

Rewards programmes are broken. Here's how to really win customer loyalty

By [Preneshen Munian](#), issued by [TLC Worldwide Africa](#)

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We're deep into the age of loyalty and rewards programmes, with just about every bank, insurer, retailer, and service provider offering an initiative of some sort that purports to reward their customers for behaviour that demonstrates loyalty to their brand.



Many of South Africa's 'leading' brand rewards programmes offer financial rewards, usually via an intermediary brand-specific 'currency'. Each year - sometimes more frequently - the rules of earning and engagement change, with the value of the currency decreasing and the places to spend it reducing.

Apart from the confusion and dismay that frequent rule changes cause among customers who have to spend hours understanding the programme before they can actually take the right actions to earn their rewards, there's also a disconnect in the relationship between them and the brand that's trying to win their loyalty. The customer doesn't affiliate with the brand - rather, they affiliate with how much money the brand is giving back to them. Consumers that put in the effort to understand the various programmes' rules will follow the money and not feel any sense of loyalty to any brand.

Their brand of choice is money... so where does that leave brands who want to strengthen their relationships with the customers?

There's also the disconnect of customers having to pay their own money to a brand in order to belong to the brand's rewards programme. How does it make any sense for a customer to have to first pay money to a brand in order to earn 'money' from it? There's no doubt that rewards and loyalty programmes are expensive to run - particularly if they offer meaningful returns to their members, but the smoke and mirrors of charging membership fees dilutes programmes' true value for users.

Undoubtedly, consumers expect more from brands, particularly in economically challenging times. Research conducted as part of TLC's Promotions Intelligence Index (Pii™) revealed that 89% of consumers are looking for promotional offers when they're shopping, while 72% expect something other than a price discount from brands.

More than two thirds of respondents preferred to receive a free experience, viewing it as better value than a cash-back offering, while nearly nine out of ten respondents agreed with the statement: "An experience of your choice as a thank you gift from a brand is more personal than a discount. I'll remember the brand that offered it to me."

In an era where brands increasingly turn to social media to promote awareness, it's worth noting that 89% of respondents said that they would be more likely to share an experience on social media if it came from a brand. When last did you see an influencer - unpaid - sharing a social media post about the 'money' that they'd earned from a rewards programme that they had to pay to belong to?

Global experience over decades has shown time and again that delivering experiences as rewards retains customers, as they truly feel the additional value that a brand has taken the trouble to offer them. This is particularly true in a Covid-19 environment, where budgets are tight and leisure and travel have been limited - and when offering a family the opportunity to spend time together, or giving couples the opportunity to reconnect over a treat date night is much more meaningful than a discount on a basket of no-fun essential items.

The (Pii™) data reinforces this: 89% of people said that a free experience would be enough to entice them to re-purchase a product, with eight out of ten saying that a free experience would entice them to purchase two products instead of one.

When consumers have spoken so clearly about how they would prefer brands to reward their loyalty - and indeed how they would show that loyalty to brands that listen to what they want - it's clear that points and pretend money should make way for more meaningful rewards that truly create connections between brands and their customers.

TLC - experiences make life more rewarding!

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