



RX | RETENTION X

10 STEROIDS FOR YOUR PAID ADVERTISING

THAT YOU SHOULDN'T SHARE WITH YOUR COMPETITION



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Target The Right Customers

Marketing platforms prioritize quantity over quality conversions due to limited access to customer data beyond the initial order and their goal to show quick wins. As a result, the long-term value of a customer is overlooked.

The recent rise in costs across all digital marketing channels underscores the need for strategic adaptation. Algorithmic changes on all platforms have led to lower ad frequency, which in turn has driven up the cost per impression.

In this changing landscape, securing the highest-value customers is critical. These customers not only generate one-time revenue, but also help your brand achieve sustainable growth. Ultimately, it comes down to a fundamental business question: Are you focusing on the right customers?

At RetentionX, we've worked with hundreds of consumer brands to develop effective paid advertising strategies. These strategies have proven successful both in isolation and in combination.

10 PERIODS FOR YOUR PAID ADVERTISING

- 01 Create Smart Lookalike Audiences
- 02 Use Geo-Targeting to Drive LTV
- 03 Promote Your Killer Products
- 04 Create The Perfect Product Journey
- 05 Stop Acquiring Low-Quality Customers
- 06 Prevent Top Customers From Churning
- 07 Allocate Campaign Budgets by LTV
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- 09 Eliminate Toxic Discounts
- 10 Time is Money

#1 Create Smart Lookalike Audiences

We often hear that every customer counts - but in fact, it's much more profitable to focus on high-value customers. That's why it's important to target only relevant audiences with your ads. Marketing platforms work most effectively when they leverage your data insights and provide them with detailed information about your ideal customer types. When you tell them more about your best customers, their algorithms can identify people with similar characteristics, behaviors, and interests.

Step 1: Identify your seed audience

Start by defining a high-quality seed audience that represents your ideal customers. Ideal customers share three main characteristics:

- They are **active** and have **recently** made their last purchase.
- They have placed **many orders** in total.
- They account for high **revenue** after product returns.

These three factors are also called **recency, frequency and monetary value** and are evaluated in the [RFM Analysis](#).



Recency



Frequency



Monetary Value

Step 2: Create a segment

The [RFM Analysis](#) scores all your customers separately for each RFM factor by ranking them based on that factor and then dividing them into four equally sized buckets, i.e. quartiles. Customers who are among the best customers based on all three factors are your *Top Customers*. They were active most recently, placed the most orders in total, and also spent the largest amount of money (after product returns). These customers serve as an excellent seed audience. RetentionX already performs the RFM analysis for you and identifies your *Top Customers*. You can easily segment them using the following condition:

The screenshot shows the RetentionX interface for creating a segment. The 'NAME' field is 'Top Customers'. The 'DEFINITION' field is 'Customers who have RFM Status one of Top Customers'. Below this is a table of customer data.

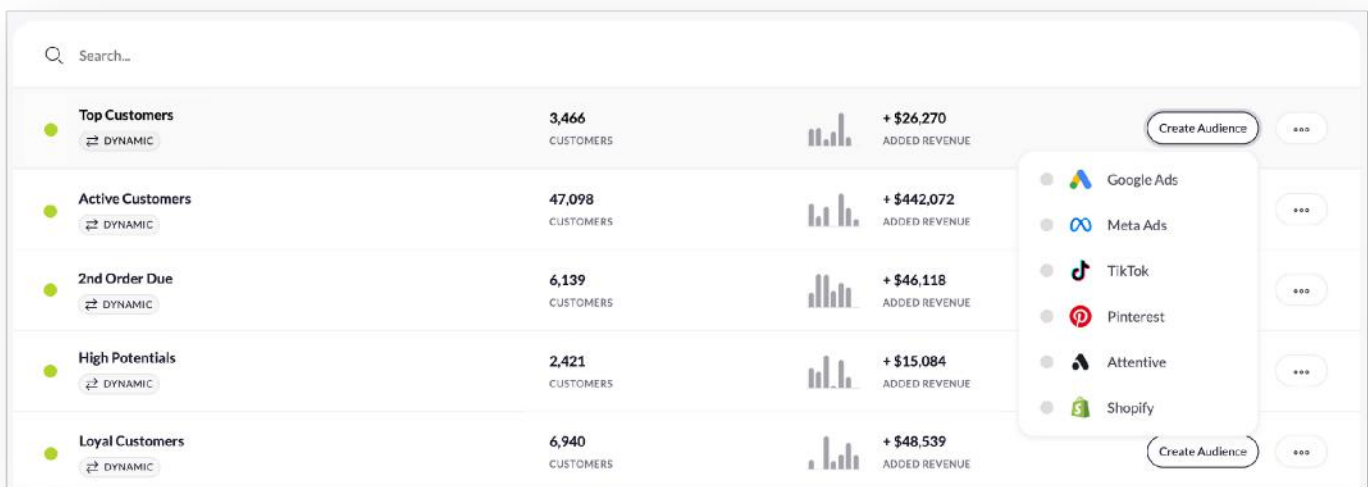
Customer ID ⁱ	RFM Status ⁱ	RFM Score ⁱ	LTV ⁱ	AOV ⁱ
10003	★ Top Customer	111	\$2,167.86	\$46.46
10015	★ Top Customer	111	\$1,893.42	\$44.51
10063	★ Top Customer	111	\$2,308.43	\$68.08
10148	★ Top Customer	111	\$1,226.55	\$65.34
10294	★ Top Customer	111	\$2,700.56	\$73.37

Create the *Top Customer* segment with just one click from our [segment suggestions](#).

Step 3: Sync your seed audience

Now that you have identified your ideal customers, it's likely they have a lot in common with the people who aren't yet customers but will love your brand. It's all about reaching your most promising prospects.

After connecting your marketing platforms to RetentionX, create audiences, e.g. in Meta, TikTok, or Pinterest including all your *Top Customers*.

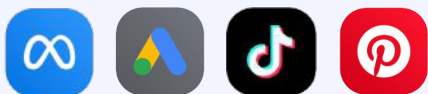


The screenshot displays a table of customer segments with a search bar at the top. The table lists five segments: Top Customers, Active Customers, 2nd Order Due, High Potentials, and Loyal Customers. Each segment includes a 'DYNAMIC' label, a customer count, and added revenue. A dropdown menu is open over the 'Create Audience' button for the 'Top Customers' segment, listing connected marketing platforms: Google Ads, Meta Ads, TikTok, Pinterest, Attentive, and Shopify.

Segment	Customers	Added Revenue
Top Customers	3,466	+\$26,270
Active Customers	47,098	+\$442,072
2nd Order Due	6,139	+\$46,118
High Potentials	2,421	+\$15,084
Loyal Customers	6,940	+\$48,539

Once the audience is created, it is always kept up to date. Customers are added and removed whenever they join or leave the segment.

The same segment can be used simultaneously across all your performance marketing channels:



Step 4: Create a lookalike audience

Find more new customers that are similar to your *Top Customers*! Create a campaign and target like-minded individuals. Therefore, choose a lookalike of 1-3% depending on your original audience size and consider any additional targeting options to refine your lookalike audience further.



