



BETTER KNOWLEDGE FOR BETTER DECISION



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Consumer's perception of digital rewards in loyalty programs: insights from a multi-country research

2nd Edition

IMA Europe Milan – 18th May 2017

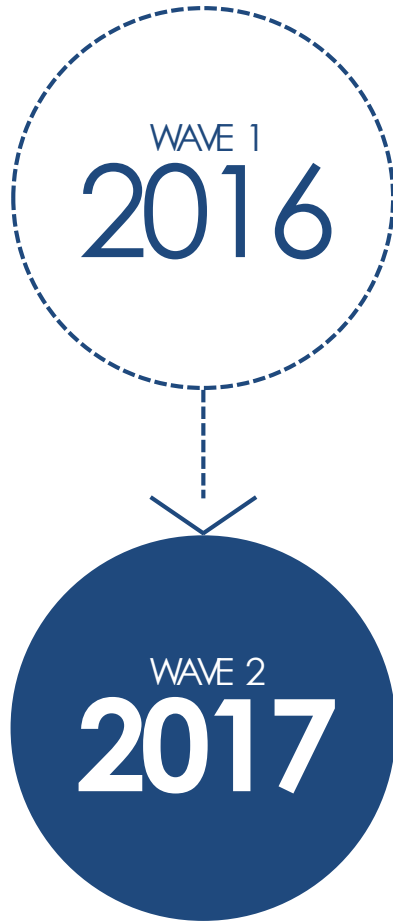
- SECTION **1** Research framework and goals
and sample overview
- SECTION **2** Main insights
- SECTION **3** Conclusions

SECTION **1** Research framework and goals
and sample overview

SECTION **2** Main insights

SECTION **3** Conclusions

RESEARCH FRAMEWORK AND GOALS



WHAT

Multi-country primary market research

WHY

Research questions:

- ▶ Which are the differences among key European Countries with respect to **Loyalty Programs perception & experience**? And compared to the **previous wave**?
- ▶ At which point is the **digitalization process** of rewards in loyalty programs?
- ▶ Which is the **level of acceptance** related to the different types of reward?
- ▶ Which is the perception of **loyalty programs sponsored by e-commerce stores**?

HOW

CAWI (Computer Aided Web Interviewing)
using **Certified Panel**
Structured traditional questionnaire

SAMPLE OVERVIEW

19%  Italy
n=304

20%  Switzerland
n=325

20%  Germany
n=320

21%  France
n=346




20%  United Kingdom
n=325

5 EUROPEAN COUNTRIES

Italy
Switzerland
Germany
France
UK

TARGET POPULATION

Consumers, members of **Loyalty Programs (LPs)** sponsored by:

