June 2023

2023 State of Loyalty Rewards

Runa Session

Presenters:

Brendan Miller,
Chief Marketing Officer,
Runa

Stephen Bailey,
Head of Propositions,
TopCashback

Runa

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Agenda

1. **2023 State of Loyalty Rewards:** Consumer perspectives

2. **Case study:** How TopCashback expanded internationally & achieved their most profitable day of gift card sales ever

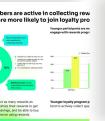3. **Key Takeaways:** Building a successful loyalty rewards system

Methodology: 2023 State of Loyalty Rewards

900
Participants surveyed
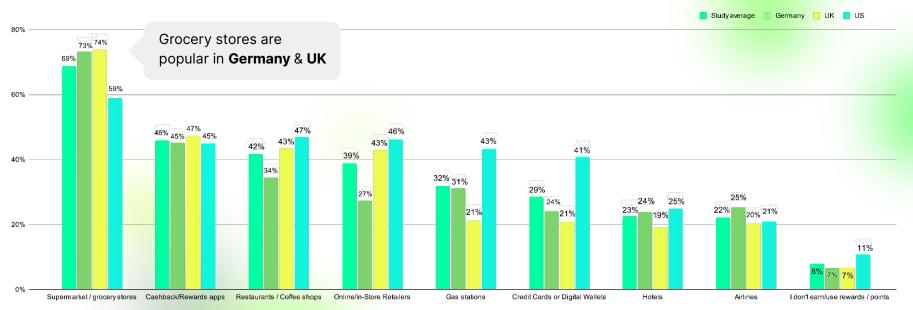
Germany, UK, US

March 2023

Key Finding:
Meet Participants Where They Are

Loyalty Programs Members Seek Rewards from the Places They Most Frequently Spend Money

Where consumers earn rewards

Legend: Study average | Germany | UK | US

Grocery stores are popular in **Germany** & **UK**

Chart data:

Category	Study average	Germany	UK	US
Supermarket / grocery stores	69%	73%	74%	59%
Cashback/Rewards apps	46%	45%	47%	45%
Restaurants / Coffee shops	42%	34%	43%	47%
Online/In-Store Retailers	39%	27%	43%	46%
Gas stations	32%	31%	21%	43%
Credit Cards or Digital Wallets	29%	24%	21%	41%
Hotels	23%	24%	19%	25%
Airlines	22%	25%	20%	21%
I don't earn/use rewards / points	8%	7%	7%	11%

Key Finding:
The Right Rewards Are Key To Retention

Consumers Often Earn Discounts, but Prefer Gift Cards

Rewards – Earned vs Preferred

■ Preferred ■ Earned

Category	Preferred	Earned
Gift card from Visa or Mastercard	21%	28%
Gift cards for specific retailers	17%	44%
Special discounts on products or service	15%	49%
Gift cards to restaurants	10%	28%
Gift cards for experiences	7%	22%
Crypto	7%	11%
Subscription gift cards	6%	25%
Other	5%	10%
Shares of stock of company	5%	8%
Airlines miles	3%	15%
Donations to organizations	2%	8%
NFTs	2%	7%

US Consumers Prefer Open-Loop Cards, While Discounts and Alternative Rewards Are Preferred in UK and Germany

Preferred Reward Types by Region

30% of Americans want generic gift cards

20% of Germans prefer special discounts on products the most

20% of shoppers in the UK prefer retailer branded gift cards

In Germany, alternate types of rewards (**20%**) are preferred as well. Alternate rewards include non-traditional rewards such as crypto, stock shares or non-fungible tokens.

Legend: Germany / UK / US

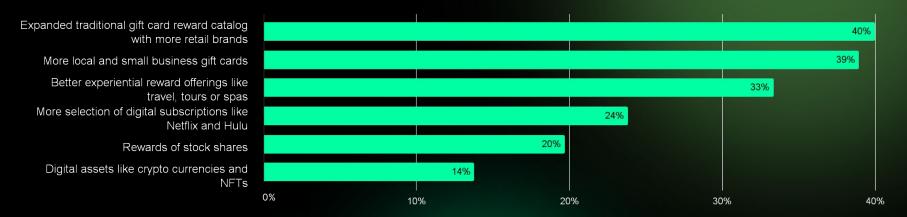| Category	Germany	UK	US
Gift cards for specific retailers or stores	13%	20%	18%
Gift card from Visa or Mastercard	15%	19%	30%
Gift cards for experiences and entertainment, for example movies, spa or travel	8%	7%	7%
Subscription gift cards., for example Netflix	2%	9%	5%
Gift cards to restaurants	8%	10%	11%
Donations to organizations	5%	1%	1%
Special discounts on products or service	20%	15%	9%
Alternate rewards (e.g Crypto, stock shares, NFTs)	20%	12%	10%
Airlines miles	3%	4%	3%
Other	5%	4%	7%

40% Of Program Participants Would Consider Switching Programs for a Better Rewards Catalog

What Would Be Motivation To Switch Loyalty Program?

