Make Your Loyalty Points Conversions Payoff

Runa

Contents

Why Your Loyalty Program Rewards Are More Critical Than Ever

How you personalize your program's rewards system can propel your engagement and draw consumers away from the competition.

In volatile economic climates, it is critical to be flexible and creative with your rewards program to meet your members' changing needs. It's important to find ways to consistently add value to customers. In an inflationary economy, your customers may be looking for ways to cash in on everyday purchases versus more high-end offers in your rewards catalog. So give your customers what they want. Building meaningful relations and personalized experiences is the foundation for any successful loyalty program across demographics. It's more important than ever to ensure that your loyalty program rewards offer members not just ease and flexibility, but rewards they want and with a delivery speed that exceeds their expectations.

Keeping users engaged is critical to business. Loyalty program members tend to spend significantly more[1], more often, and some loyalty customers will even spend more on a product despite cheaper options to be found elsewhere[2].

90.2%
of consumers consider themselves equally or more brand loyal as compared to a year ago.
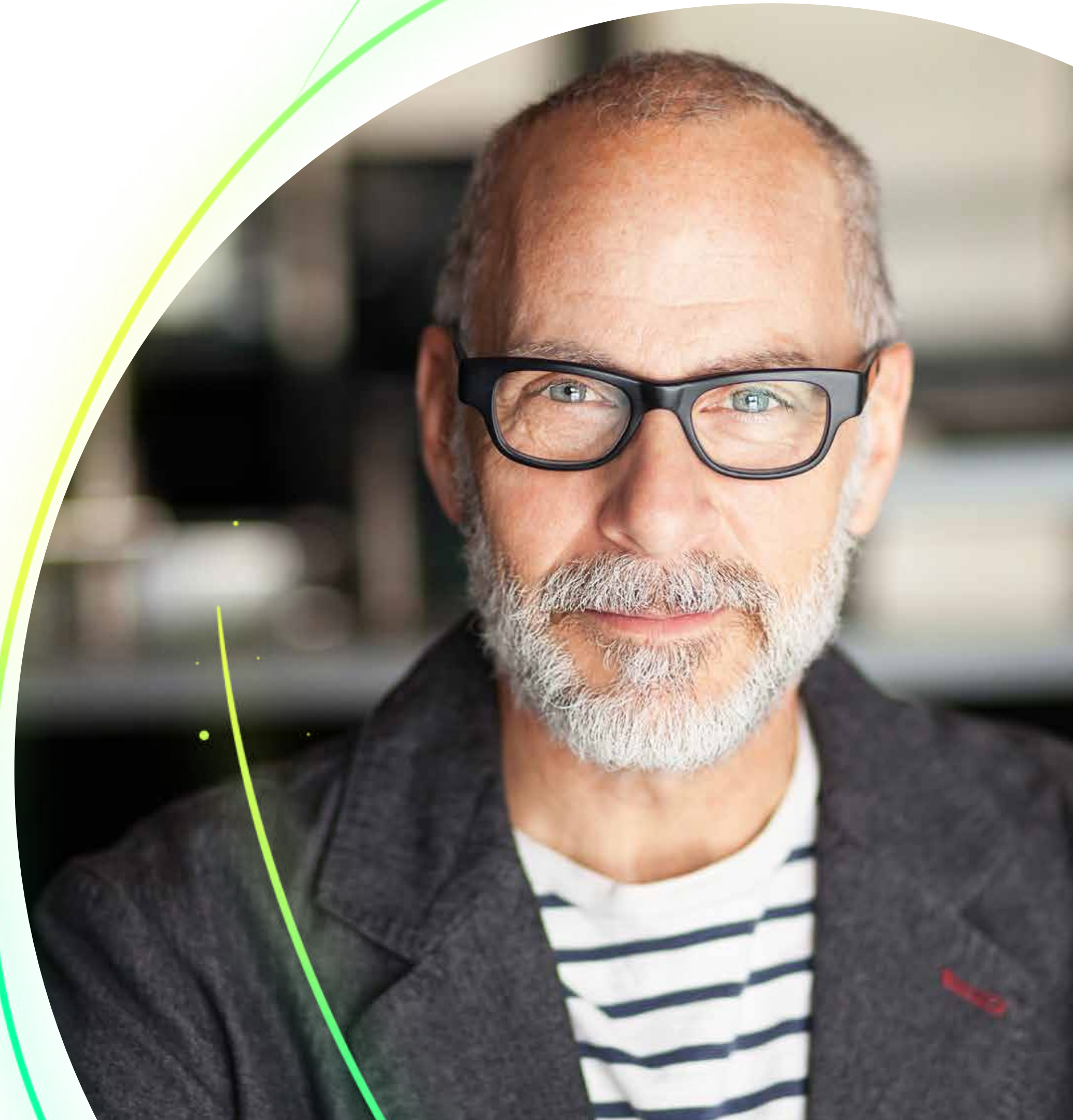
What Do Your Loyalty Program Members Actually Want For Rewards?

GIFT CARDS ARE A CUSTOMER FAVORITE

While the term "cashback rewards program" seems to say it all: customers want to earn back a percentage of the money they spend while shopping. It's important to give them the right options to receive it. The data shows that customers today aren't as interested in receiving prepaid open-loop cards as they are in receiving branded gift cards[3]. When members receive branded gift cards, they don't have to worry about whether they should use their cashback rewards to pay bills. Redeeming a Starbucks gift card gives them the freedom to indulge in a latte without feeling like it cuts into their overall spending. Gift cards also make ideal gifts for others[4], allowing the loyalty program member to utilize their points on a gifting opportunity[5] that removes both the guesswork and extra expenditure.

Additionally, gift cards are often seen as "free money," especially when converted from points redemption. This phenomenon is explained by the mental accounting theory. It explains how humans compartmentalize income and spending into different mental accounts.