-  Supermarkets
-  Petrol companies
-  Credit card/
Banking institutions



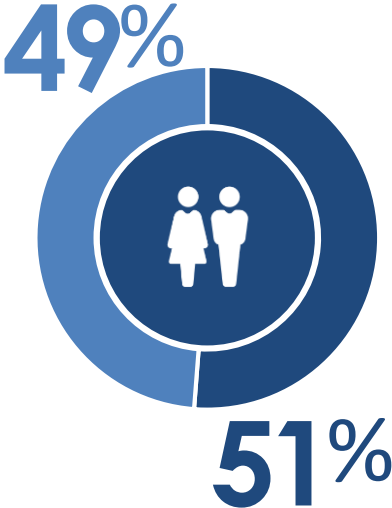
Online panel

4.025 Contacted people

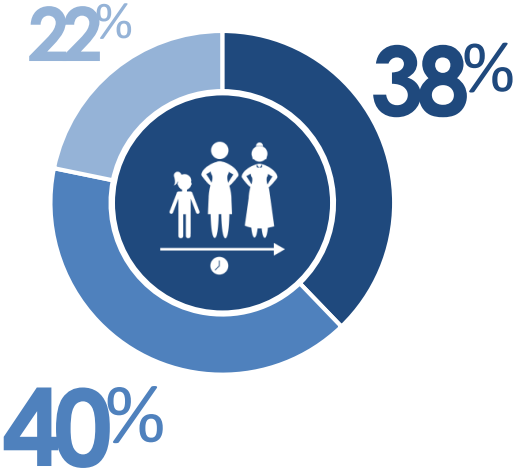
1.620 Complete interviews

Data collection time frame
4th March – 16th March 2017

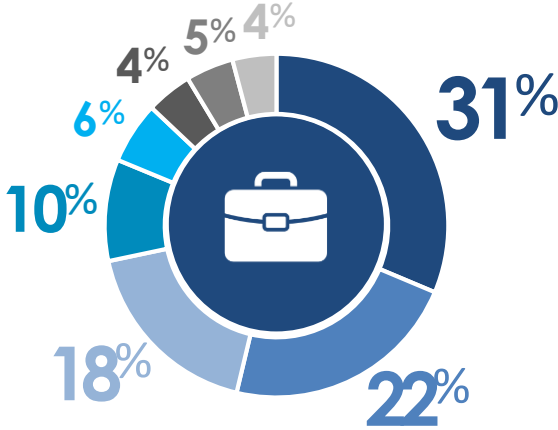
SAMPLE OVERVIEW



- Male
- Female



- Young Adults (18-35)
- Middle-aged Adults (36-65)
- Older Adults (>65)



- Employee / worker
- Pensioner
- Manager / entrepreneur / self employed
- Student
- Homemaker
- Unemployed
- Retailer / artisan
- Others

SECTION 1 Research framework and goals
and sample overview

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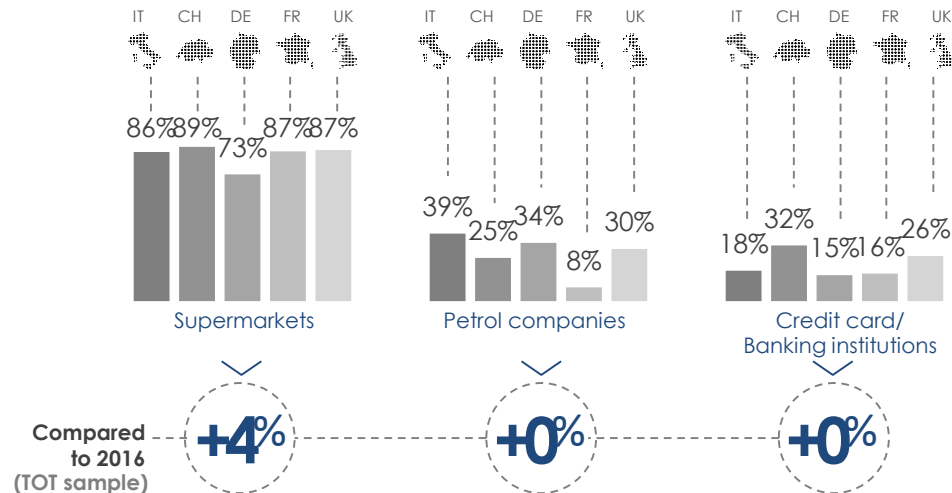
Main insights

LPs PARTICIPATION

Supermarkets count the highest number of participants in a LP (80%), showing a growth over the last year

The LPs of **Petrol Companies** have about 30% of penetration, except for France; whereas the LPs of **Credit Cards** are mostly popular in Switzerland and in the UK (about 30%)

"Do you participate in a points collection program sponsored by one of the following businesses/institutions?"



Main insights

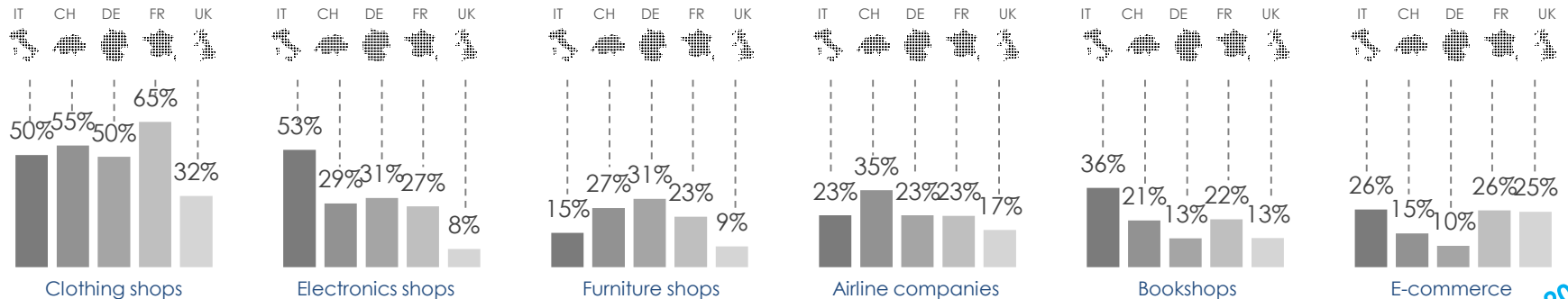
LPs PARTICIPATION

On average, the loyalty programs sponsored by **clothing shops** are the most popular