Create a Lookalike Audience

Select your lookalike source

[RX] Top Customers

Create new source ▼

Select audience location

Countries > North America

United States

Search for regions or countries Browse

Select audience size

Number of lookalike audiences ⓘ

1 ▼

2.7M

0% 1% 2% 3% 4% 5% 6% 7% 8% 9% 10%

💡 A 1% lookalike consists of the **people** most similar to your lookalike audience source. Increasing the percentage creates a bigger, broader audience.

You don't have enough data to create a lookalike audience?

No need to worry! Just expand your segment criteria and include your *High Potential* and *Loyal Customers*.

#2 Use Geo-Targeting to Drive LTV

By identifying the right locations to focus your marketing efforts on, you can increase your chances of success and build a strong, loyal customer base. From analyzing hundreds of consumer brands, we learned that **customer lifetime value can vary by as much as 82% by city**. There is a strong correlation between the purchasing power of certain cities and the resulting LTV.

This means you can afford higher customer acquisition costs for customers from certain locations, knowing that these customers will generate much higher average revenue over their lifecycle. At the same time, you should reduce budgets for locations where only low-quality customers are waiting.

Step 1: Identify your most valuable cities

The [Best Cities](#) report helps you to understand the quality of your new customers based on the city they're located in. The *LTV 1 Year* indicates the value added per customer within the first year - after cost of goods sold - and reveals that some cities outperform others by more valuable customers.

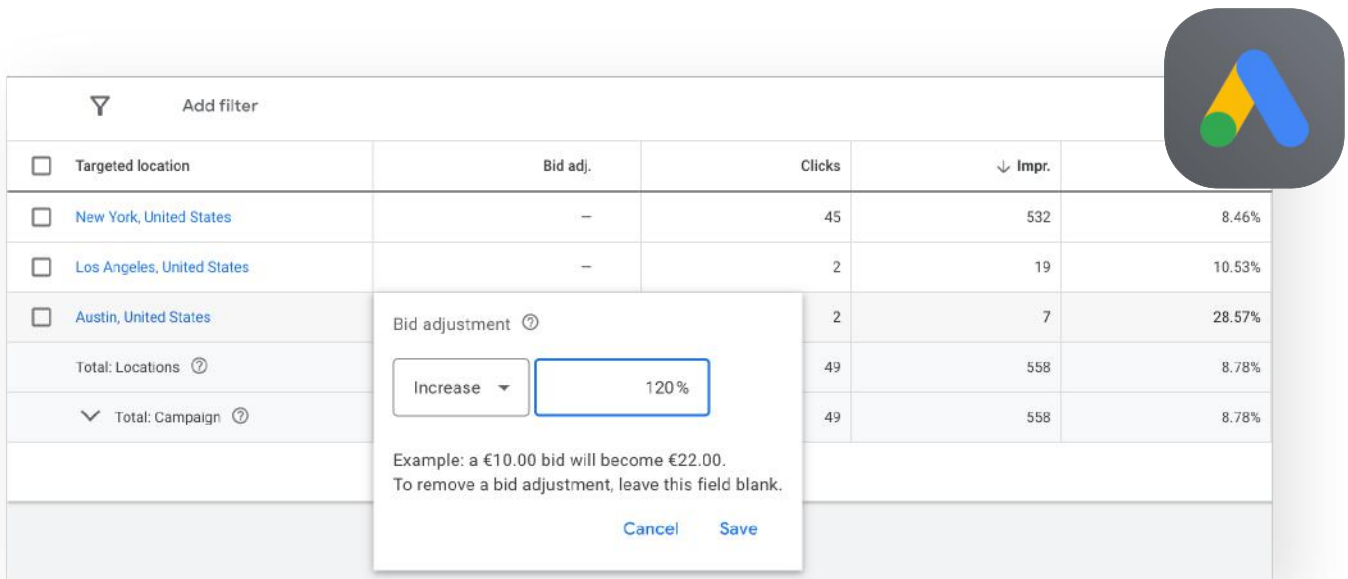
City ⁱ	Country ⁱ	New Customers ⁱ	LTV 1 Year ⁱ	LTV ⁱ	AOV ⁱ
Los Angeles	United States	2,754 827%	\$185.29 -3%	\$279.34 0%	\$115.95 8%
Miami	United States	2,292 671%	\$142.52 -21%	\$207.74 -26%	\$98.02 -8%
New York	United States	2,274 665%	\$219.76 22%	\$319.65 14%	\$141.45 32%
Chicago	United States	1,952 557%	\$157.37 -13%	\$236.59 -15%	\$106.51 0%
Denver	United States	1,568 428%	\$161.04 -11%	\$231.24 -17%	\$107.39 0%

Step 2: Understand the LTV impact of your popular cities

The LTV must be related to the number of new customers per city. To do this, download the data as a CSV and reduce the database to the 15 cities with the most new customers - for these cities you have a significant database. Now you can divide these 15 cities into three clusters: The top 5, average 5 and worst 5 according to their *LTV 1 Year*.

Step 3: Adjust the CAC

Once you know the value of your customers, use this insight to [adjust the bids](#) for these cities according to the LTV differences between the three groups; you should aim for a 3:1 LTV to CAC ratio. This way, you can multiply the quality and revenue of your customers with the same advertising budget and know which audiences to scale first.



The screenshot shows an advertising dashboard with a table of targeted locations. A modal window for bid adjustment is open over the 'Austin, United States' row. The modal has a dropdown set to 'Increase' and a text input field containing '120%'. Below the input field, there is an example: 'Example: a €10.00 bid will become €22.00. To remove a bid adjustment, leave this field blank.' The modal has 'Cancel' and 'Save' buttons.

Targeted location	Bid adj.	Clicks	Impr.
New York, United States	-	45	532
Los Angeles, United States	-	2	19
Austin, United States	-	2	7
Total: Locations		49	558
Total: Campaign		49	558


Increase the reach by running the same analysis with more cities. Just be careful not to draw wrong conclusions from non-significant data. **We recommend that you only consider cities where you have at least 50-100 customers.**

#3 Promote Your Killer Products

Unfortunately, your marketing platforms will work against you if you let them decide which products to promote in your ads. Any ad formats based on product feeds, such as carousel ads or any form of A/B testing, will result in the platform's algorithm favoring the product that has the most shoppers and the lowest CAC. This results in a high ROAS on the first order, however, the long-term quality of the customer is not taken into account at all.

Our analysis has shown that these are usually products that are significantly cheaper than average. As a result, they attract customers for whom the brand's other products are much too expensive on average, and who are therefore much less likely to buy again.

This logic also applies to loss-leader products that are heavily discounted. These have a negative effect on customer quality and are not recommended, even if they may attract many customers in the short term.

