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# **Consumer Incentives 2019:**

The Digital  
Transformation of  
Rewards, Rebates,  
and Loyalty





## The Digital Transformation of Rewards, Rebates, and Loyalty

From punch cards and mail-in rebates to mobile apps that make tracking points a breeze, rewards and loyalty programs can be a powerful strategy for consumer engagement.

But what do customers actually expect from incentives, how do their experiences match up with their preferences, and do incentives programs effectively influence buyer attitudes and behavior? The following report not only reveals that rebates, rewards, and loyalty programs may be more influential than previously expected, but that customers hold brands to high standards for delivering seamless incentives. These insights make a case for designing customer engagement programs to be truly frictionless, as well as offering the payment choices and digital capabilities consumers have grown to expect.

Wirecard's 2019 Consumer Incentives report is based on three consumer surveys conducted in June of 2019. Survey 1: Behaviors and Expectations was completed by 1,051 respondents. Survey 2: Consumer Experience was completed by 1,043 respondents. Survey 3: Loyalty Programs & Brand Loyalty was completed by 1,049 respondents. In each case, respondents were randomly selected US consumers over the age of 18. Respondents spanned every age category, gender, ethnicity, background, and geographic area within the US.

## Eye on the Prize: Consumer Behavior and Expectations

Customers don't just hope for rewards; they expect incentives to be a key part of their relationships with brands. **For over half of respondents, rewards rated as “extremely” or “very” important for both big-ticket and small, habitual purchases.** Less than 8% of consumers claimed rewards were not at all important to their purchasing decisions. And for many customers, the offer of a reward was enough to draw them away from brands they felt loyal to.

So are rewards and loyalty programs destined to become the status quo? Our survey highlighted several industries where optimizing the rewards experience could be key to differentiation, not just a nice extra.

### Insight #1

#### Incentives can shift brand loyalty.

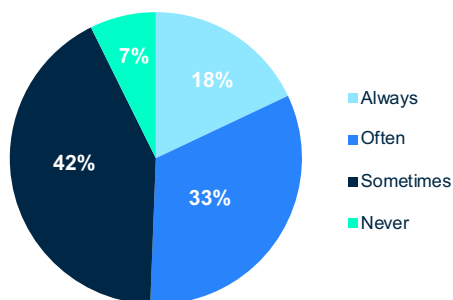
Brand loyalty is still alive in today's consumer. It's simply inclusive of values that might traditionally have appeared to undermine loyalty — like using incentives to sweeten a purchasing decision.

In fact, most consumers say an offer such as a rebate or reward can sway them to buy one brand over another, even if they're loyal to the brand without a reward. The power of incentives to drive action means companies must not only reframe loyalty, but do a better job of earning it through incentives programs that surpass customers' expectations.

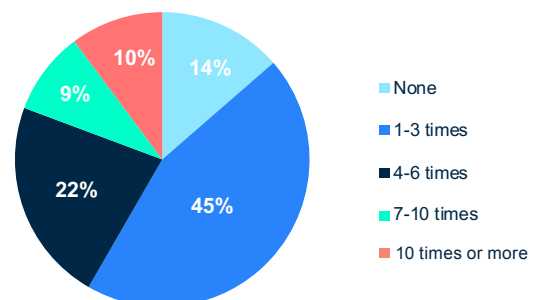
### Incentives inspire brand preferences and future purchases

#### Incentives sway consumers to choose one brand over another

(even if they're loyal to the brand without rewards)



#### How often consumers made purchases because of a incentives, in the past year



## Insight #2:

**In some categories, customers expect incentives.**

In our survey, we asked customers when they wanted and expected to receive incentives. Across the board, **more customers expressed that they “would like” rewards than said they “expected” to receive them.** But the gap between desire and expectations shrunk in some categories, like retail.

When customers expect to receive incentives as part of the brand engagement experience, brands need to do more to make sure their rewards and loyalty initiatives stand out from the pack.

**Overall, incentives were most popular in industries like:**

Retail



Digital goods



Food &amp; drinks



Auto



Insurance



Manufacturing



Technology



Telecom

**In Search of (Easy) Redemption: Consumer Experiences**

When customers receive rewards and rebates, reality doesn't always match their expectations. In our second survey, we asked consumers about their impressions, preferences, and pain points while collecting and redeeming incentives. Our findings revealed that not only do consumers prefer digital experiences, but they had high expectations for getting their payouts quickly and efficiently.