This theory affects how people spend money and how they save. It influences how people deal with losses and windfall gains. wIt tells us what to do as we weigh different kinds of payment plans for a luxury item. Research suggests that when people receive cash or utilitarian rewards, they tend to treat it like salary and use it for forgettable things – paying the electric bill or groceries, for example.

Hedonic tangible rewards, like gift cards, were categorized as a windfall to be used for guilt-free fun, indulgent, or exciting things, which is more memorable. So when customers look at gift cards this way, they actually spend an average of $59 more[6] than the card is valued. The customer preference for gift cards combined with general gift card spending behavior means that offering such cards is a big win for your loyalty rewards system.

CUSTOMERS actually spend an average of **$59 more** than card value when converted from points redemption.

Variety of Rewards Keeps Customers Engaged

Rewards programs can't be a one-size-fits -all because customers aren't all the same. Including a variety of rewards types to your customers will help keep them engaged and provide options for everyone in your loyalty program.

While branded gift cards are a hit with most members, prepaid cards also have their fans. They give members a cash-like experience. People can purchase what they want, when they want, from wherever they want. No matter if they want to spend on a splurge or a bill, providing a variety of card options, from a variety of retailers or prepaid choices, puts your member in the driver's seat.

Fostering program usage and loyalty will require more than retail store cards, however. Creating a best-in-class rewards system must incorporate out-of-the-box approaches and alternative redemption options. Members appreciate such things as cryptocurrency payouts, the opportunity to donate to a charity of their choice, subscriptions or experiences such as travel, events or luxury treatments, all of which offer members a more memorable reward.
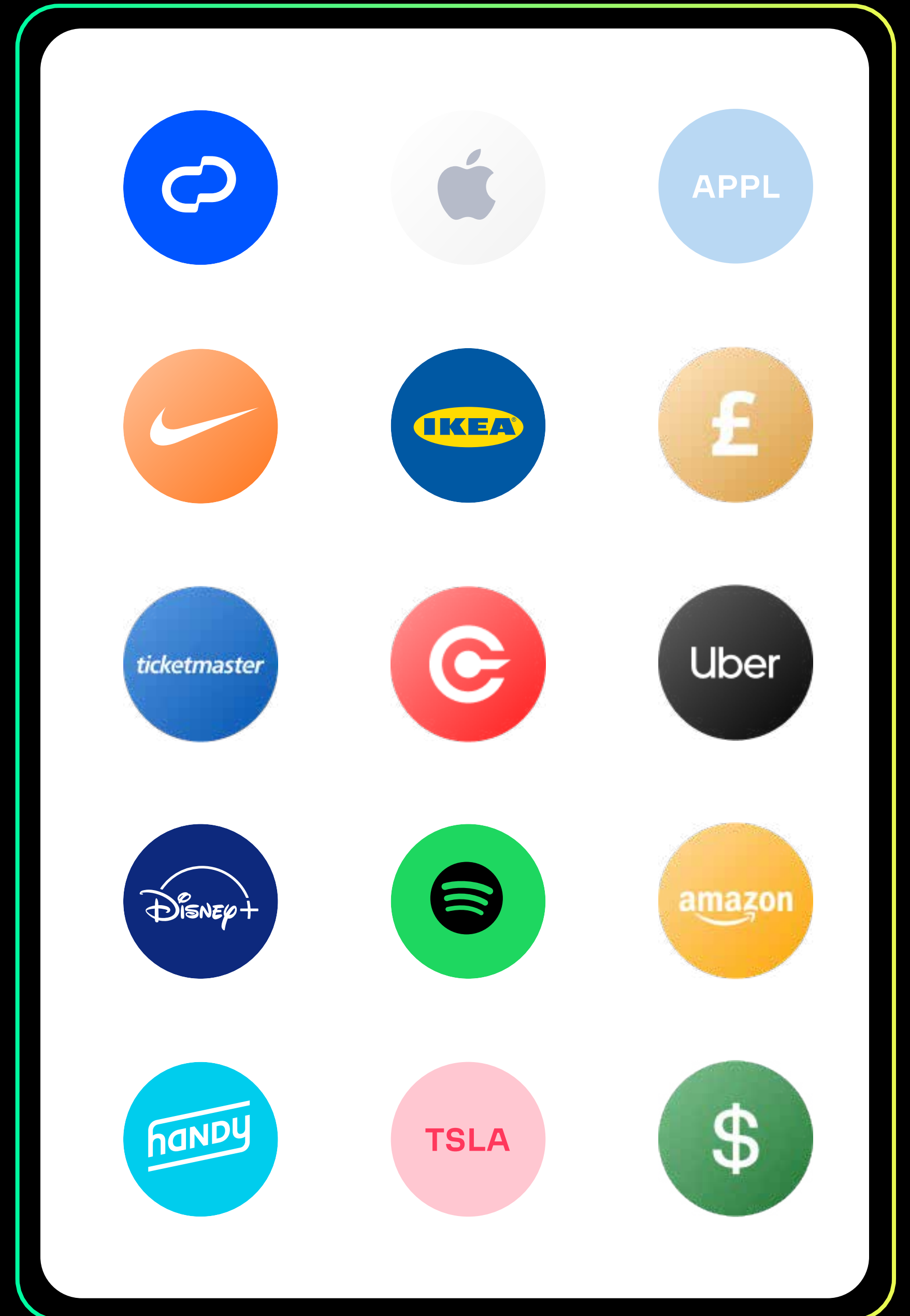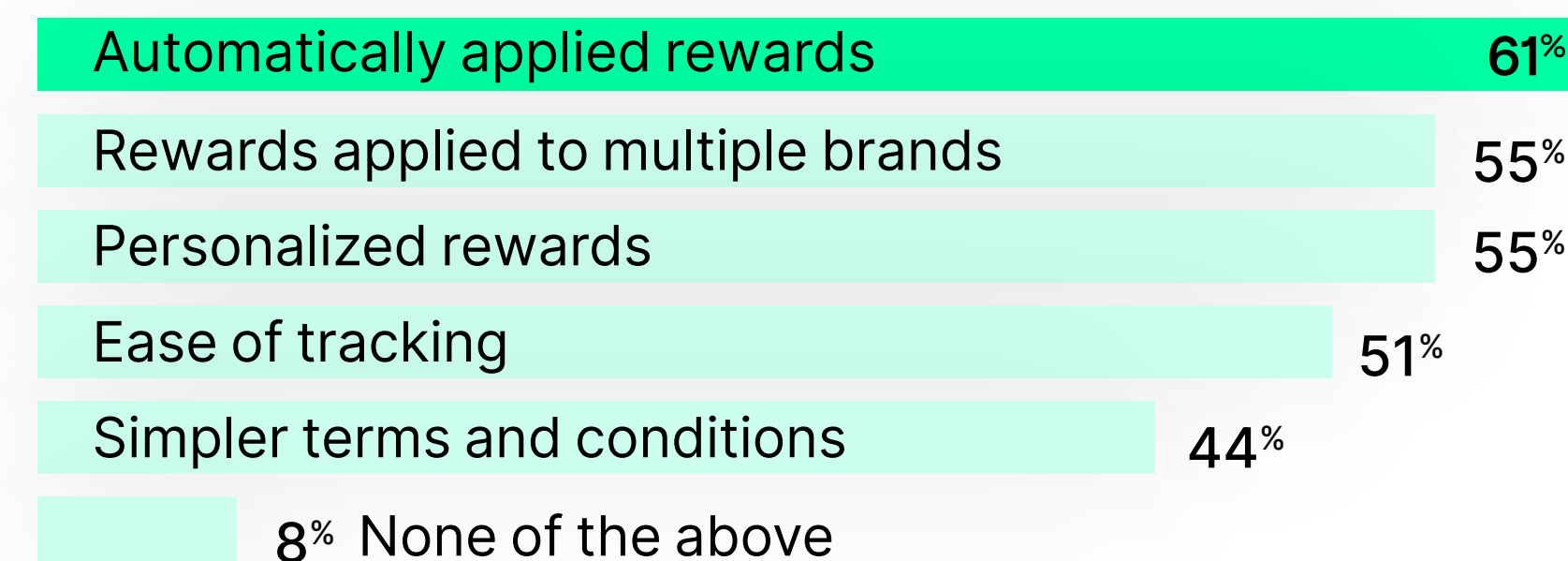
Instant Rewards Payout is Crucial