Product: Hydration Starter Set				
Details Customers Orders Variants				
	Title Moisturizer	Gross Items Sold 196,478	Gross Revenue \$6,407,279.09	Customers 104,680
	LTV of New Customers \$383.21	LTV 1 Year of New Customers \$228.78	LTV of All Customers \$505.12	Orders 178,254
	Orders Leading to a Follow-Up 112,406	Share of Orders Leading to a Follow-Up 63.14%	Follow-up Orders incl. the Product 73,360	Share of Follow-up Orders incl. the Product 41.20%
	Latest Selling Price \$42.00	Average Selling Price \$32.58	Latest COGS \$5.68	Average COGS \$5.68
	Gross Margin 85.80%	Product Return Rate 0.71%	Purchase Frequency 7.80%	First Order Date 31 Aug 2018

Step 1: Discover high LTV products

Under [All Products](#) you'll find all metrics needed to understand your products' performance. Monitor the correlation between the purchased product and the resulting customer quality with the help of the product LTV. *LTV of New Customers* calculates the average lifetime value of all customers that have purchased the considered product in their first order. Products with a high *LTV of New Customers* are true magnets for high-quality customers.

Product Title ⁱ	Gross Revenue ⁱ	Net Revenue ⁱ	Customers ⁱ	LTV of New Customers ⁱ	LTV 1 Year of New Customers ⁱ
Hydration Starter Set	\$6,407,279.09	\$6,344,904.58	104,680	\$383.21	\$228.78
Simple Cleanse Juice	\$3,724,966.76	\$3,697,602.66	101,003	\$304.50	\$185.98
Vitamin C Juice Pack	\$1,987,182.75	\$1,969,529.55	68,029	\$406.91	\$241.67
Wellness Shot	\$2,118,078.50	\$2,103,937.37	56,711	\$386.03	\$235.39

Step 2: Advertise the right products

Once you have identified the products that have the highest *LTV of New Customers*, it also makes sense to identify the products that have the lowest *LTV of New Customers*. The next step is to remove products from your campaigns that are ordered by many customers but result in a low LTV of New Customers. Instead, focus on products that promise high retention rates. To do this, create product sets from your product feed, e.g. in the [Meta Commerce Manager](#).

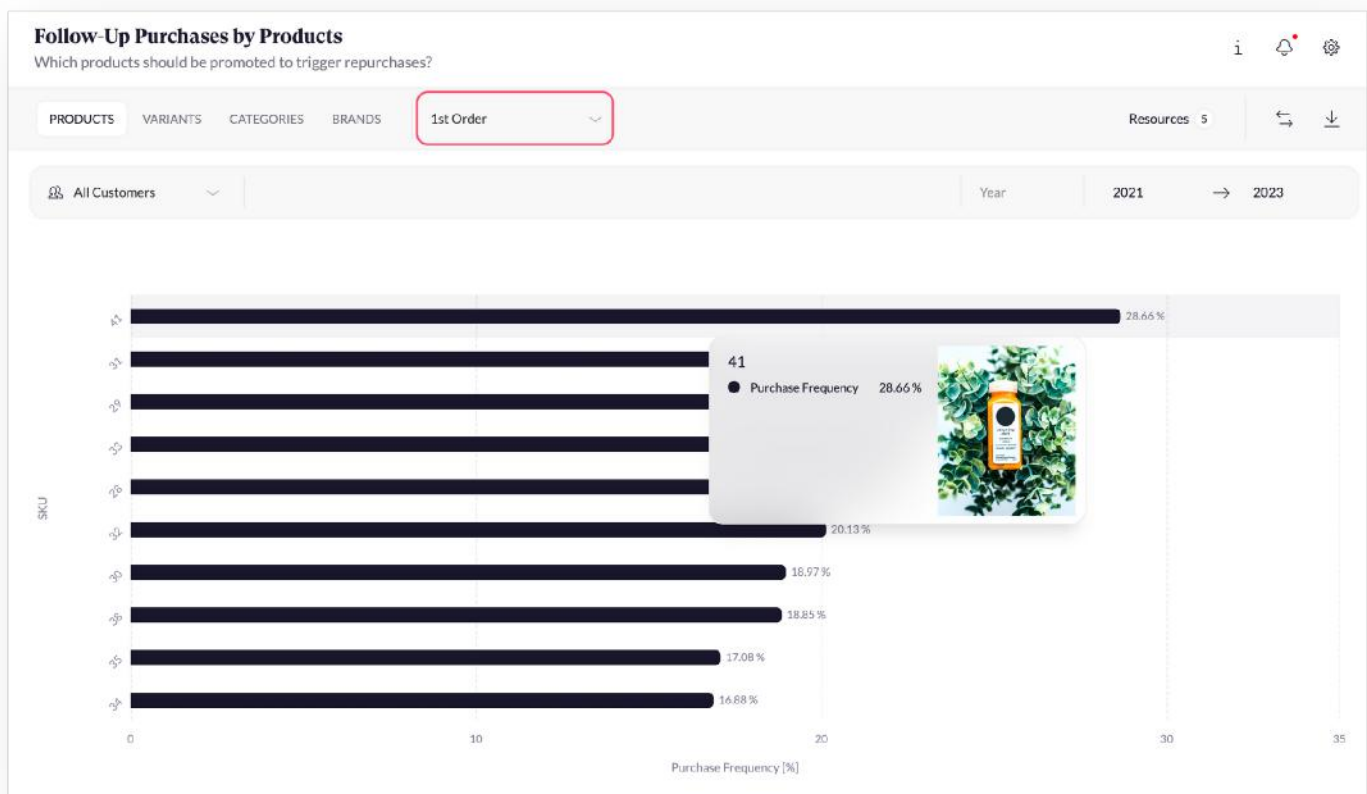
Make sure you have enough customer data for the products you want to analyze. We recommend that you have at least **100 customers per product**.

#4 Create The Perfect Product Journey

How can you inspire customers to repurchase? Instead of firing off the next coupon code, lead customers to the logical next purchase. The key is to provide relevant and personalized recommendations that add value to your customer's overall experience. By understanding your customers and their preferences, you can effectively trigger follow-up purchases and drive customer loyalty.

Step 1: Identify the bestseller among your new customers

Use the [Follow-Up Purchases](#) report to gain insights into your customers' preferences and to identify your best-selling products in your new customers' first order. In this example, we see that the product chosen the most for customers in their first order is the *Vitality Shot*.



Step 2: Segment your customer base

In order to analyze their purchase behavior, create a segment grouping all customers who shopped for the *Vitality Shot* in their first order.

