

Top trends that will shape the rewards industry

 By [Jolandé Duvenage](#)

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eBucks, a leading multi-partner rewards programme offered by FNB and RMB Private Bank, offers insight into trends that eBucks believes are influencing the rewards industry.

Reward programmes are a dime-a-dozen these days and it would seem there is no shortage of new programmes entering the South African market.

Are all these rewards meaningful and are they keeping up with the expectations of consumers, who are increasingly under pressure to make their Rands go further in a stressed economic environment?

Competing in a crowded marketplace

There has been an explosion of rewards programmes in South Africa over the past few years. There are currently over 70 programmes^[1], with 10 million^[2] South Africans carrying at least one loyalty card. We believe this growth will continue, with even more rewards programmes likely to make their debut.

We expect some existing rewards programmes to continue offering simple cashback or discount based rewards, which are earned and redeemed in a single environment, while others will focus on offering more innovative, tiered and multi-partner models. The latter often result in these companies offering significant rewards to their most valuable customers.

Multi-partner programmes such as eBucks, offer members the benefit of accelerated earnings because they earn from more than one partner, boosting their earning potential significantly. They also give consumers the freedom to spend their rewards across multiple partners and channels, increasing the versatility and purchasing power of their rewards currency.

In addition, FNB and RMB Private Bank reward customers for positive banking behaviour by offering discounts of up to 40% on gift vouchers from prominent brands, as well as flights and gadgets when paying for these with their eBucks.

Consumers want more value

Economic pressure has made it necessary for consumers to become more price-sensitive and budget conscious, resulting in a more informed generation of shoppers.

Consumers want to feel like they are in control of their finances. They shop around for good deals, and hunt for bargains, ever wary of being exploited. This new generation of 'sharp shoppers', make purchasing decisions based on value -

resulting in increased pressure on rewards programmes to ensure that they meet this expectation.

eBucks is one of the leading loyalty programmes currently offered in the South African market. The eBucks programme is fully integrated into the bank's value offering. By October 2012, members had officially spent R2bn in eBucks. We were particularly excited about this - our members took nine years to spend the first R1bn, and just three years to spend the second R1bn. To us, this is a strong indicator of the increasing popularity of the programme and the value it adds to our customers.

Choice is the new reward

While some programmes only allow customers to spend in the same environment in which the rewards were earned, others allow members to spend their rewards across a range of goods and services, such as holidays, gadgets, gift vouchers, books and more. Members are also able to use a growing range of channels through which to spend their rewards - be it in-store with traditional retailers, online, or through mobile channels.

Our members enjoy redeeming their rewards on a wide selection of products and services, giving them the flexibility to buy what they really want or need, as they are looking for increased control over where, when and how they shop or utilise their rewards currency.

By knowing our members, we have been successful in offering them the most relevant earn and spend partners for over a decade.

Relevant rewards drive loyalty

With so many rewards programmes on offer, consumers have more opportunities to receive something in return for their money spent. This increased competition means that rewards programmes need to ensure they differentiate themselves, yet remain relevant to their members.

For a consumer to truly benefit from a rewards programme, it is crucial that they are rewarded for doing the things they do every day such as shopping, banking and using their cellphones. It needs to be clear which behaviours they need to show in order to earn rewards. The most successful rewards programmes will therefore be the ones that customise their offerings to their members' profiles and reward them for positive behaviour.

In the case of eBucks, members banking, cellphone and retail spending behaviour have resulted in them earning in excess of R500m worth of eBucks in the last year alone, with the bulk of their eBucks earnings allocated on their banking behaviour.

[¹] <http://www.classicfm.co.za/classic-business-and-news/programme/programme-archive-1/previous-podcasts-10-october-2012-thursday> (download clip 14 for statistics)

[²] http://www.tci-sa.co.za/brochures/lar_2013_brochure.pdf

ABOUT JOLANDÉ DUVENAGE

Jolandé Duvenage is the Chief Executive Officer of eBucks. The eBucks Rewards Programme is a company within the FirstRand Group (the largest financial services group in South Africa) and is the leading Rewards Programme in South Africa.
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