Just as important as a variety of rewards options in your loyalty program catalog is the user experience. Speed of redemption and use is crucial to this.

Your program members remain loyal because they feel valued[7]. When they run into system issues or long wait times for redemption, members likely feel frustrated causing them to look outside the loyalty program for better deals, or even switch to a different program altogether. Gift cards and other digital value payouts can be delivered instantly and accessed seamlessly from any device and therefore represent a useful tool to optimize your user experience and keep your customers committed.
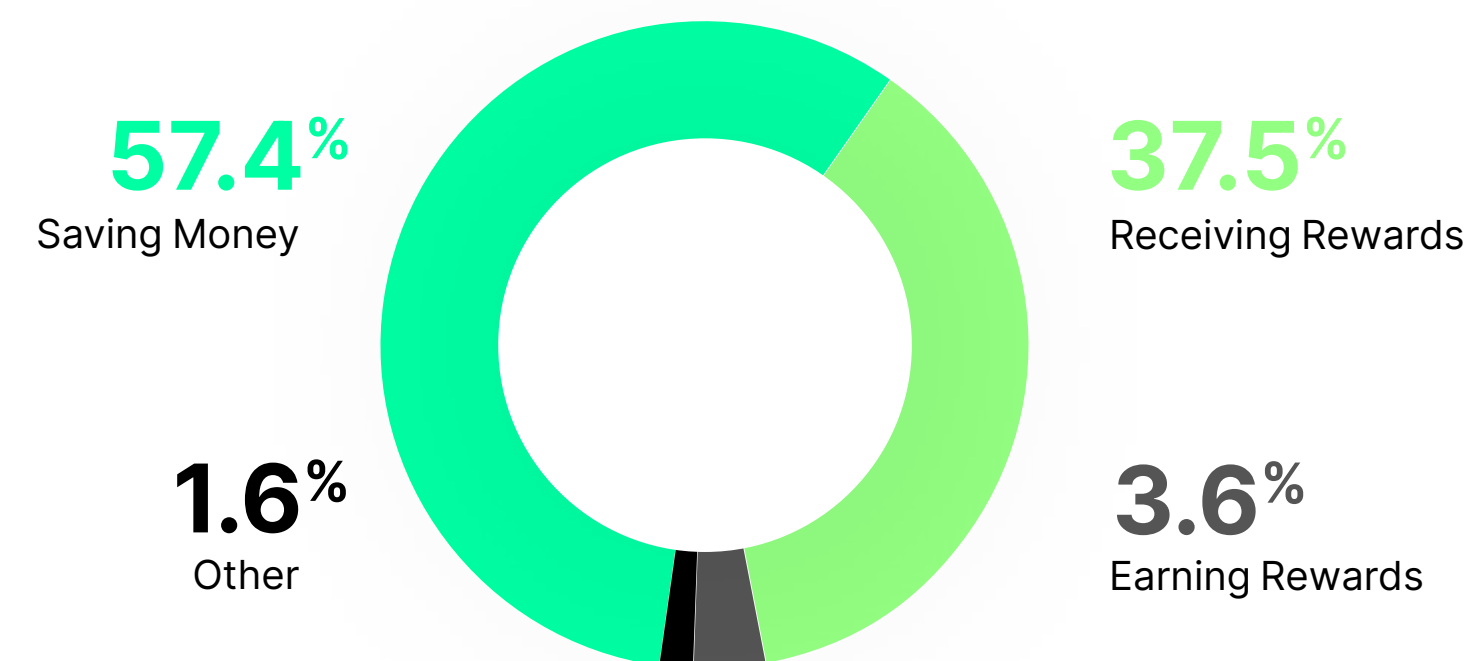
If you have a global consumer base or are looking to expand internationally, also consider the reach and ease of your international payouts. According to Salesforce, over 60% of survey respondents worldwide[8] indicated that the preference for automatically applied rewards would increase their engagement with a loyalty program. Since the pandemic, countries like Brazil, Mexico, and Argentina have seen a spike in demand for rewards programs[9], offering an excellent opportunity for companies to expand their loyalty programs globally, if executed properly.