NAME

1st Order incl. 41

DEFINITION

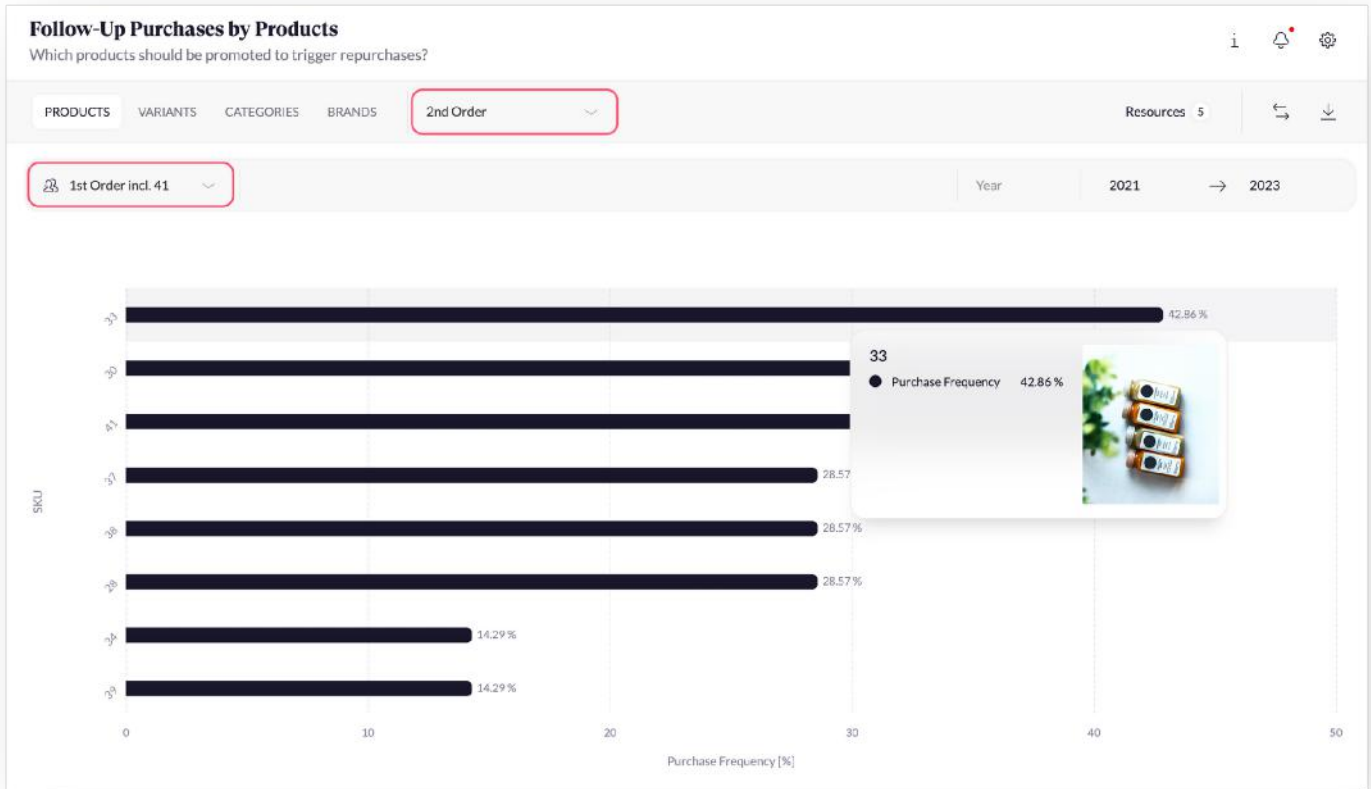
Customers who did place an order being their 1 st order over all time

where SKU is one of 41 x

Step 3: Analyze the product journey

What does a customer who first buys the *Vitality Shot* typically buy next? These are exactly the products that should be part of your customer retention campaigns. Use again the [Follow-Up Purchases](#) report and select your newly created segment to analyze their second order: after buying the *Vitality Shot*, most customers come back to purchase the *Vitamin C Juice Pack*.





Step 4: Create a segment of one-time buyers

Now you need to target customers who have already made the first purchase, but do not yet own the products that are often purchased during the second purchase. Segmentation allows you to easily identify these customers. Of course, **this step can be done directly with multiple products.**

NAME

One-Time Buyers (Purchased 41)

DEFINITION

Customers who did **place an order** exactly **1** time over all time

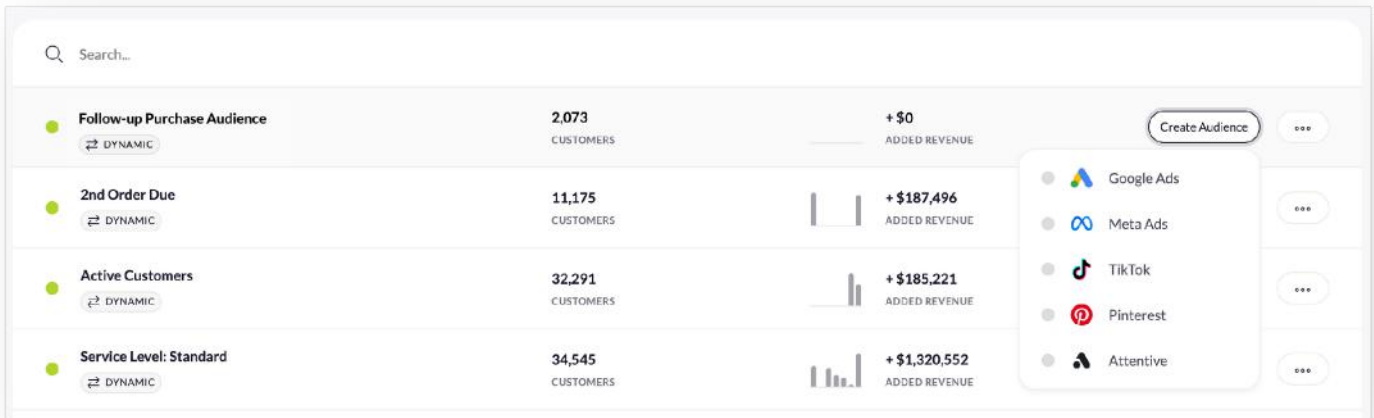
where SKU is one of 41 x

and SKU is none of 33 x



Step 5: Sync your audience

Now it is time to engage these customers with the right content. With just one click from your RetentionX account, create an audience on your marketing platforms and add a campaign for that audience to target them with the next best offer.



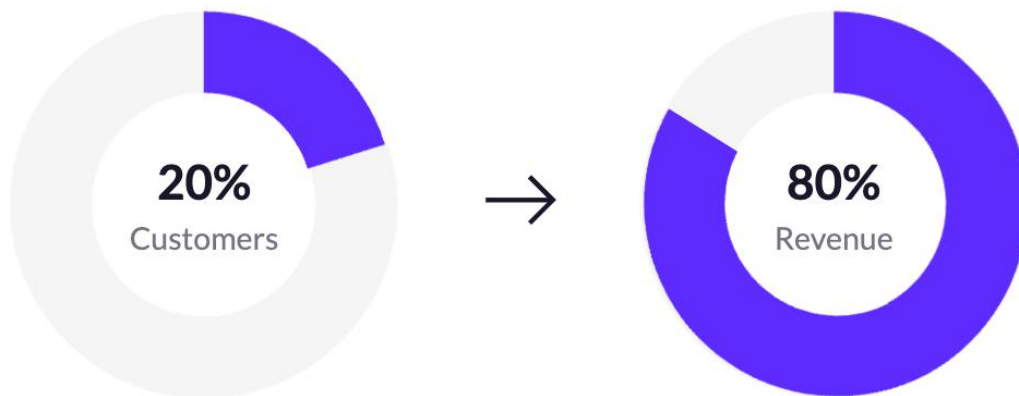
If you don't have enough data yet, you can apply the same logic to product categories or brands to make appropriate recommendations, at least at a high level.

Step 6: Customize your product catalog

Once you've created a product catalog, such as in the *Meta Commerce Manager*, you can create sets or collections that group specific product recommendations for your retention ads. Include all the products that you want to promote in the ads aimed at retaining one-time buyers who purchased the *Vitality Shot*. This should include products such as the *Vitamin C Juice Pack* that were frequently repurchased by repeat customers. Utilize these product sets to effectively target the previously synchronized segment.

