

## What the Data Reveals: Enticing Customers with Points and Miles

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**Consumers often dream of travel rewards, and high-dollar business travelers are the superstars of any rewards program. But what about the small earn-and-burn opportunities of everyday spend? Can loyalty programs at high frequency retailers capture the hearts of consumers and motivate them to truly change their behaviors? A recent study shows that yes, consumers do respond favorably to programs at high-frequency retailers like supermarkets and grocery stores, pharmacies, clothing retailers, convenience stores and gas stations, and are actually more engaged and motivated to spend than the high rollers.**

Data from Points' recent survey of 1,500 loyalty program members, compiled in a report titled "From Everyday to Extraordinary: How Retailers Can Woo Shoppers with Points and Miles," reveals that rewards-hungry consumers are quite highly motivated by earning small amounts of points/miles with everyday spend. These often-overlooked "Everyday Earners" simply have a passion for collecting every way they can.

Retailers can tap into this highly motivated segment by following five key engagement tactics:

### **Tactic #1: Over-deliver to current rewards members**

Shoppers at high-frequency retailers are looking for high-value, everyday, frequent offers. The Everyday Earners report shows that 60% of loyalty program members actively look for promotions that will help them earn points/miles. Almost as many — 56% — say they never/rarely miss a chance to earn even small amounts of points/miles in their favorite programs. And almost three-quarters (71%) prefer shopping at stores where they're already members of a points/miles program.

Marketers already know that it's more cost-effective to retain current customers than to acquire new ones, so treat existing and loyal customers royally by offering members-only promotions to make them feel special and valued. Customers will respond — 69% of those surveyed said they would buy a different brand to earn more points/miles, and 54% will buy more when they are being rewarded.

### **Tactic #2: Offer frequent rewards to build shopping habits**

Rewards members say that they enjoy earning points/miles as part of their daily routine, so reach out to them on those terms. Among loyalty program members, 71% prefer to shop where earning points/miles is easy.

Moreover, nearly 8 in 10 (79%) rewards program members say they are likely to return for more points/miles. Eighty-eight percent say they look for rewards-earning opportunities even after a

points/miles redemption, proving that they aren't "hit and run" earners. In addition, 76% pay more attention to programs that reward them often. The takeaway: frequent rewards for Everyday Earners keeps them coming back.

### **Tactic #3: Mix in the big earn opportunities**

Consumers say they adapt their shopping habits solely to beef up their points/miles accounts. Almost half (46%) buy in bulk if rewards are involved, even if they do not need that particular purchase at the moment. And 69% charge big-ticket items – including jewelry, construction materials and even hospital bills – for the large points/miles payoff.

Seventy-five percent of rewards members say it's worth the effort to earn both large *and* small amounts of points/miles. At the same time, less than 14% of shoppers say they buy extra points/miles outright or ask for them as gifts.

Since shoppers would prefer to earn as many rewards as possible on their own, help them get closer to their goals by mixing in larger earn opportunities. One solution is to award smaller amounts for some items and make larger offers during special events or special promotions.

### **Tactic #4: Make rewards visible**

Since 81% of consumers say they actively seek rewards and promotions, support their search by making points/miles as easy as possible to find. Use multiple channels to promote campaigns or rewards-related offers, including brand and partner websites, banner ads, in-store signs, social media or email newsletters and mobile marketing initiatives.

Overall, the clearer your value proposition, the better. Make program details easy to understand, and keep promotions and offers simple.

### **Tactic #5: Give customers an incentive to switch**

Although a loyalty program's biggest power is in retaining customers, don't rule out the possibility of attracting new ones as well. An estimated 80% of shoppers would switch stores for the opportunity to earn points or miles. Another 60% of consumers go "out of their way" to earn points/miles in programs to which they belong – perhaps visiting another store location.

Don't be shy about attracting those who are willing to change their shopping routine. Lure them from competitors by making a "match a competitor's rewards" offer or a "new customers only" campaign to let newcomers know they're valued as well.

Everyday Earners are looking for opportunities to spend more, and shop more frequently, with their favorite programs. Even small rewards can change impact customer behavior; high-frequency retailers can capture this upside by optimizing for these frequent shoppers.

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