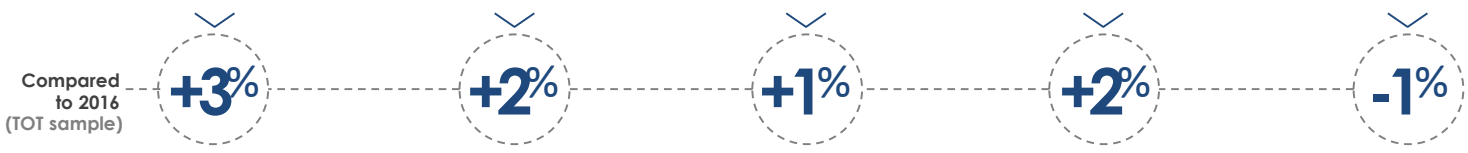
In **Italy**, Electronic Shop LPs have the highest participation, followed by clothing shop LPs and Bookshop LPs

Germany and **Switzerland** show lower penetration of E-commerce LPs

"Do you participate in a points collection program sponsored by one of the following businesses/institutions?"

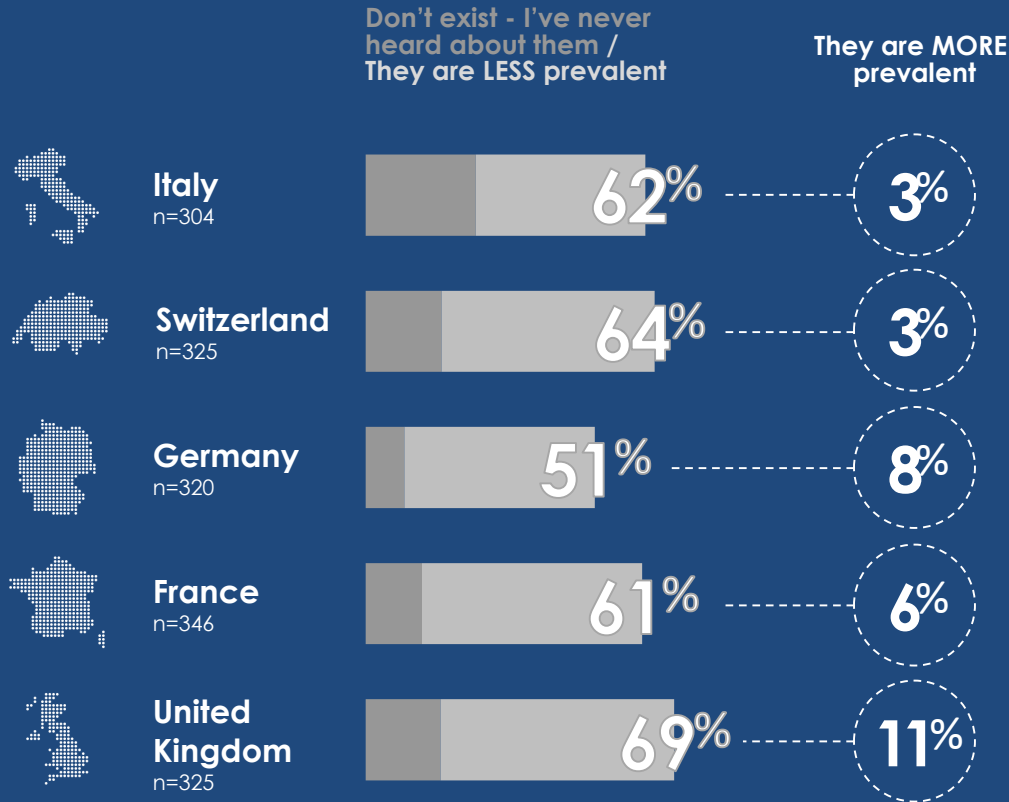


New 2017



Compared to 2016 (TOT sample)

“What is your perception of the spread of the LP sponsored by e-commerce stores compared with the traditional loyalty programs?”



