFM data for enhanced loyalty schemes. Ensure it grants strong connectivity between CRM, segmentation, shop system, inventory, and messaging services.
Real-time data processing	A real-time loyalty provider enables instant data access, allowing you to act on customer actions as they happen. This capability helps prevent financial and reputational damage by controlling fraud and quickly rolling back benefits for returned items.
Cart native	A good solution goes beyond counting points at checkout. It should dynamically calculate the best incentives and rewards in real-time, based on the customer's basket and past interactions.
Omnichannel functionality	Make sure your provider offers strong omnichannel capabilities to track rewards across POS, online, in-app, and customer service tools. Centralized tracking of all customer interactions ensures a consistent and seamless experience across all channels and touchpoints.
Fraud prevention	Look for fraud prevention features to secure your loyalty programs and promotions. You should be able to set budgets by device ID or IP, limiting redemptions or loyalty points per purchase for each identifier.
Uptime & availability	Top vendors ensure smooth operations during high-load events like Black Friday or product launches, with practices like daily backups to prevent data loss and automated scaling for each deployment.
Global security standards	Alignment with global security standards, like SOC 2 and ISO, help safeguard your customers' information. Encryption management - making sure data is encrypted in rest and transport - further protects your company's reputation.

“As loyalty programs evolve, your technology must handle growing customer volumes, support new features, and adapt to changing business needs.”

IDC MarketScape

Worldwide Retail Loyalty Software Providers 2024

Questions to consider on your path to purchase

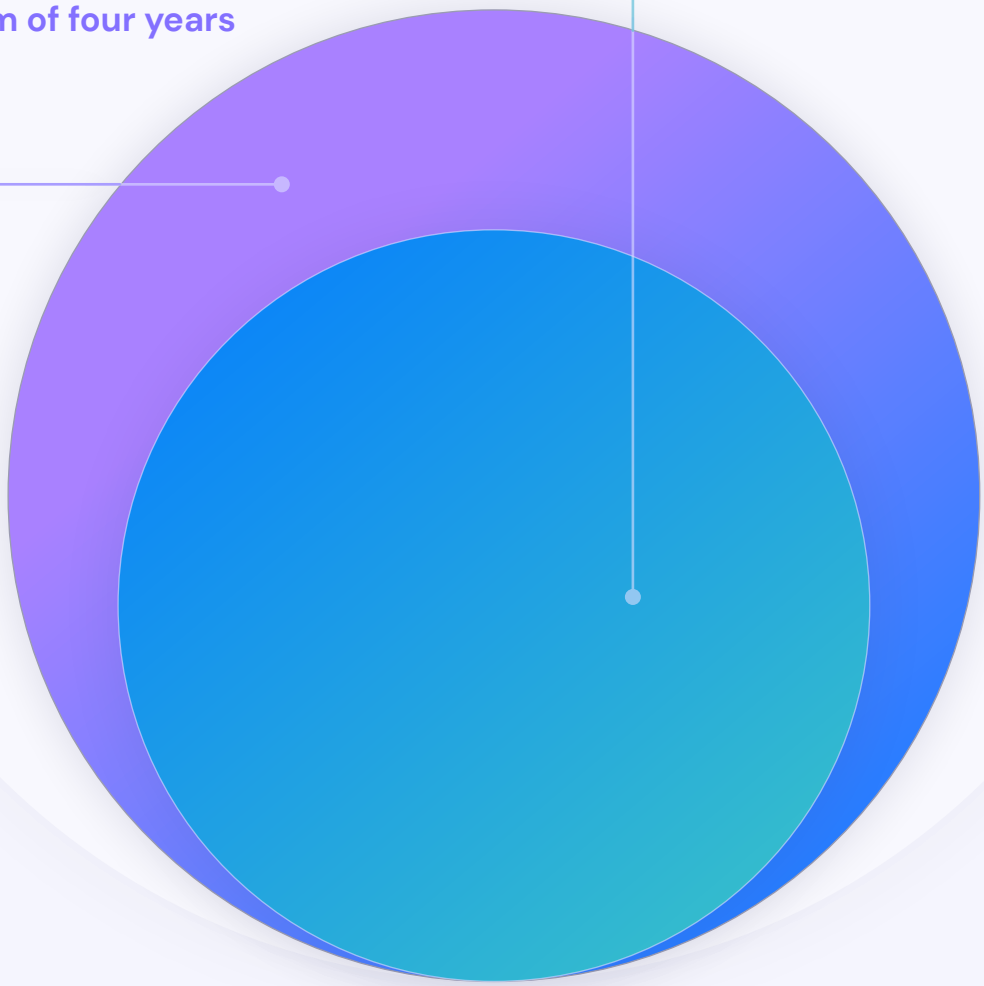
1. Who will champion the investment in loyalty and promotions within your organization?
2. How will you demonstrate the value of investing in loyalty and promotions?
3. What is your budget for this investment?
4. Can the product scale and adapt to both your organization's current and future needs?
5. How will your preferred vendor ensure campaigns drive profit, for example with campaign prioritization rules?
6. Does the solution meet your performance criteria?
7. How secure is the handling of your customers' loyalty data?
8. Does the solution include built-in fraud prevention to protect against loyalty program and coupon fraud?
9. What kind of support is available during onboarding and for troubleshooting?
10. Does the vendor have clients with similar needs who can serve as references?

50%

of reference customers have used their loyalty technology solution provider for a **minimum of four years**

30%

have relationships lasting **eight or more years**



“Loyalty technology solutions are a long-term investment. Look for vendors with a clear and future-fit vision with an aligned roadmap.”

The Forrester Wave™

Loyalty Technology Solutions, Q1 2023

How Talon.One stacks up against other vendors

	Talon.One	Vendor 2	Vendor 3
API-first approach Integrate your platforms and services and connect data from different sources.	✓	✓	✓
Craft your ideal loyalty structure Deliver a brand experience unique to you with entirely custom features, tiers and incentives.	✓	✗	✓
Options beyond loyalty Create compelling promotion campaigns for non-loyalty members.	✓	✗	✗
Generate product bundles, gift cards, digital wallets, and geofencing Drive engagement with more diverse promotions.	✓	✗	✗
Dynamic in-session promotions Offer real-time contextual promotion and loyalty logic based on customer session activity.	✓	✗	✗
Built-in loyalty & promotion security features Protect budgets and limit referrals, giveaways and loyalty points with best-in-class security.	✓	✗	✓
Get the best possible performance Overcome peak-time traffic, whether on Black Friday or new launches, with automated scaling for each deployment.	✓	✓	✗

TALON.ONE DIFFERENTIATOR

Talon.One sets the bar for API-performance in the industry, with average response times of ~40ms and 99.999% uptime.

Talon.One

Discover why top enterprise brands trust Talon.One for loyalty and promotions

Talon.One enables us to focus on personalization, delivering the right promotion to the right customer at the right time.

Angela Gow
Director of Digital Merchandising, Eddie Bauer

Talon.One is the best-in-class promotion engine to meet our promotional product vision.

Alysia Piccioni
VP, Brand Promotions, TicketMaster

We're really happy to work with Talon.One as our strategic partner for launching new loyalty program perks.

Emeline Berlind
SVP & General Manager of Loyalty, Sephora

> BOOK YOUR FREE DEMO

> GET DEVELOPER ACCESS