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2022 Loyalty and Incentive Solution Buyers Guide: Part Three - *Vendor Selection* Guide

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Evaluating Incentive and Reward Providers

In Part 3 we will explore some essential factors to consider when researching and selecting your loyalty and incentive solution company. The goal of every incentive program is to have excellent UX satisfaction scores while maintaining operational efficiency. Implementing the right technology makes this much less elusive than in previous years. Technology manages participants, activities, event processing, different use case redemptions, validations, QA, reward fulfillment, reporting, and more. Program managers can now easily access accurate program data for better customer service and present robust dashboards to inform decision-making while maintaining security, compliance, and building customer confidence.

Organizations are looking for ways to use technology to improve incentive payout processing, management, and fulfillment for their employee recognition, health and wellness, customer surveys, product rebate, sales incentive, and channel partner initiatives.

This guide is to help the reader better understand the criteria and considerations needed when it comes to evaluating an incentive and reward provider.

Types of Providers

Understand the most critical criteria considerations when evaluating a loyalty program vendor.

Start your vendor evaluation by acknowledging your desired outcome(s): acquire new customers, improve retention, increase lifetime value, maximize AOV, drive engagement from existing customers, or another goal that fits your needs. As you assess incentive solution vendors, specific criteria may help your business achieve these objectives. Consider the following as you evaluate: There are two main types of vendors on the market: pure-play loyalty platform providers and loyalty managed services providers.

Pure-Play Incentive Platform Providers

A pure-play vendor offers organizations the technology to control and build their incentive program. This vendor type will support framework establishment, program logic, implemen-



tation, strategic guidance, and analytics. Still, the business can manage, identify, track, and engage participants via their system without a heavy lift of support from the vendor.

Characteristics of a pure-play incentive provider:

- The organization is the owner of their program
- Sophisticated loyalty incentive system engine
- Extended participant data integrations
- Direct solution integrations, including third parties
- Easy and fast user adoption
- Quick to launch and bring to market
- Wide variety of pre-built transactional reward options, including points accrual, codes, games, and redemption templates
- Wide variety of pre-built rewards for engagement
- Strategic account management

Pros: Control over the program, ability to make agile decisions, access to customer data for applications beyond loyalty, quick to launch, pre-built reward options, custom-build templates, and configurations.

Cons: Requires time by ongoing, requires existing CDP & CRM, and in-house management.

Incentive Management Service Provider

This type of vendor provides an incentive program-specific consulting to the organization and assists with developing strategies,

building, and managing programs, measuring performance, market research, and other services as needed. Most management service providers join forces with a loyalty technology platform provider to execute the technology build. Some agencies can develop custom loyalty solutions for clients.

Characteristics of an incentive management service provider:

- Granular campaign segmentation
- Complete management of program execution and management
- Services stacked on top of a set of technologies
- Highly complex rule sets for personalization
- Changes and updates to the program require discussions, decision tables, and approval
- Owns proprietary consumer data assets for prospecting and analytics

Pros: Less in-house resources required, hands-off program launch and ongoing management.

Cons: Agency controls program, less ability to be agile, lack of program access, no customer data for solutions beyond loyalty.

Deciding on the right incentive provider for your organization comes down to the level of control your team wants to have over your program and data. Below we break down the benefits of each type discussed above to understand which incentive program solution type will best meet your business objectives.

Choosing the right type of incentive solution provider

Organizations under pressure to easily access data and leverage it quickly across the organization prefer a provider that gives them ownership over their program. Their marketing teams prioritize the capabilities to iterate and update the incentive program in-house rather than rely on the service provider to deploy and enact changes to mitigate disconnect and maximize agility.

Though managed services providers can relieve your organization of an additional channel, it is important to note the market is primarily moving towards pure-play solutions. The SaaS-based incentive platforms provide enterprise teams with the customer data necessary for applications beyond loyalty, including customer service and marketing efforts. Managed services providers function as strategic partners and advisors, helping to establish and grow an organization's incentive program.

Established, enterprise-grade organizations

A pure-play incentive solution provider is recommended for this type of organization that has a well-developed CRM (customer relationship management) and an existing CDP (customer data platform) system. This solution type is ideal for organizations who prioritize control of their program and accessibility to their data as they see fit. If there is a need to leverage the data collect across additional marketing channels such as omnichannel – also look to a pure-play incentive software solution provider.



Limited staffing bandwidth

A managed services provider works wonders supporting in-house teams that lack the bandwidth or expertise to build and manage their loyalty solution. The services provider is ideal for an organization that does not plan to leverage the customer data to enhance its loyalty program or other marketing channels and prefers an outsourced solution.

The best option for a business that does not need to interact with or manage the program in an agile, personalized way should look at a managed service provider.

Vendor Evaluations

Strategic partnership

The Your incentive software vendor should be available to provide strategic guidance throughout your program partnership.

The provider should offer the right technology, but you also need to ensure that the provider team can leverage their industry expertise to help your organization achieve long-term business goals. They should provide a proven data-driven framework and methodologies to assist you in measuring the expected participant behavioral outcomes and motivations to meet business objectives.

As well as assess how well their team understands the market and the industry vertical. The team should be able to support at the granular level of your program as a strategic partner and solutions expert even if the vendor is not a managed services provider.

Program logic

A few key factors determine if the incentive technology is the right type for your business: the kind of incentive program supported, participant behaviors tracked and or validated, mode of reward delivery, and level of insights and reporting.

Consider how and at what rate your participants earn now and what behavioral outcomes you want. Establish the vendor's logic capabilities when it comes to building out rewards, not only transactions but also for cross-channel engagements with your brand.