Main insights E-COMMERCE LPs

E-commerce loyalty programs are still not deeply present in consumers' mind and considered less widespread than the traditional ones

In **Germany** there is the highest perception of the spread of this type of LPs, contrasting with their low participation (previous slide): this could mean a **weak interest in them** (at least for now)

Main insights E-COMMERCE LPs

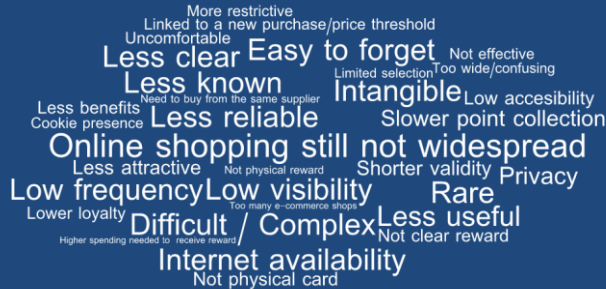
“In your opinion, how much effective are the LP sponsored by e-commerce stores compared with the traditional loyalty programs?”



Highest percentage in:



MOTIVATIONS:



Only the 11% of the respondents considers e-commerce LPs **more effective** than those of the traditional stores. The strong majority doesn't find differences between the two types of LP

It appears that the perceived effectiveness is **strongly correlated to how much an individual is used to shop online**

“Which aspects are most influential in your selection of a reward from a points collection program, regardless of the reward type?”

FIRST 5 MOST IMPORTANT BENEFITS

- 1 Usefulness of the reward
- 2 Perceived value of the reward
- 3 Ease/convenience of receiving the reward
- 4 Ease/convenience of requesting the reward
- 5 Immediate availability of the reward

Type of benefits
REWARD ITSELF

Type of benefits
CORRELATED SERVICES

Main insights SOUGHT BENEFITS

The most important sought benefits are the same of the previous year

At the top the **usefulness** and the **perceived value** of the reward, immediately followed by more service-related features linked to a **need for efficiency**

COMPARING WITH THE PREVIOUS WAVE: 2017 vs. 2016

Increasing importance

CORRELATED SERVICES

Possibility of transferring the reward to a third party



Reward in digital format (e.g. via email)



Speed of delivery once the reward is available in the shop



Ease/convenience of requesting the reward



The reward is current/modern



Possibility of combining reward from the same series/brand



Originality of the reward



Perceived value of the reward



Usefulness of the reward



Decreasing importance

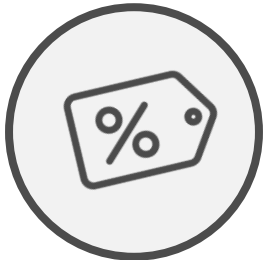
REWARD ITSELF

Main insights SOUGHT BENEFITS

The importance of all the benefits related to the **reward itself** has showed a **slight decrease** compared with the first wave, whereas benefits derived from **added services** have increased noticeably their relevance, particularly those which mean a **loss of materiality** of the reward

TYPE OF REWARD

DEFINITION



DISCOUNT

Percent discount on subsequent purchases



GIFT CARD

Plastic card/digital coupon or voucher with a value to be used for purchases in a specific chain of shops or website



New 2017

CASHBACK

A partial refund in cash following a purchase



PHYSICAL REWARD

Objects or tangible assets of various types/values



EXPERIENTIAL REWARD

Events, travel, dinners, spa treatments, gift packages, etc.

"Which is the most preferred type of reward?"

INTANGIBLE
WORLD
Compared with 2016



Italy
n=304



+4.3%



Switzerland
n=325



+8.5%



Germany
n=320



+8.2%



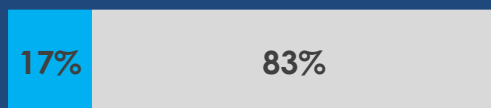
France
n=346



+3.8%



United
Kingdom
n=325



+10.6%

PHYSICAL WORLD
Physic reward + Experience

INTANGIBLE WORLD
Gift card + Discount + Cashback

Main insights

TYPE OF REWARD

Consistently with the previous analysis, **intangibility is becoming more and more imperative over time**, and rewards such as gift card, discount and cashback are preferred to physical ones and experience cross countries

"Which is the most preferred type of reward?"