## Insight #1:

**Digital cards were the most popular incentive.**

About 45% of survey respondents said digital prepaid cards were their preferred way to receive rewards. This places digital solutions miles ahead of any other payment method, including checks and electronic bank transfers.

Digital prepaid cards can be single-use or reloadable, are widely accepted, and offer opportunities for merchants to drive spendback at various touchpoints. They feature several unbeatable advantages, like fast delivery, easy redemption, and the fact that customers can choose where and how to spend. This method of receiving incentives may also appeal to younger demographics, like millennials, who seek frictionless, digitally powered payment experiences. Finally, the cards are cost-effective for issuers and come with a lower administrative burden than other means of issuing rebates and rewards.

**45%** of respondents said digital prepaid cards and physical prepaid card were their preferred way to receive rewards.

**Other popular incentives include:**

Account credit



Electronic bank transfer



Check

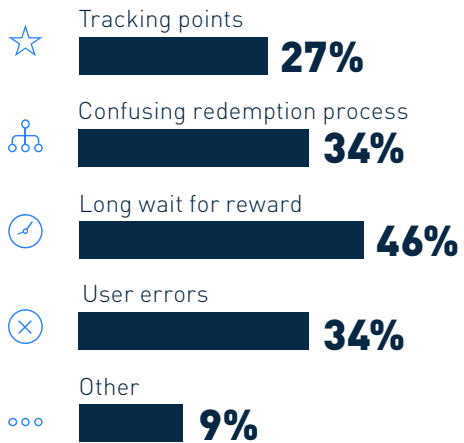
## Insight #2:

**Customers want shorter wait times for rewards.**

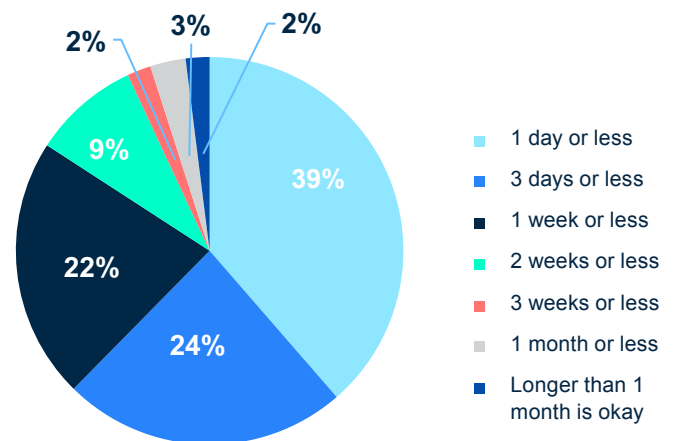
Speed has shaped consumer expectations across every corner of life, and rewards are no exception. The majority of survey respondents said they expected to receive their rewards in no more than three days. Most surprisingly, **39% of respondents said one day or less is the maximum amount of time it should take to receive a reward after applying to receive it.** Call it impatience, or call it a reflection of technology innovations that enable instant gratification. Either way, speed is a critical differentiator for brands that want their incentives programs to stand out.

## Speed is a critical differentiator for brands that want their incentives programs to stand out

### Consumers' frustrations with the rewards experience



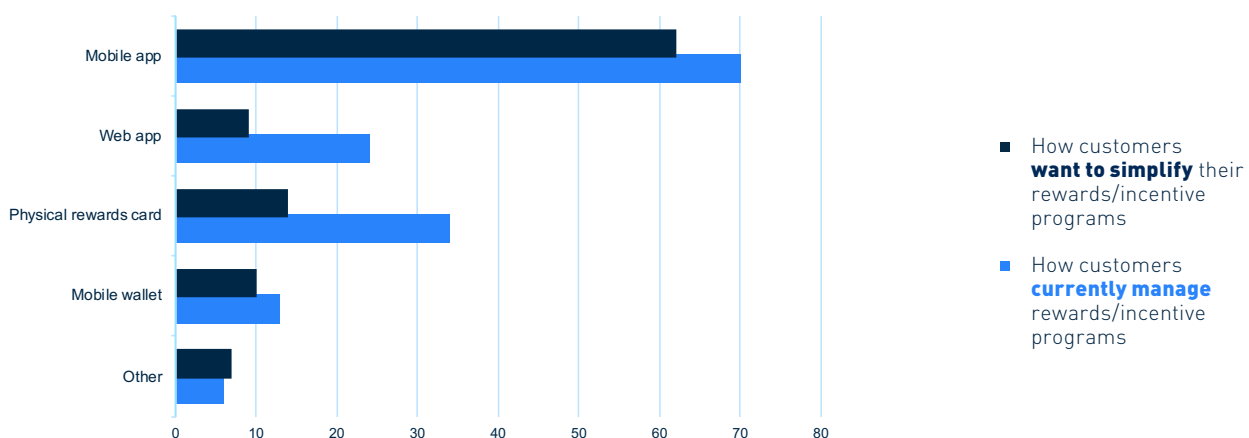
### How long consumers think it should take to receive a reward, after redemption