Reasons Why Consumers Worldwide Would Use Loyalty Programs More Often, Feb 2022
% of respondents

Automatically applied rewards	61%
Rewards applied to multiple brands	55%
Personalized rewards	55%
Ease of tracking	51%
Simpler terms and conditions	44%
None of the above	8%

Why Customers Participate in Loyalty Programs

57.4%
Saving Money

37.5%
Receiving Rewards

1.6%
Other

3.6%
Earning Rewards

Build a Best-in-Class Rewards Program with Vast and Compelling Cashout Options

Make your rewards catalog stand out from the competition by getting to know your members and offering them a wide variety of redemption options

For your rewards programs to be effective, it ultimately must contain redemption opportunities that motivate members10 to utilize it more regularly. If the variety in your rewards catalog falls short, you risk wasting all of the hard work you've put in on attracting your members in the first place. So how, exactly, do you build a rewards program that keeps members coming back? What array of rewards will compel them to frequently purchase with your brand or on app? The answer lies in getting to know your members.

The Most Important Reasons Companies Offer a Customer Loyalty Program

1	Increase customer engagement
2	Increase overall revenue
3	Improve the way we use member data and leverage insight
4	Collect data
5	Increase customer experience

1	Increase customer engagement
2	Improve customer experience
3	Improve customer satisfaction
4	Improve personalization
5	Increase overall revenue

Get To Know Your Members' Lifestyles and Spending Habits

The foundation of a successful rewards program is knowing as much about your member[11] as possible in order to offer them exactly what they're looking for. Before you build a rewards catalog that will inspire your members, you need to dig into the data. Who exactly is your most valuable member and what have they done with your rewards program in the past? Here are some data points to consider when gaining a greater understanding of your members and their preferences:

CONSIDER DEMOGRAPHICS

What are the demographics of your members today? Where do they live geographically - is your brand global? What age bracket(s) do they fall into? Older generations[12] are more loyal to brands that offer fair pricing, while Millennials have more nostalgic ties to brands than other generations. It's important to remember that different generations also fall into different salary brackets when building your rewards program. For example, with nearly half of Gen Z making less than $49,000 per year, so free products are especially preferred by Gen Z. These considerations impact whether a member is interested in cashing out on luxury experiences like a spa day versus everyday purchases like groceries or free shipping on their next purchase. Let your member demographics inform the breadth of options you offer your members, and consider them when deciding what you need from your choice of gift card API[13].
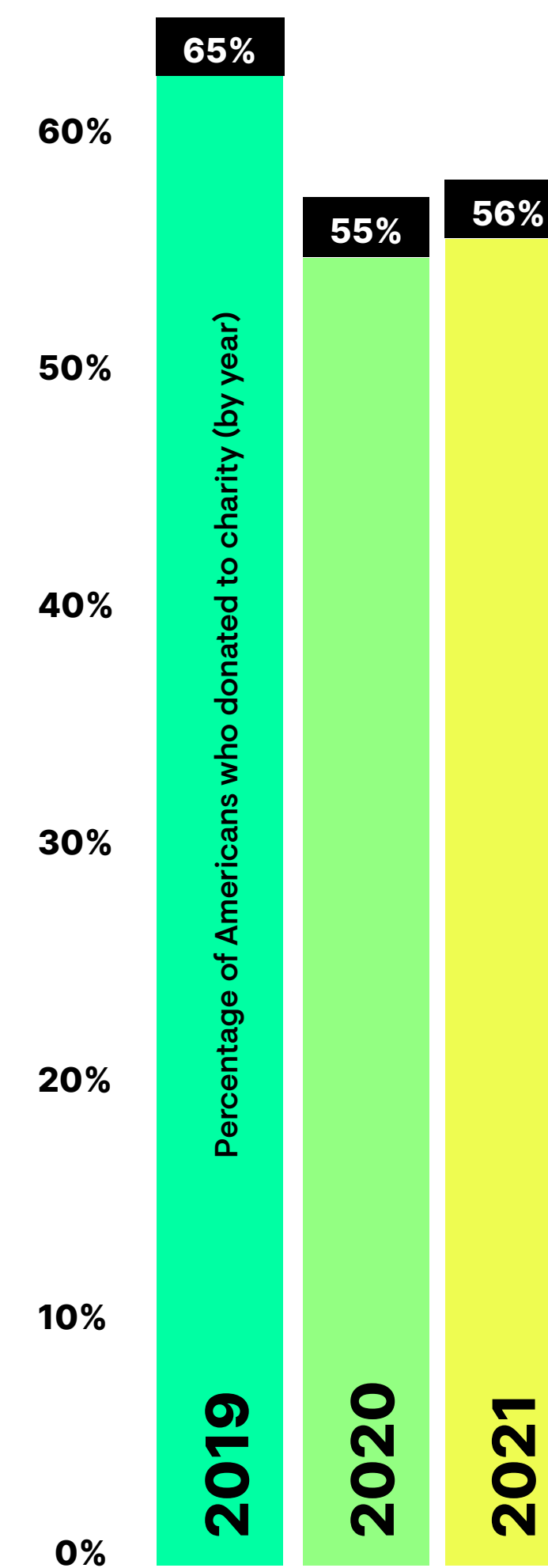
CONSIDER VALUES