Innovation

If the incentive vendor works with companies like yours, they probably understand your needs better than one that doesn't. It will be better able to help you get the information you need to improve your participants and admin users' experiences. Check review sites to see what their client participants are posting. And, during your product demo, ask: "What industries and customers do you work with that resemble me?"

Adaptability

The program, brand, and participant relationship is constantly changing. Your approach to engaging participants with your brand and program requires you to be dynamic enough to adapt to changes.



Choose a vendor that reinforces your need to be agile. You want to iterate on the program as needed to take advantage of technology changes, market shifts, client customer demands, industry news, and time-sensitive campaigns.

Implementation

While building an incentive program does require resources, taking your program to market shouldn't be overly time-intensive. The obvious choice to avoid a long-term implementation may seem like out-of-the-box programs, but they often lack customization capabilities, a key component needed for enterprise brands. The right vendor won't make your business choose between a custom-build and speed to launch. They should offer a system with a secure high functioning technical foundation that can quickly add feature-rich microservices to meet business objectives while at the same time having custom build capabilities.

Some organizations' programs might require greater cross-functional vendor support, while smaller programs can quickly be set up and go to market. Stated another way, using software and services that offer a dedicated relationship manager, customer support, and success at all levels can give you a substantial leg up. Some incentive platforms require service hours to get set up. Others, like us, go so far as to offer live reward fulfillment support. Ideally, your potential vendor will add value right from the start by listening to your goals and providing unbiased advice on achieving the best. The customer success team can coach you on proven approaches to implementation that align with your business model. Does the solution require training? Can you set it up yourself? Will customer success teams be there to support you if you need it?

These are all excellent questions to ask. The self-serve style usually translates to limited customer support and expanded FAQ content. If you are a small business and that's all you need, these programs can be good options. But if you are a larger company with more sophisticated needs, having a relationship manager in your corner can make all the difference.

Choose a loyalty solution that takes an object-based modular approach. Step-by-step, the right vendor, should provide the guidance and technical support to enable your brand to build an on-brand, customized program without an extensive implementation process.

Integrations

Ensure the vendor has a straightforward integration process with the other systems in your technology stack, including both your online and third-party solutions.

The team should be willing to discuss a custom build, a plan for integration, or another solution if the vendor does not offer a current integration for an essential technology solution in your stack to ensure your program operates seamlessly.

Omnichannel capabilities

Businesses with retail locations should consider a vendor that provides a solution that can integrate in-store and online.

Discuss what types of applications the vendor provides to engage your loyalty program in physical stores, including receipt scanning, point-of-sale integrations, and QR codes. The system

should simplify enrollment and redemption via mobile devices, and users shouldn't have to rely heavily on a store associate.

Comprehensive analytics

A vendor should offer comprehensive, real-time data on your incentive program. Ensuring you can gauge the program's effectiveness and optimize it as needed. Basic metrics include activities and or sales claimed, validation, quality control, earn rate, product redemption, average redemption value, and enrollment participation rate, with the ability to go beyond these data points with Meta base and ad hoc reporting. Built-in performance reporting can help you easily understand the top-line revenue impact from your incentive programs.

Security

Organizations are experiencing data hacks almost daily, and no one needs reminding that security must be a top-level priority. It helps if you have confidence that your vendor is well prepared and has a history of being proactive and adapting to new security issues on an ongoing basis. Additionally, your vendor must comply with government and payment industry regulations if a prepaid card program manager and issuing direct payments, requiring a higher level of security than many incentive technology providers offer. Below are security fundamentals that will help you evaluate the security that prospective vendors.

Government-Compliant Data

When a vendor is hosting your rewards program, they should demonstrate that their hosting environment meets government security and compliance requirements, including the provisions of FedRamp, FISMA, etc. Google Cloud is an excellent example of a hosting environment that meets the above conditions. There are hundreds of security measures required for the FedRAMP High baseline alone, and many incentive processors do not have the technical understanding or policies in place to meet these requirements.

PCI Compliance

The Payment Card Industry Data Security Standard (PCI DSS) comprises 12 requirements that apply to all companies and organizations that accept card payments. If your vendor is providing card services they must demonstrate that they meet all these requirements.

SSAE18 and SOC Certifications

Voluntary certifications that show a next-level vendor's commitment to security – SOC certifications.



SSAE18 is the audit standard that dictates the SOC report components. A high-quality incentive processor will have SOC 2 certification and operate under SSAE18.

Use of Tokenization

Tokenization is related to payment processing and replaces the primary account number (PAN) with a surrogate value. Tokenization aids data security by replacing sensitive data with unique identification symbols (tokens) that retain all the essential information about the data without being interpreted. Once data is tokenized, it helps ensure the security of the data if it is intercepted or stolen.

End-to-End Encryption

End-to-end encryption is a vital consideration because you are open to a breach if there are holes in the process where tokenization isn't in place. Every payment processor will use tokenization. It is essential to know that not all processors ensure that tokenization starts at the point of issuance and continues through the entire process. Suppose you're relying on multiple vendors for various parts of your payments environment. Encryption is another reason it's beneficial to work with a robust end-to-end payments processor.

Vendor Evaluation Wrap Up

You may want to start making your vendor evaluation list by first talking to friends and/or colleagues who have used an incentive software solution provider before (and have recommendations). Once you have your prospective vendor list and are armed with all the right questions, request a product demo from two or three vendors. Demos can tell you a lot about a company. And, once you schedule a demo, notice which companies respond fastest—it's your first look into how customer-centric they really are and how they will treat you in the future.