Category	Percentage
Expanded traditional gift card reward catalog with more retail brands	40%
More local and small business gift cards	39%
Better experiential reward offerings like travel, tours or spas	33%
More selection of digital subscriptions like Netflix and Hulu	24%
Rewards of stock shares	20%
Digital assets like crypto currencies and NFTs	14%

Reward Preferences Differ. It Is Critical to Ensure You Have Reward Diversity

What Would Be Motivation To Switch Loyalty Program?

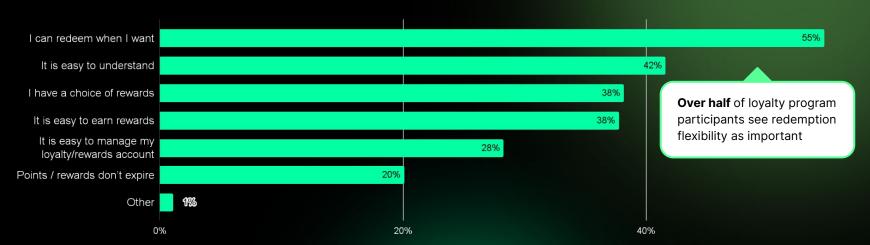|	Germany	UK	US
21-30 years old	More local and small business gift cards (41%)	Better experiential reward offerings like travel, tours or spas, More local and small business gift cards (45%)	More selection of digital subscriptions like Netflix and Hulu (52%)
31-40 years old	More local and small business gift cards (55%)	Expanded traditional gift card reward catalog with more retail brands (50%)	Expanded traditional gift card reward catalog with more retail brands (42%)
41-50 years old	More local and small business gift cards (49%)	Expanded traditional gift card reward catalog with more retail brands (53%)	Expanded traditional gift card reward catalog with more retail brands (53%)
51 and over	More local and small business gift cards (36%)	More local and small business gift cards (41%)	More local and small business gift cards (50%)

Key Finding:
Redemption Flexibility and Ease is Key

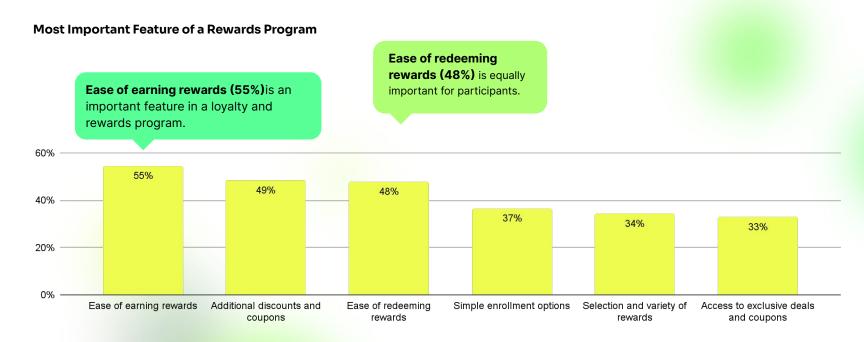# 55% of Program Participants Prefer Rewards That Can Be Redeemed When They Choose

Reasons For Loyalty Program Preference

Reason	Percentage
I can redeem when I want	55%
It is easy to understand	42%
I have a choice of rewards	38%
It is easy to earn rewards	38%
It is easy to manage my loyalty/rewards account	28%
Points / rewards don't expire	20%
Other	1%

Over half of loyalty program participants see redemption flexibility as important

Consumers Want Simplicity Whether They Are Earning Or Redeeming Rewards

Most Important Feature of a Rewards Program

Ease of earning rewards (55%) is an important feature in a loyalty and rewards program.

Ease of redeeming rewards (48%) is equally important for participants.

Category	Value
Ease of earning rewards	55%
Additional discounts and coupons	49%
Ease of redeeming rewards	48%
Simple enrollment options	37%
Selection and variety of rewards	34%
Access to exclusive deals and coupons	33%

Case Study

Goal: TopCashback wanted a way to offer greater flexibility to their customers to access cash back, without having to make an instant purchase decision.

Solution: Runa digital value network were identified as the best solution.

With 1,300+ brands, TopCashback was able to present customers with a breadth of options and offerings.

19K+
Gift cards
sold in one day

UK, US

£6mn+
In sales

Runa.io

STATE OF LOYALTY REWARDS REPORT

STATE OF EMPLOYEE REWARDS & RECOGNITION

Stay up to date

We are always updating the network adding new brands and payout types.

Check out our <u>Network and Feature Changelogs</u> to stay up to date.

Connect with us

Looking to learn more about Runa?

Speak with a member of the <u>Runa Team</u> to learn how we can best support you.

Thank you

Q&A