#5 Stop Acquiring Low-Quality Customers

Another approach to improving customer quality, and therefore revenue, is to reduce the number of low-quality customers you acquire in the first place. A common observation, known as the Pareto principle, is that the top 20% of customers account for 80% of revenue. Conversely, the **worst 80% of customers account for 99% of overhead costs** because they require more support, return more products and often buy discounted items.



These customers are more or less the opposite of your *Top Customers*. They share the following characteristics:

- High product return rates
- Few total orders
- Low or negative gross margins

By excluding these customers from your retargeting campaigns, you can save money and give your marketing platforms all the information they need to target fewer like-minded customers in the future.

Step 1: Create a segment

First, identify all customers who are either **inactive one-time buyers**, **heavy product returners** or **bargain hunters**. Using the OR connector between the conditions makes the segment more inclusive, i.e. somebody only has to meet one of the segment conditions in order to be included. This is what the segment might look like:

The screenshot shows a user interface for defining a customer segment. The segment is named "Low-Quality Customers". The definition is composed of four conditions connected by OR connectors:

- Condition 1: Customers who did place an order exactly 1 time over all time.
- Condition 2: Customers who did place an order exactly 0 times in the last 365 days.
- Condition 3: Customers who have Product Return Rate in the worst 20%.
- Condition 4: Customers who have Gross Margin less than 30.

In order to use the gross margin, please make sure that the **COGS** are maintained for all your products.

Step 2: Exclude this segment

With just one click from your RetentionX account, you can create an audience across all your marketing platforms. Select to exclude them from your retargeting campaigns. The audiences are updated daily guaranteeing that your marketing budget is effectively directed towards the most relevant individuals.



Add an existing audience list

Viewing: Actalikes Customer lists Engagement Site visitors

Selected audience lists (1)

[RX][Juice Company] Low-Quality Customers ID: 2542621976711	<input checked="" type="checkbox"/> Ready to use updated 1 month ago	50k Customer lists	X
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Selected Include list Exclude list

Step 3: Exclude lookalike audiences

Stop acquiring new customers that are similar to your low-quality customers! Create a top of funnel campaign and exclude like-minded users. Therefore, choose a lookalike of 1-3% depending on your original audience size.

Viewing: Actalikes Customer lists Engagement Site visitors

Selected audience lists (1)

[RX][Juice Company] Low-Quality Customers ID: 2542621976711	<input checked="" type="checkbox"/> Ready to use updated 1 month ago	50k Customer lists	X
--	---	-----------------------	---

Selected Include list Exclude list

#6 Prevent Top Customers From Churning

For this strategy, the add-on [Forecast Plus](#) needs to be activated. Alternatively, this strategy can be applied to *Top Customers* whose next order is overdue; read more [here](#).

Losing customers is an unpleasant reality for any consumer brand. The chance of preventing a customer from churning is much higher than the chance of converting a prospect into a new customer. While not all lost customers are necessarily worth your efforts, some of them may even be more valuable to your business than new prospects.

Special customers deserve special treatment. Your *Top Customers* (as determined by the [RFM Analysis](#)) who are at risk of churn should be won back with personalized offers.

Step 1: Identify customers at risk of churn

When is a customer at risk of churning? To find out, you need to understand how individual customers are behaving. If a customer normally buys monthly, the absence of an order after 6-8 weeks already indicates an increased risk of churn. At the same time, 6-8 weeks means nothing to a customer who usually orders every 6 months.

Don't worry! RetentionX will do the job for you! This logic, as well as many other factors such as the customer's AOV and products purchased, are incorporated into the churn risk calculated by RetentionX through machine learning. The churn risk per customer can be viewed under [All Customers](#).

Step 2: Create a segment

Our segment builder makes it more than easy to identify all the *Top Customers* who have an increased risk of churn. We recommend setting a churn risk threshold of 70%. The segment could look like this:

The screenshot shows a segment builder interface. At the top, there is a text input field labeled "NAME" containing the text "Top Customers at Risk". Below this is a section labeled "DEFINITION" containing two criteria. The first criterion is "Customers who have" followed by a dropdown menu for "RFM Status", a dropdown menu for "one of", and a dropdown menu for "Top Customers" with a red 'x' icon and a minus sign. The second criterion is "Customers who have" followed by a dropdown menu for "Churn Risk", a dropdown menu for "greater than", and a text input field containing "70" with a red minus sign. Between the two criteria is a button labeled "AND" and "OR".

Expand your segment criteria and include your *High Potential* and *Loyal Customers* with a high churn risk if the target audience is too small.

The screenshot shows a segment builder interface. At the top, there is a section labeled "DEFINITION" containing three criteria. The first criterion is "Customers who have" followed by a dropdown menu for "RFM Status", a dropdown menu for "one of", and a dropdown menu for "Top Customers", "Loyal Customers", and "High Potentials" with red 'x' icons and a minus sign. The second criterion is "Customers who have" followed by a dropdown menu for "Churn Risk", a dropdown menu for "greater than", and a text input field containing "70" with a red minus sign. Between the two criteria is a button labeled "AND" and "OR".

Step 3: Incentive the next purchase

Now that you know who your top at-risk customers are, it's time to incentivize their next purchase to keep them from churning. Since Top Customers appreciate exclusivity and value, it's important to not jump straight to discounts when re-engaging these customers. Here are some ideas on what you can offer instead:

Appreciation gift

Show your top customers you care about them by adding a gift to their next cart. It could also be free express shipping on the next order or adding credits on their account.

Exclusive access

Elevate their experience by granting exclusive access. This could involve providing a sneak peek of upcoming collections, allowing them to pre-order products before official launch, or giving them early access to your sales events.

Exclusive content

Strengthen your top customers connection with your brand by sharing behind-the-scenes content that showcases your brand's values, processes, and the people who drive it. This transparency fosters a deeper emotional tie.



Co-creation

Empower your customers by involving them in shaping your brand's future. Seek their opinions and feedback on new products or services, making them feel like valued collaborators rather than just customers.

#7 Allocate Campaign Budgets by LTV

Stop flying blind and make informed decisions to maximize the return on your ad spend. While many marketing platforms can tell you which campaigns are bringing you the most customers at the best price, they fall short when it comes to evaluating the long-term quality of the customers you're acquiring.

Imagine you are running two different marketing campaigns, 'A' and 'B', each with its own set of costs and results. Campaign 'A' brings in customers at a cost of \$50 per customer, while campaign 'B' costs more at \$75 per customer. Customers from both campaigns spend \$60 on their first order. At first glance, we'd agree that campaign 'A' performs better because of its lower cost per customer acquisition - especially in terms of first order value. But the true measure of success goes beyond that. What if you discovered that customers acquired through campaign 'A' tend to return their products rather than buy again? On the other hand, customers from campaign 'B' continue to engage with your products over time and become loyal.

 acquired through campaign A	CAC	\$50	 acquired through campaign B	CAC	\$75
	1st Order Value	\$60		1st Order Value	\$60
	ROAS	120%		ROAS	80%
	Total Orders	1		Total Orders	4
	AOV	\$60		AOV	\$70
	Product Return Rate	20%		Product Return Rate	15%
	Gross Margin	40%		Gross Margin	57%
	LTV	\$19		LTV	\$136
	ROAS by LTV	38%		ROAS by LTV	181%

Facebook is not able to provide you with this information. However, with RetentionX you can measure the quality of resulting customers for each campaign and know when the ROAS based on LTV exceeds 100% (payback period). Moreover, thanks to LTV predictions, you can know at an early stage how customer quality will develop.