## Insight #3: Customers want to manage their incentives digitally.

While tracking points and redeeming rebates did not frustrate customers as much as long wait times, these frictions still registered as significant pain points. Moreover, the majority of customers had experience using mobile and web apps for incentives, and many stated that apps could help simplify how they currently manage their rewards.

With most customers indicating they are frustrated by frictions other than user error, it's clear that smarter digital tools could contribute to a seamless incentives experience whether customers are tracking or redeeming rewards.



# Building Loyalty: How Incentives Shape Consumer Attitudes and Actions

Brand loyalty may be less of a defining factor for today's consumers, but it still exists. Our dive into the ins and outs of consumer incentives revealed that rewards helped shift established brand loyalty and convinced consumers to try new things. Rewards and loyalty programs also drove desirable brand loyalty behaviors, inspiring customers to start their search with brands from which they'd had an incentives experience.

In other words, rewards could override existing loyalty — potentially bad news for brands that don't invest much in consumer incentives. But, loyalty and rewards programs can also help establish loyalty and even offer opportunities for companies to refine their customer engagement strategies.

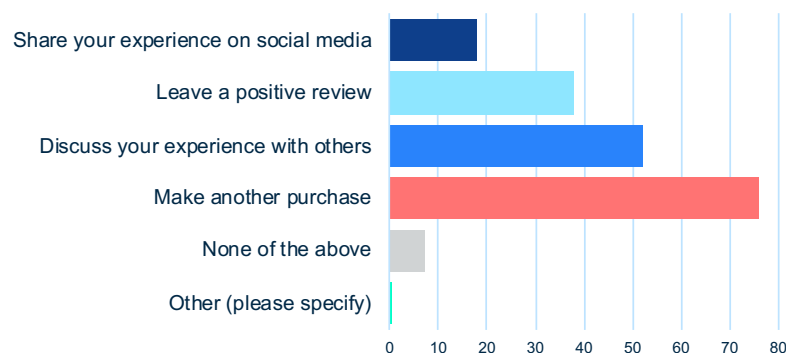
## Insight #1: Incentives drive repeat business.

For many customers, receiving incentives isn't a passive experience; it drives further action. When researching future purchases, most customers said they were "extremely" or "very" likely to start with a brand from which they'd received a reward or rebate, or of which they were a loyalty program member. And along with other positive actions, **75% of customers said they were likely to make another purchase after receiving an incentive.**

It's worth noting that some types of incentives are more effective than others at encouraging customers to buy from the same brand again. Customers said cash back rewards, prepaid cards, and rebates would inspire another purchase in the future. Not surprisingly, these payment methods offer very similar benefits to the consumer: money back, and the flexibility to spend it as they see fit.

For issuers, the choice becomes clearer. Physical and virtual cards, which can be used to issue rewards or rebates, are not only cost-effective; they offer valuable consumer data and the potential to influence spend-back at various touchpoints throughout the customer journey.

