

RETAIL

Rewards need to benefit consumers, not just brands: HelloWorld

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Most consumers value prizes that make life easier. Image credit: St. Regis

By SARAH RAMIREZ

As brands and retailers experiment with different strategies, including offering prizes and rewards, those that rely on value and relationship building are the most successful in attracting consumers.

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According to a new report from HelloWorld, experiential prizes such as vacations and shopping sprees are still the most wanted "grand prizes." However, larger prize budgets do not always translate to higher levels of consumer participation.

"When we created our survey, we suspected that, especially in a strong economy, people would prefer prizes that make them feel special' over prizes that made their life easier,'" said Janice Pollard, content and public relations director at HelloWorld, Detroit, MI. "In the data, we found that actually the opposite was true, even at higher income levels."

HelloWorld, a Merkle Company, surveyed 1,100 consumers for its [2018 Prizing Report](#).

Reward centers

More than two-thirds of consumers surveyed participate in promotions at least once a month. The easier it is for consumers to participate in a giveaway, the more likely they are to take part.

Eighty percent of consumers are willing to provide an email address to win a reward, with 84 percent willing to leave a brand review in exchange for a prize entry. Only 27 percent of consumers are interested in sharing content with their social networks.

Consumer data, including email addresses, are increasingly valuable for marketers to better target shoppers.



Consumers are willing to give brands their email address in exchange for prize entries. Image credit: Yes Lifecycle

Brands can also offer a range of rewards.

Both men and women voted vacations and shopping sprees as their favored grand prizes.

More than a third, 37 percent, of consumers were most interested in potentially winning smaller daily prizes and a larger grand prize, and 18 percent found small rewards, such as loyalty points, most appealing. Only 6 percent were interested in a "mystery prize" everyone would receive, which would make the reward a less exclusive item or experience.

However, consumers between the ages of 18 and 29 preferred a guaranteed reward of \$5 over a chance at winning \$10,000 by a 30 percent margin. Sixty percent of consumers over the age of 60 preferred to try their luck at winning the grand prize instead.



Even higher-income consumers favor more convenient rewards. Image credit: Asprey

Across all income levels, consumers are also craving convenience instead of unique experiences, such as attending an exclusive event. Even consumers with annual incomes of \$125,000 and above prefer prizes that make life easier instead of making them feel special, 64 to 34 percent.

"While the word 'value' is not typically associated with a luxury brand, the insights show that the new definition of value is anything that helps consumers navigate their busy lives," Ms. Pollard said.

"How can you streamline their customer experience? Where can you add a surprise and delight element?" she said. "Make it effortless, and focus on a simple experience."

Loyalty emphasis

As a whole, HelloWorld's research supports the notion that different demographics and generations expect to be rewarded for their loyalty and participation in a way that fits into their lifestyle.

As luxury marketers aim to build loyalty programs that appeal to the growing consumer base of millennial and Gen Z shoppers, they may be missing out on the affluent older generations by not taking their needs into account.

According to a report from CrowdTwist, the Silent Generation, those over the age of 73, are the least likely to be active in a loyalty program, while 82 percent of Gen Z shoppers are enrolled in rewards clubs. While rewards programs are crucial in driving repeat business and ongoing relationships, luxury retailers need to consider how they are designing these membership-based services to appeal to a broader consumer base ([see story](#)).

This fall, department store chain Nordstrom, which already had a robust loyalty program, revamped its rewards system to include additional personalization and more convenient ways to shop.

The Nordy Club now allows participants to earn points faster than before. The benefits are not limited to cardholders, making it more appealing to younger shoppers who tend to eschew credit cards.

A tiered structure means members can earn certain benefits based on their annual spend, starting with a "member" level for non-cardholders who spend less than \$500 a year. Those who are not cardholders earn one point for every dollar spent, while cardholders receive two or three points for using brand debit or credit cards, respectively ([see story](#)).

"For brands who want to create the most effective prizing structure, it starts with knowing your specific and unique demographics," HelloWorld's Ms. Pollard said. "A loyal consumer will be most responsive when they know the brand understands their preferences and makes them feel appreciated."

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