BY LOYALTY PROGRAM



Physical reward

16%



Discount

23%



Experience

4%



Giftcard

15%



Cashback

42%

Main insights TYPE OF REWARD

Cashback is the **most favourite reward** particularly if linked to a **credit card/banking LPs**

Discount, physical rewards and **gift cards** follow

Discounts and **physical rewards** are considered more suitable for both **supermarket** and **petrol company LPs**

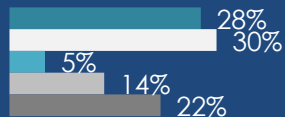
"Which is the most preferred type of reward?"

BY COUNTRY



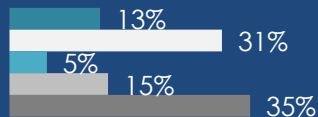
Italy

n=304



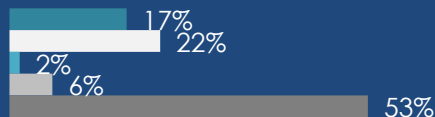
Switzerland

n=325



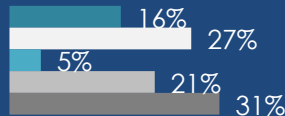
Germany

n=320



France

n=346



United Kingdom

n=325



Cashback



Discount



Physical reward



Giftcard



Experience

Main insights TYPE OF REWARD

If customers had to choose only one reward, **cashback** would be the **first choice** in all the countries, except for **Italy**, where the **discount and physical rewards** are still preferred

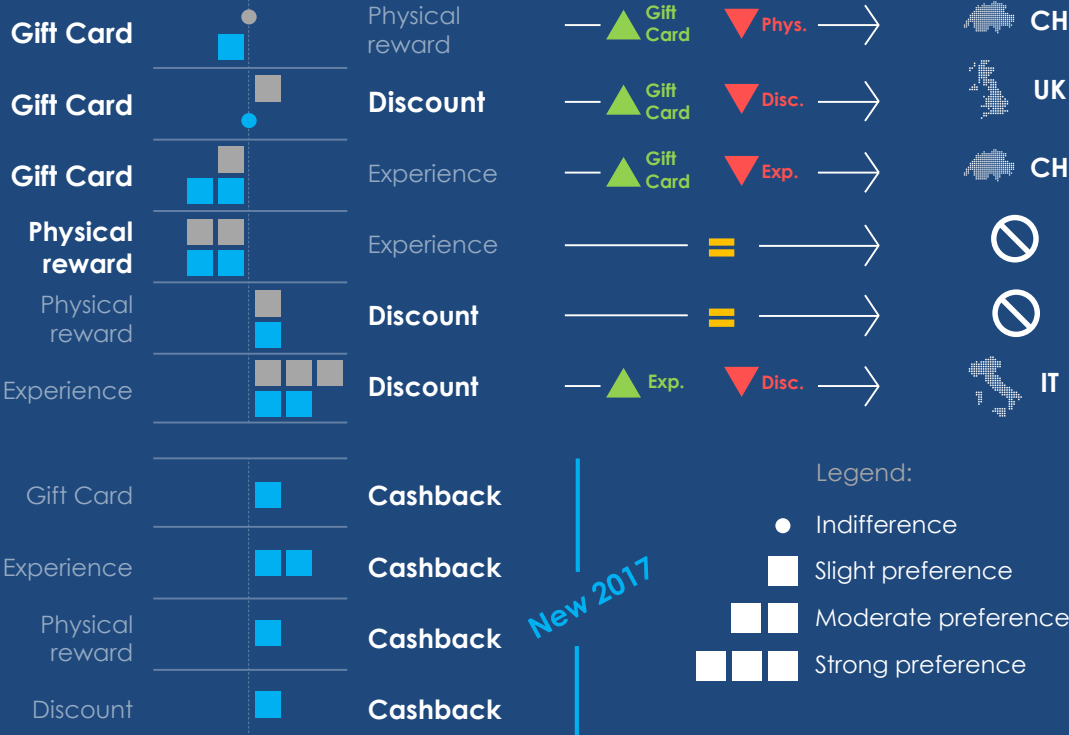
In **UK**, as in the previous wave, **gift card performs better** than in the other countries, ranking second this year

"In a head-to-head comparison between two different types of rewards, which do you prefer?"