One way to build a differentiated loyalty program is to better cater to member values. What do your customers care about? For instance, some members may place a high value on supporting certain social, environmental or public issues and may opt to use part of their rewards as donations to charity. More than half (56%)[14] of Americans donated to charity in 2021, at an average of $574. So why not make it easy for your customers to turn their points into a charitable donation? Finding insights like this and embedding them into your experience is a great way to offer more compelling incentives.

BE ADAPTIVE

Tracking changes in redemption behavior is especially important in a rapidly changing economy. Monitoring member behavior over time allows your brand to move and change with shifts in their motivations, instead of being forced into reactivity when and if you notice a dip in engagement with your loyalty program. Runa's analytics modules give users the ability to run reports and track changes in redemption patterns globally to better optimize the rewards they are offering.

Percentage of Americans who donated to charity (by year)

Year	Percentage
2019	65%
2020	55%
2021	56%

Go Beyond Retail Gift Cards: Provide More Cashout Options for Your Members

Go Beyond Retail Gift Cards: Provide More Cashout Options for Your Members

ONCE you have a good idea of who your members are and how they've redeemed their rewards in the past, you can begin to build or refine your rewards catalog to match their preferences and anticipate their needs and maybe sprinkle in some surprises. It goes without saying variety is the name of the game. Here are several options to appeal to a diverse customer base:

EXPERIENCES

Experiences are a gift that keeps on giving. They can linger in a customer's memory for years. Experiential travel rewards, for example, create lasting memories and positive associations[15] with the organization that provided the reward.

So when your members' household budgets tighten and they have less to spend on "luxuries," experiences like concert tickets, vacations and spa days are a coveted offer for your program. Giving customers the option to earn toward a splurge experience makes for an attractive rewards option.

This is perfect for attracting Millennials, the nation's largest living adult generation, into your loyalty program. Research shows that younger generations prefer to redeem rewards on experiences[16] instead of on physical items. If the goal is to draw in a younger demographic, a rewards 55.4% companies plans to offer experiential rewards program can have a substantial impact giving members this option.

In fact, 55.4% of companies[17] in the planning stages of a loyalty program recently reported that they plan to offer experiential rewards. So if you want to stay competitive, build or revamp your loyalty program to include experiential rewards.

55.4%

companies plans
to offer experiential
rewards

SUBSCRIPTIONS

Subscriptions are one way to say top of mind. Giving customers subscription rewards can almost guarantee they show up with monthly regularity via your loyalty program. If members opt to cash out their points to maintain a subscription with services like Netflix, Hulu, Apple TV or even meal box subscriptions, many will continue purchasing from you in order to earn the monthly points they need to cover it. The best part of this reward is that members who utilize this option will be consistently reminded of the value of your loyalty program.

SHARES

Consumers across all generations join loyalty programs to save money. By offering shares, you can give customers the opportunity to save money and make money! During times when people are conscious about their finances, offering shares as a redemption option is a great way to give users the chance to do that. In one study[18], weekly spending at selected brands jumped 40% once customers were rewarded in fractional shares of stock as part of a stock rewards program.

CRYPTOCURRENCY

Reward points conversion to cryptocurrency is a low-risk way for users to enter the crypto market. Users may be curious about crypto, but reticent to engage in the market with their own funds. Offering cryptocurrency payouts could be especially exciting for them. A whopping 72% of loyalty program members purchased cryptocurrency[19] at least once in the past six months, and over half said they understood the value of earning crypto-based rewards alongside loyalty points.

CHARITABLE DONATIONS

Some individuals aren't interested in using points for themselves. We have seen that some members are interested in turning their cashout to a charitable donation. This is not only a powerful customer incentive for users, affiliation and collaboration with charities can also be an excellent tool for improving brand reputation.

Members Want More For Their Loyalty

Your members want choices, but not just any choices. They reward options that make them feel valued, seen, and understood. They want to know what their loyalty means to you. To retain members and motivate them to return to your brand again and again, you must invest in understanding who they are, what they want, and how to optimize their cashout experience. Even if the cashout experience is seamless - from sales and automation to affiliations and marketing - your hard work will be undone if your redemption options miss the mark. With thorough research, you can better understand your member base and their preferences through their behavior. From there, you can begin to offer a breadth of memorable personalized, customer-centric rewards that reinforce their positive relationship with you.

Overcome The Common Challenges When Expanding Your Rewards Catalog

Creating a Rewards Program That is Scalable and Global While Honoring Local Preferences and Providing Member Support Comes with a Unique Set of Challenges.

THE VERDICT IS CLEAR:

Loyalty and cashback members want a variety of personalized, unique and valuable rewards options. You can easily design a loyalty and cashback program that customers want based on your market research. But you may run into specific challenges engaging members across demographics with varied values, lifestyles, and expectations. Loyalty and cashback leaders must decide how to successfully manage everything from contracts and partnerships to stocking issues at cash out and end-user support. Let's address some common roadblocks and potential solutions.