This analysis is exclusively available for our custom and Shopify integration.

Step 1: Add UTM tracking to your campaigns

To evaluate the quality of your conversions, you need to track your customers' marketing journeys. To do this, include **UTM parameter tracking** in all your marketing activities. RetentionX makes it easy to analyze these UTMs. The good news is that UTMs are automatically recognized by Google Analytics, Shopify and RetentionX. Once you start tagging and tracking your links with UTMs, you will understand where your traffic is coming from.







We know that UTM tags are not ideal for getting absolute numbers or channel attribution, but they are **perfect for all averages like LTV, AOVs**, or share of new customers acquired. For this analysis, it does not matter if some customers are not assigned to the channel.

Learn more about setting up UTM parameters in our guide [How to Master UTM Parameters](#).

Step 2: Identify your most effective campaigns

Under **Best Channels** and **Best Campaigns** you'll find all metrics needed to understand your channel and campaign performance. Monitor the correlation between acquisition path and resulting customer quality with LTV. LTV takes into account all contribution margins (net revenue - COGS) generated by customers who were exposed to a specific UTM campaign at the time of their first purchase and determines their average.

What's more, based on the LTV, you'll understand the payback period, how quickly your costs are being amortized, and the true ROAS.

Campaign ⁱ	Source ⁱ	Conversions ⁱ	New Customer ⁱ Share	CAC ⁱ	LTV ⁱ
TOFU	Pinterest	 2,591.00	100.00%	 \$67.90	\$342.67
MOFU	Meta	 1,408.00	83.00%	 \$90.78	\$541.30
BOFU	TikTok	 1,368.00	61.00%	 \$121.45	\$489.25

Step 2: Adjust the target CACs

Once you know the value of your customers, use this knowledge to dynamically adjust the target CACs for the campaigns according to the LTV differences; you should aim for a **3:1 LTV to CAC ratio**. This way, you can multiply the quality and revenue of your customers with the same advertising budget and know which campaigns to scale first.

#8 Make Relevant Offers to Your High Potentials

What are *High Potentials*? *High Potentials* are customers who have the best chance of becoming *Top Customers* after the first purchase due to large shopping baskets. There is a clear correlation between the AOV of the first purchase and the number of purchases a customer makes. **The higher the AOV of the first purchase, the more likely the second purchase**, and the average number of total purchases also increases significantly.



Step 1: Segment your High Potentials

To do so, you can use the [RFM Analysis](#) again. Customers who are among your best customers based on monetary value, but fail to score high on recency and frequency, meaning that their last order may have been a while ago and they only purchased once, are your *High Potentials*.

You can easily segment them using the following condition:

NAME

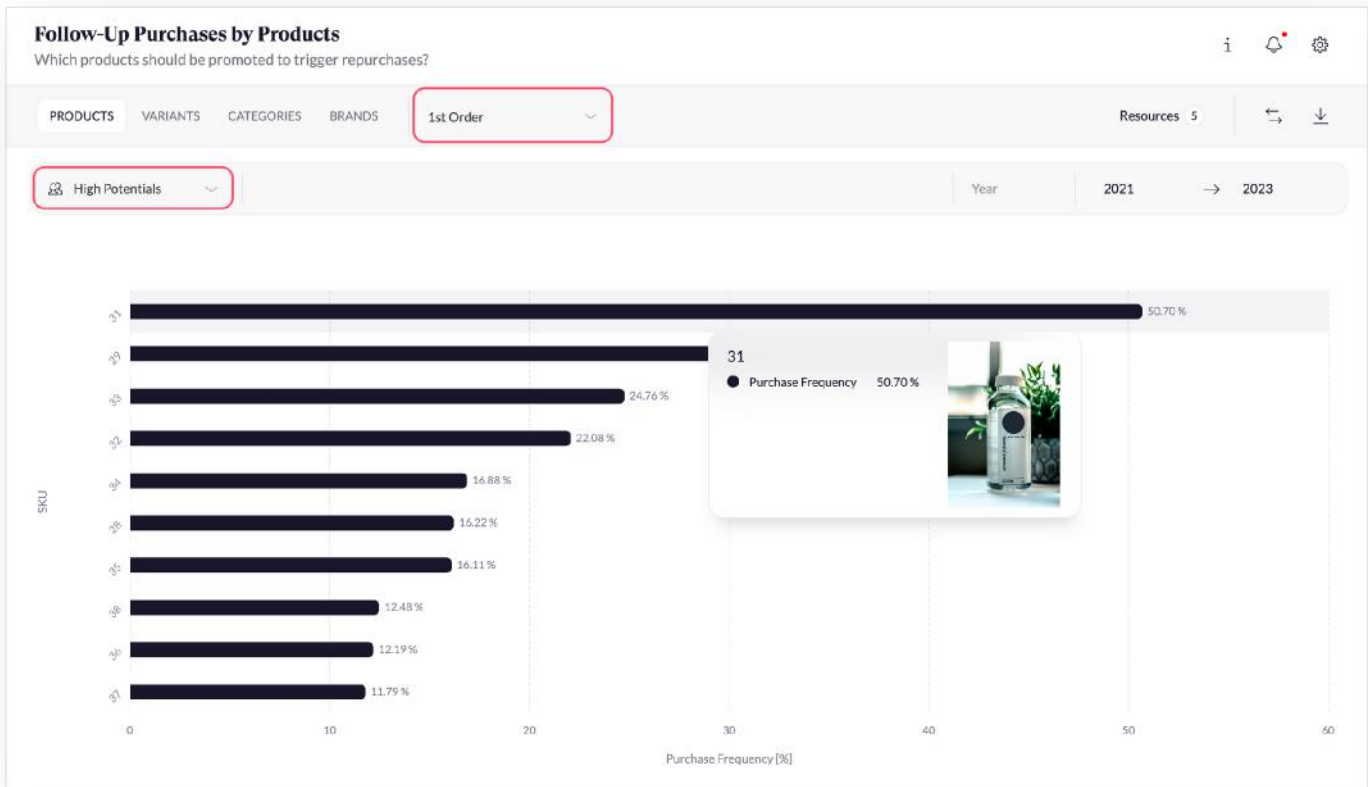
High Potentials

DEFINITION

Customers who have RFM Status one of High Potentials

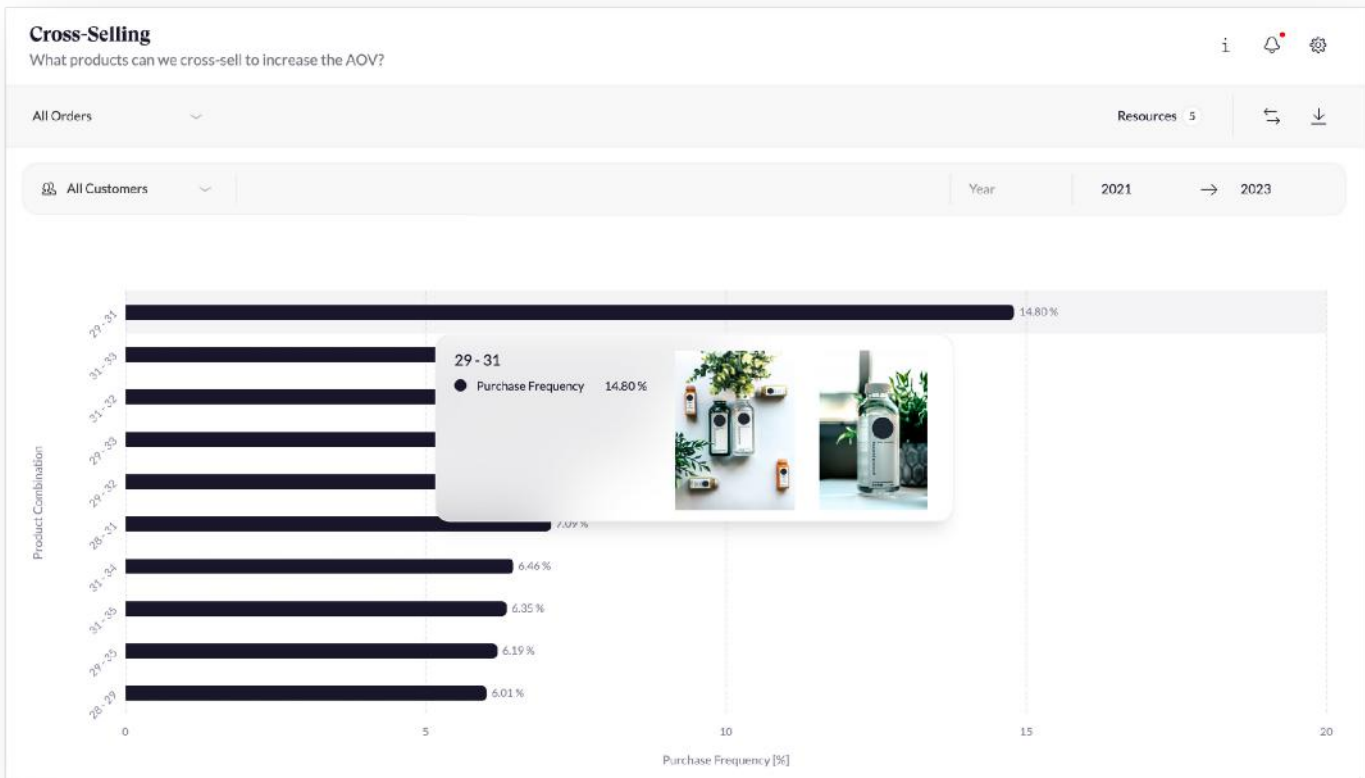
Step 2: Identify your best-selling products by High Potentials

Use the [Follow-Up Purchases](#) report to identify your best-selling products in your high potentials' first and probably only order. In this case, you can see that the product chosen the most for your *High Potentials* is the *Aloe Vera Juice* in their first order.



Step 2: Identify cross-selling opportunities

The next step is to analyze which additional products buyers of the *Aloe Vera Juice* often choose. These products make the perfect next offer for your *High Potentials*. For this, use the **Cross-Selling** report to understand which products are usually purchased in combination with the *Aloe Vera Juice*. Simply **filter the chart** for the appropriate product.



In the next step, identify all the *High Potentials* who have purchased the *Aloe Vera Juice* but have not yet purchased the top cross-selling products. Your goal should be to encourage these customers to buy these products as well, knowing that they are highly relevant product recommendations.

Step 3: Create a segment

You want to target *High Potentials* who have made their first purchase but do not yet own the products that are often purchased together. This step can also be done directly with multiple products.

NAME

High Potentials Follow-up Purchase

DEFINITION

Customers who did order a product at least 1 time over all time

where SKU is one of 41

and SKU is none of 29

AND OR

Customers who have RFM Status one of High Potentials

Step 3: Sync your audience

Now that you've identified the ideal next offer for your *High Potentials*, it's likely that you'll be able to achieve their second purchase by advertising the right products. Once you've connected your marketing platforms to RetentionX, you can create audiences in Meta, TikTok or Pinterest to create highly targeted retention campaigns.

If you don't have enough data yet, you can apply the same logic to product categories or brands to make appropriate recommendations, at least at a high level.

#9 Eliminate Toxic Discounts

Everyone loves a good deal, and almost nothing makes a customer happier than receiving an irresistible coupon code. Discount codes are not only great for attracting new customers, but also for building customer loyalty. However, it's crucial to maintain profitability: The goal should not only be to trigger one-time sales, but also to foster long-term customer engagement and loyalty.

Step 1: Measure the effectiveness of your discount codes

To maximize the overall impact of your discount campaigns, always analyze the effectiveness of your discount codes using the following two KPIs:

- The **average LTV** of customers that redeemed a coupon. This metric is impacted by the gross margin of each purchase, and the number of orders placed by customers.
- **Repeat Purchase Rate**, showing on average how often customers buy again after redeeming the coupon.

Coupon Code ⁱ	Redemption Count ⁱ	New Customer ^j Share	AOV ⁱ	LTV ⁱ	Repeat Purchase ^j Rate
WELCOME10	18,753 54%	47.05% -1%	\$537.61 0%	\$1,668.83 1%	1.87 1%
REFERAFRIEND20	7,625 -37%	48.64% 2%	\$537.82 0%	\$1,650.76 0%	1.87 1%
X951M	5,715 -53%	47.96% 1%	\$534.01 -1%	\$1,613.15 -3%	1.78 -4%
REACTIVATION10	3,822 -69%	47.49% 0%	\$539.51 0%	\$1,674.83 1%	1.88 2%
HAVEFUN	1,952 -84%	48.00% 1%	\$536.14 0%	\$1,616.85 -2%	1.76 -5%

Step 2: Eliminate harmful discount codes

Only promote discount codes that lead to high repeat purchase rates, and refrain from promoting codes that only trigger one discounted purchase, as they don't add sustainable value to your brand! While analyzing your discounts always keep in mind:

1. **Type of discount:** Different types of discounts, such as percentage off, dollar off, and free shipping, may have different effects on your customers' behavior. Analyze the impact of each type of discount on LTV and repeat purchase rate to determine which is the most effective for your brand.
2. **Discount amount:** The amount of the discount might also have an impact on its effectiveness. Too high discounts may result in lower profits, while too low discounts may not be compelling enough to drive sales. Observe the impact of different discount amounts on LTV and repurchase rate to determine the optimal discount amount for your brand.
3. **Customer segment:** It's hard to find one all-rounder that works for everyone. Each customer segment may respond differently to discounts. For example, loyal customers are more likely to respond to a discount that rewards their loyalty, while new customers are more likely to respond to a discount that incentivizes their first purchase. Consider segmenting your customers and analyzing the impact of discounts on LTV and repurchase rates for each segment.
4. **Timing:** The timing of when you promote your discount code can also affect its effectiveness. For example, offering a discount during a low sales period may be more effective at driving sales than offering the same discount during a peak season. Analyze the impact of discount timing on LTV and repurchase rates to determine the best times to offer discounts.