Total Sample
(2016 vs. 2017)

Compared to 2016

Highest increase in left reward compared to 2016



New 2017

- Legend:
- Indifference
 - Slight preference
 - Moderate preference
 - Strong preference

Main insights

TYPE OF REWARD

Gift card, compared to 2016, has gained ground in every one-to-one comparisons, especially versus Physical reward and Discount

In terms of overall preference, the **Cashback** is the clear winner also in this analysis



“Which form of gift card
would you rather receive?”
Physical or Digital

BY COUNTRY

DIGITAL

Voucher sent by
email in real time

Compared
with 2016



Italy
n=304



Switzerland
n=325



Germany
n=320



France
n=346



**United
Kingdom**
n=325



TOTAL SAMPLE
n=1620



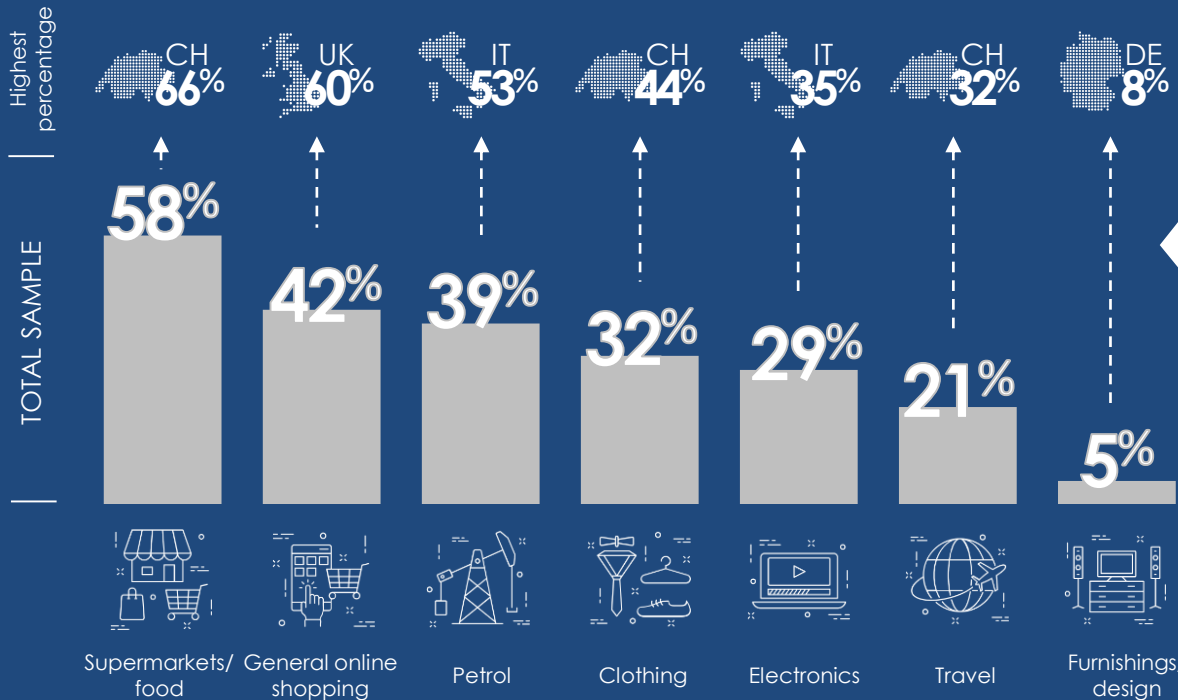
Main insights GIFT CARD

Customers would like to receive more and more vouchers via email instead of the plastic gift card, **especially in Italy and in France where the digital type has even overtaken the physical one**

Germany and, strongly, the UK are bucking the trend



“Which is the most preferred type of giftcard?”