THE CHALLENGE:
Reward Catalog Integrations

Every loyalty or cashback program that wants to offer a variety of cashout options to their members must wrangle multiple contracts and integrations across tech platforms[20] and reward program providers. This can quickly become complex and messy for in-house teams. Additionally, if your company is global and you must handle international cashout[21] including currency exchanges, fees and potential tax and compliance implications. Many companies partner with platforms like Runa that are built to manage rewards programs globally end-to-end, so they can have a more sophisticated rewards option with less hassle.

SOLUTION:
Choose a rewards partner with one API to integrate with brands globally instead of integrating with multiple partners. Shop for rewards partners that have an easy to use system for you and your in-house teams to understand and implement. Don't try to reinvent the wheel and build your own infrastructure, one which you will have to manage and maintain yourself. Find rewards partners you can build on top of with APIs to make your loyalty program more agile and flexible.

THE CHALLENGE: Localization

When offering gift cards or other rewards to your members, your catalog must include both global brands and key localized brands that customers want. Tapping into local markets is one of the biggest opportunities for your loyalty programs to be successful globally. The research shows what consumers expect from loyalty programs across the globe. It's important to remember that just because a retailer is global or present in a country, doesn't mean that it is a popular choice in a specific region. For example, Aldi is a great brand to offer members in the UK - it is easily recognizable and in-store options are readily available. Aldi also has a US presence, so it would be easy to think it is a perfect option to offer members in both locations. However, in the US, in-person shopping at Aldi is only available in select states, and the brand is far less recognized, making it less valuable.

SOLUTION:

After researching your members demographics and their behavior, offer relevant local gift cards. Consider consulting with a regional expert to ensure your rewards are what your international consumers want. Runa offers over 1,300 gift card retailers, in 30 countries and 18 currencies to ensure there's something or everyone.

THE CHALLENGE: Scalability

Loyalty is not only about retaining customers, but attracting new ones and growing your membership numbers. Growth may come with a unique challenge. As the volume of your membership increases, you may find you or your staff overloaded with manual requests, stocking issues, and losing track of the details that help a program run smoothly. Loyalty and cashback programs benefit from a rewards API with automation to save time, reduce fulfillment costs, and that is easy to scale.

SOLUTION:
Choose a rewards partner with a catalog that can grow with you. Look for a market-leading catalog of international rewards that makes it easy to instantly send international gift cards at scale. Partner with a company that has an infrastructure and catalog that can grow with your company.

1300+
Payout types

18
Currencies

16+
Languages

30
Countries
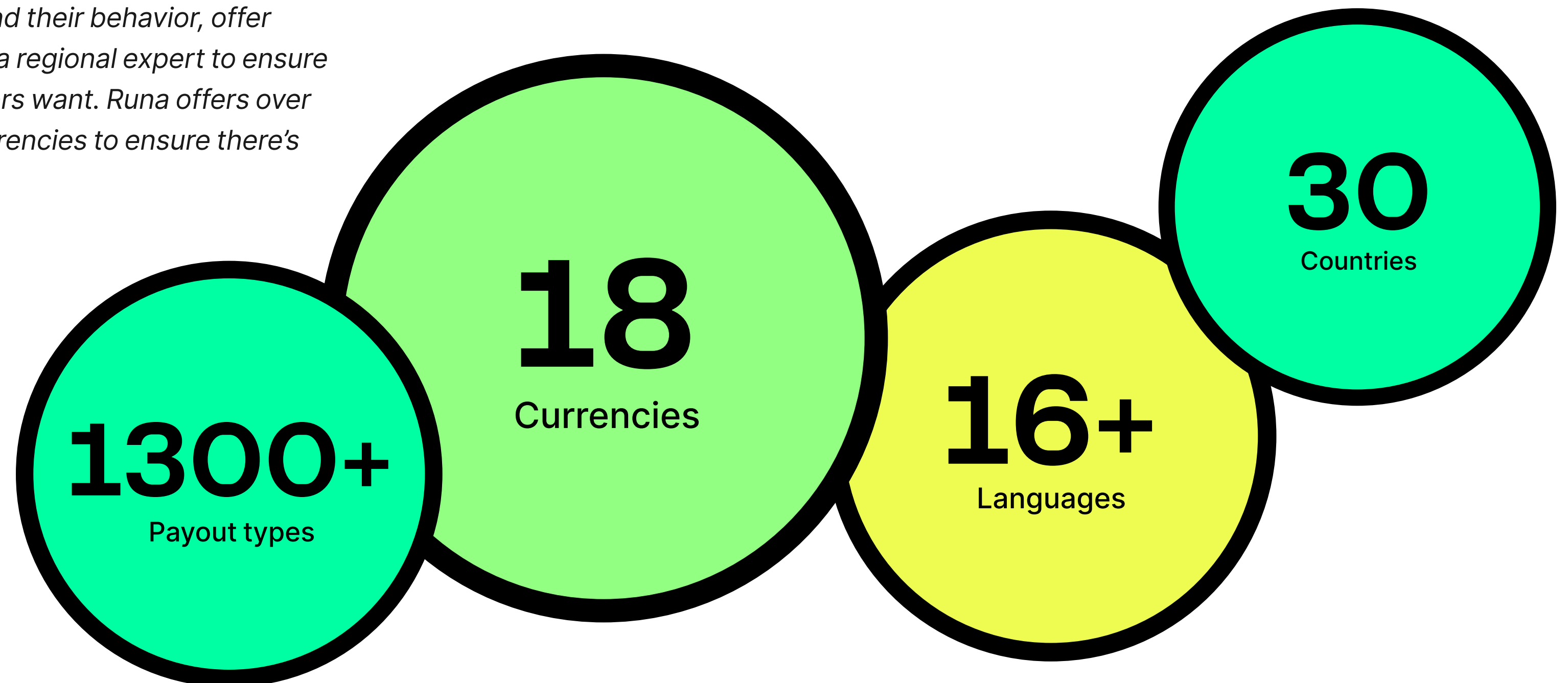
THE CHALLENGE: Uptime & Availability

Investing in a loyalty program is a worthwhile way to attract loyalty members with savings and perks. But when members cashout and find that products are out of stock, or crashed systems, your hardwork will be in vain. Customers can turn sour after experiencing disappointment, added hassle, and restrictions. Availability is increasingly an issue in rewards redemption, but it doesn't have to be.