### After receiving a reward, consumers are likely to perform the following actions:

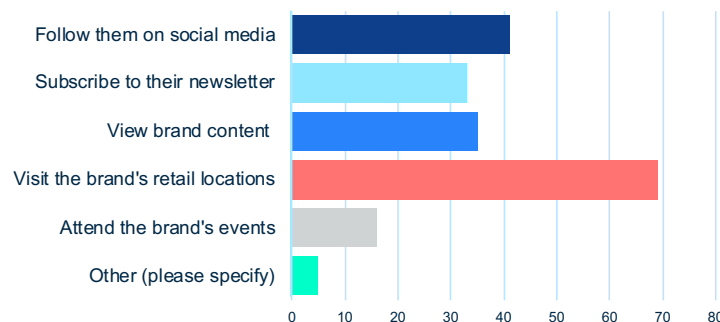


## Insight #2: Incentives offer customer engagement opportunities.

Desirable consumer behaviors go beyond future purchases, and incentives do more than inspire customers to buy again. Almost all respondents said that after a positive rewards experience, they were more willing to receive offers and notifications from that brand. Moreover, positive rewards experiences supported omnichannel marketing by driving behaviors like following the company on social media or visiting their retail location.

### Positive rewards experiences drive omnichannel engagement

#### How consumers engage with brands after a positive rewards experience



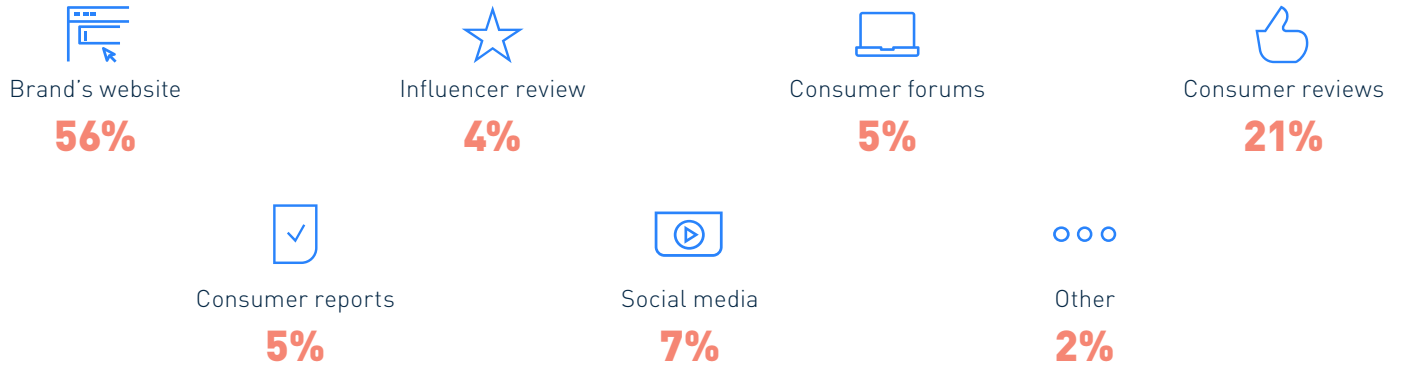
## Insight #3: Incentives put the control back in sellers' hands.

In today's landscape of consumer reviews and social media influencers, brands no longer reign as product knowledge authorities. But rewards and loyalty programs can help change that. For future purchases, customers weren't just more likely to start their search with brands they had a history with, incentives-wise. They were also more likely to start their search at the brand's website. **In fact, over half of all respondents said the website would be their first stop** — well over twice the number of respondents who said they'd start with consumer reviews.

This presents a critical opportunity for companies to optimize the rewards and loyalty experience — not just to drive customers back to their websites for future purchases, but to take back their influence, make targeted recommendations, and utilize data analytics to improve the omnichannel experience.



## How consumers start their research, when planning future purchases from brands they've received incentives from



## Conclusion

Consumer incentives are a don't-miss opportunity for brands hoping to drive loyalty in a world where price shopping and outside influencers are just a few clicks away. If done right, consumer rebates, rewards, and loyalty programs drive customer engagement, while offering an upgraded digital experience that delivers incentives instantly and conveniently.

A digital incentives program solves your immediate need to grow revenue and optimize spend. It also yields new market insights, helping you understand, predict, and influence customer behavior. That includes offering data-driven purchasing recommendations and driving rewards spend-back through branded touchpoints.

Loyalty may be evolving, but today's consumers still want to connect with the brands and service providers that power their lives. Wirecard's digital solutions make it easier than ever to achieve that connection, so today's customers become tomorrow's brand advocates.

**Learn more about Wirecard's consumer incentives solutions, designed to maximize your return on investment.**