Main insights GIFT CARD

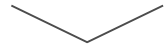
Gift cards are preferred for general online shopping and supermarkets

Generally customers would like to receive gift card to do the **day to day shopping**, rather than for less frequent purchases (electronics, travels, furnishings)

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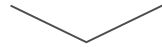
Conclusion MAIN FIGURES

+5%
ON AVERAGE



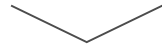
INTEREST IN
**INTANGIBLE
REWARDS**

+3%
ON AVERAGE



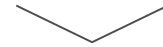
IMPORTANCE OF
REWARD IN
DIGITAL FORMAT

+4%
ON AVERAGE



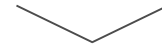
INTEREST IN
**DIGITAL
GIFT CARD**
(compared to
plastic)

58%
ON AVERAGE



OF RESPONDENTS
PREFER
SUPERMARKETS
GIFT CARD

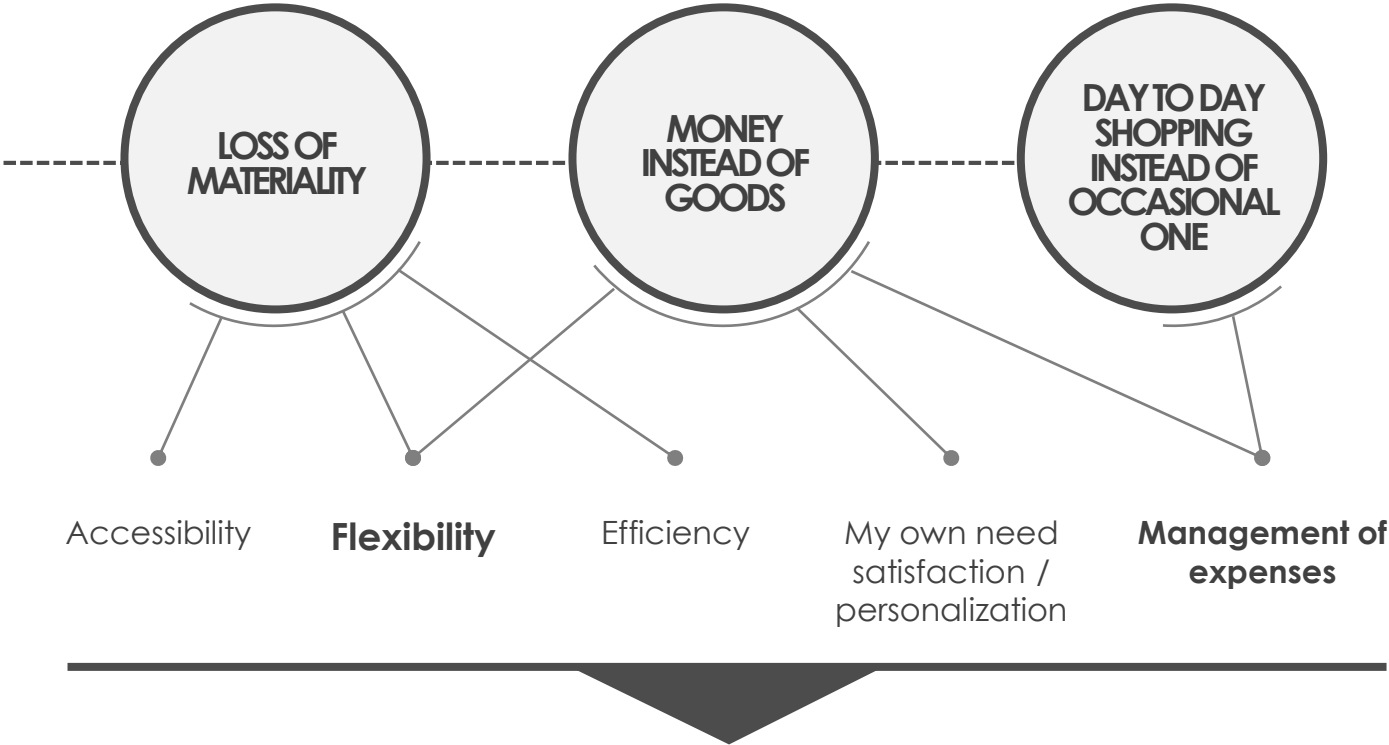
42%
ON AVERAGE



OF RESPONDENTS
WOULD LIKE
CASHBACK
AS REWARD

Conclusion
ACTUAL TRENDS

CONSUMERS'
DEMAND



GAINED
BENEFITS

Accessibility

Flexibility

Efficiency

My own need
satisfaction /
personalization

**Management of
expenses**

Effect on consumers' final choices