SOLUTION:

Seek rewards partners with reliable uptime and transparent communication if incidents affect their service. This helps provide the best experience for users throughout the reward redemption experience.

THE CHALLENGE: Support

Rewards redemption and cashout is where the rubber meets the road for your loyalty program. It's the portion of the experience that carries the most emotion for your members, making it a critical stage of their journey. If there is an issue and members can't get support, they may begin to distrust your brand. Additionally, if members run into issues while in the middle of a transaction, timely support is of the essence. An immediate and efficient response will go a long way in leaving your members with the positive feelings that are imperative for your program's success, even when they experience the occasional bump in the road.

SOLUTION:

Ensure that your loyalty program offers full-scale end user fulfilment support. Have a solution in mind for what happens when something goes awry. Know where you send customers who need support and will to make the customer experience right. Runa offers member support for all of their partners and will take the burden off your brand.

Choosing The Right Rewards Provider For Your Catalog

Overcoming Challenges Leads to its Own Reward

Although running loyalty and cashback programs brings significant benefits, you won't see them if you don't have a game plan for overcoming challenges. Who you partner with, the breadth of your catalog, and your customer support experience make a huge difference in whether a member walks away feeling valued or disappointed. The right tools combined with a highly-specialized loyalty vendor is a winning combination for creating an efficient, effective and reliable loyalty program.

Finding the right partner for your rewards program can make all the difference when it comes to leaving loyal members with a positive experience of your brand

Who you partner with for the rewards fulfillment of your loyalty program is one of the most important decisions you will make. A good partner will help you overcome most of the common challenges that rewards programs face, and create the custom, flexible, and supportive experience your members expect for their loyalty. It has become increasingly important that your loyalty program is able to provide redemption options of value to anyone, anywhere, instantly. One-size-fits-all will not do when it comes to creating a rewards program that actually fits the needs of you and your members, and the right partner can provide the global diversity your members want.

ONE-SIZE-FITS-ALL will not do when it comes to creating a rewards program that actually fits the needs of you and your members

Important Considerations When Choosing Your Rewards Partner

The quality and functionality of your rewards partner will impact your loyalty program from start to finish - from integrating the API with your brand's current workflow to flexibility of use for the member and support for when issues arise. It is important to prioritize which gaps your partner can fill in your internal processes, and assess the flexibility they can provide you and your members. Ask your team and potential providers the following questions to ensure your making the best choice.

USABILITY AND INTEGRATIONS

- **How is the rewards data accessed?**

  Are there multiple ways for your team to access cash out, i.e. are there reporting APIs to embed into your existing flows, and is there a portal with robust analytics and reporting that can be easily accessed? If there's only one option, you will want to be sure that it is the right choice for your program maturity and is future proof for your growth projections.

- **How customizable is the experience for your brand?**

  Can the whole rewards journey be branded and seamless, or will members have to bounce to a partner's site or app, potentially damaging the UX (and leaving room for more technical issues and poor uptime)?

- **What is onboarding like?**

  Does the partner have more than one platform requiring multiple integrations? How long will it take to get your organization up and running? Some partners may take months to get you on board, whereas others can get you on board in a day.

HOW is the rewards data accessed?

HOW customizable is the experience for your brand?

WHAT is onboarding like?

FEATURES AND FUNCTIONALITY

• **Does the rewards partner offer a solution that requires only low-touch or no-touch information for your members, ie: no bank account info, minimal forms for a member to fill out?**

How easy is it for members to receive rewards? Does the rewards catalog API offer the flexibility you need to fit your program requirements, and is it set up for different use cases? Remember that one main key to gaining and maintaining membership is a personalized and positive experience for your end user.

• **Does your partner have global reach?**

The rewards partner you choose needs to have the geographic reach and growth match that is ideal for your program and your members. Is there easy foreign currency exchange on the platform? Are your geographies aligned? Are they able to provide the kind of rewards that someone in Milan, Italy and Omaha, Nebraska would love to receive, if your members are in both places?

• **Does your rewards partner offer support for your members, or will this need to be done in-house?**

Even if everything else in your loyalty program runs smoothly, leaving your members with nowhere to go for support is like running out of gas right at the finish line. Ideally, your partner can offer 24/7 level support for your loyalty program, so members can get better answers directly from the source if there is ever an issue on a redemption.

• **How quickly can rewards be gifted or redeemed?**

Ease and efficiency is the name of the game. Can you send a gift card in 5 minutes or less, and then can it be redeemed instantly, without lag time? This is the kind of experience that will leave members feeling valued for both their loyalty and their time. In fact, **over 58% of customers say they are less likely to utilize a rewards program if it makes them download an app,**[22] showing that the less time and steps required for their cash out, the better.

• **How flexible are the rewards for your members?**

Can members choose what they want to spend their rewards on and not have to use it all at once, or in one place? On top of that, **over 29% of people mentioned that they would like their rewards redemption options to be more interesting,**[23] so what kind of breadth does the rewards partner offer in their catalog?


58%

Over 58% of customers say they are less likely to utilize a rewards program if it makes them download an app.