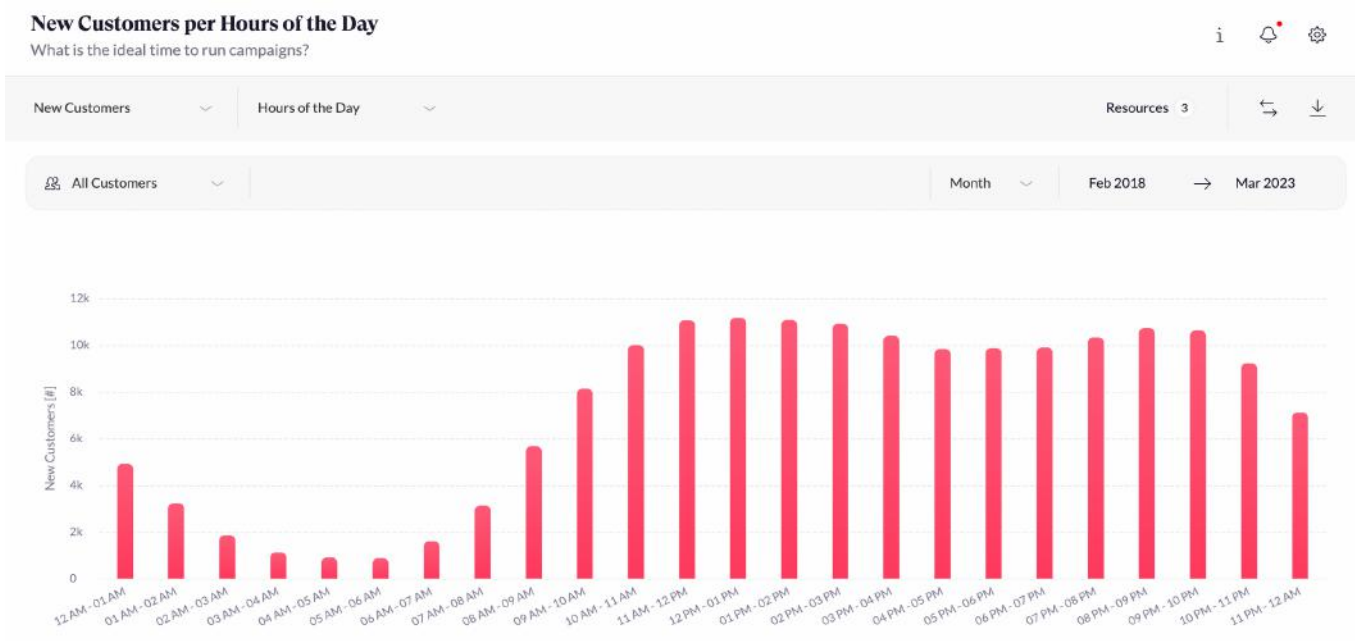
Never promote discount codes before a customer has had the opportunity to make a purchase at full price. Especially as an incentive for repeat purchases, consider the [Time Between Purchases](#) report to avoid discounting too early.

#10 Time is Money

There's been a lot of speculation about when the willingness to buy is highest and therefore the best time to run ads on the different marketing platforms. In fact, there is no universal answer to this question, but can be completely different for every brand. Our [Time Analysis](#) will reveal when your target group's willingness to buy is high.

Step 1: Understand your peak times

The [Time Analysis](#) helps you understand when your customers have a high purchase intention, for example, when the most new customers were acquired or the most revenue was generated. So let's check which times of day, days of the week, days of the month, or seasons are you strongest?



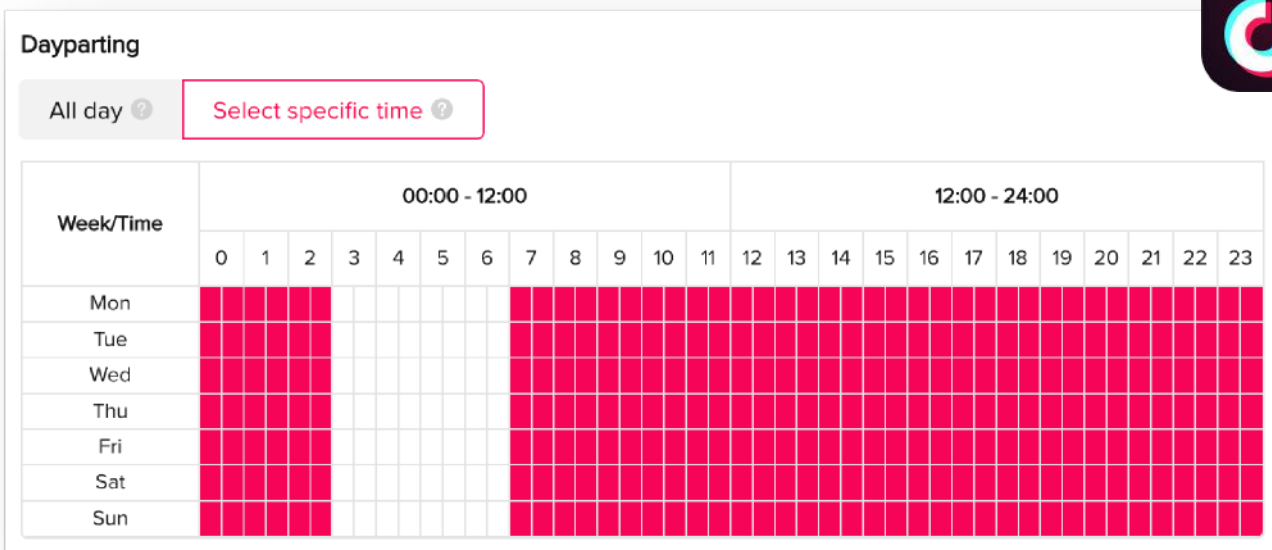
Alright, but what do we do with this data next? If you knew that 80% of your sales happen between 10am and 10pm, but you spend 50% of your advertising budget outside of that time. What would you do? A very common mistake in marketing is to build up pressure when things are going badly. We often hear "Sales are very poor this week. We're not going to meet the target. What can we do?" Too rarely we hear "Today is a strong day. What can we do to make even more of it?" But that's the right approach!

Step 2: Adjust your budget

Your marketing platforms, such as TikTok, allow you to select specific time periods throughout the day when you want your ad to show once you've set it to run. This way, you can remove budgets at weak times and **reallocate those savings** at stronger times.

Although most marketing platforms keep track of the top converting times and adjust the targeting accordingly, there are two major drawbacks:

- **Conflict of interest:** Marketing platforms want to monetize reach. They run your ads more frequently during peak times, but still continue to monetize the slow periods.
- **Less data:** The marketing platforms only know about their own channel. With RetentionX, cross-channel data is used to leverage the insights about your target group's willingness to buy.



GET IN TOUCH!



retentionx.com



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