29%

Over 29% of people mentioned that they would like their rewards redemption options to be more interesting,

Make Sure Your Rewards Partner Works With You and Not Against You

Asking the right questions and considering unintended consequences when determining the right fit for a rewards partner can make all the difference in whether or not your loyalty program becomes best-in-class, or falls flat. Because their assistance will touch every stage of your member's journey, you need to feel good about their ability to integrate, onboard, and provide the flexibility and support that will leave your members feeling positive about their experience with your brand. A good partnership can provide ease, relief, and forward momentum for your rewards program, making not only your members happy, but your team members, stakeholders, and the business at large.
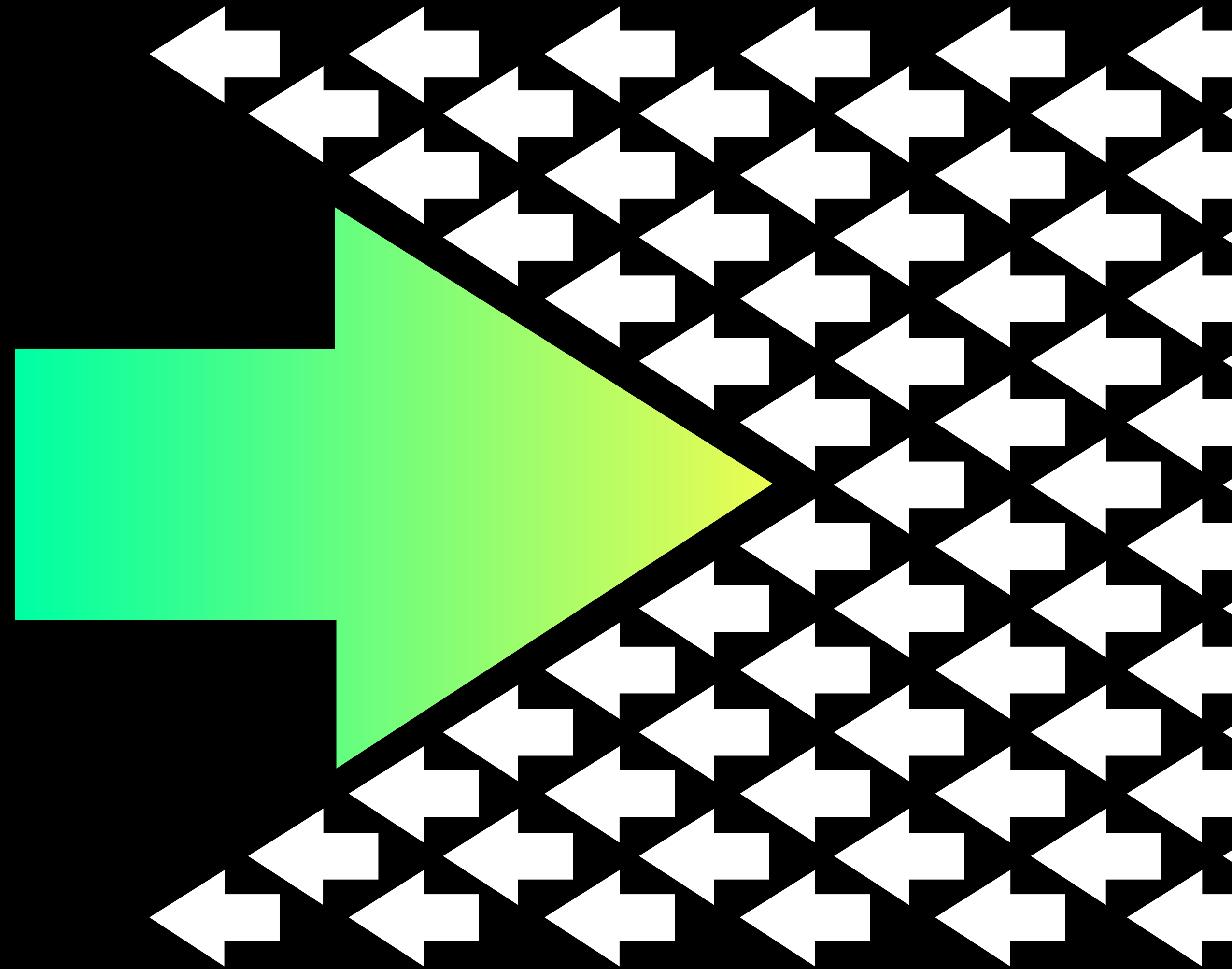
Conclusion

It's important to remember that there is no one-size-fits-all approach to a loyalty program. What drives brand loyalty varies between generations, geography and values, and it's your job to conduct market research to understand your customer when planning to launch or revamp your loyalty or cashback program. Finding the right rewards partner is the key to attracting loyal customers and maintaining an exceptional redemption experience. Loyalty programs continue to limit themselves with bulky API that can't grow with them. There's a huge opportunity to effortlessly scale if you use one API, like Runa, to integrate with brands globally.

Understanding consumers' cashout options allows you to build a loyalty program that members will want to participate in. Choosing a partner with a wide variety of redemption options will help you stand out from the competition. Unlock cryptocurrency, subscription, donation, and share cashout options with one API from Runa.

About Runa

Runa is a digital value infrastructure and network that enables people to pay and get paid byanyone, anywhere, instantly. The Runa network reaches more than 1 billion people and instantly connects merchants, organizations, and individuals for fast, affordable, effortless, anddata-rich payouts in more than 30 countries and 20 currencies.

Organizations of all types rely on Runa's infrastructure to power the movement of digital value and better serve their constituents. Runa provides direct connections to its network partners,enabling value to move more efficiently and economically than legacy solutions. Thousands ofthe world's top brands use Runa to reward, incentivize, and disburse funds.

Runa is headquartered in London with a globally distributed team. Our investors include Element Ventures, CommerzVentures, Clocktower Ventures, Volution Capital, AlbionVC, and SAP.

CLICK HERE to Learn More
Speak to one of our team members to learn more about how Runa can power your loyalty and cashback programs.

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