



ARTICLE

COMPETING FOR THE LOYALTY OF TODAY'S SOPHISTICATED CONSUMERS

From the introductions of Green Shield stamps in the late 19th century to Betty Crocker's box tops in the 1920s and frequent flier programs in the 1980s, rewards to foster consumer loyalty have evolved to reflect changing consumer behaviors and preferences.

The redemption habits of today's more sophisticated cardholders underscore a growing preference for cash rewards or an equivalent such as gift cards – "points as currency." Recently released statistics from **creditcards.com** demonstrate that currency rewards have displaced yesterday's toaster or blender and even free airfare.

Particularly troubling is the statistic showing 22 percent non-redemption during the previous year. This means that fully one-fifth of cardholders are not engaging with companies' loyalty programs. Another sign of eroding engagement is declining member satisfaction, slipping from 47 percent to 44 percent between 2018 and 2019, according to the recent **Bond Loyalty report**.

 **Cardholders are not engaging with companies' loyalty programs."**

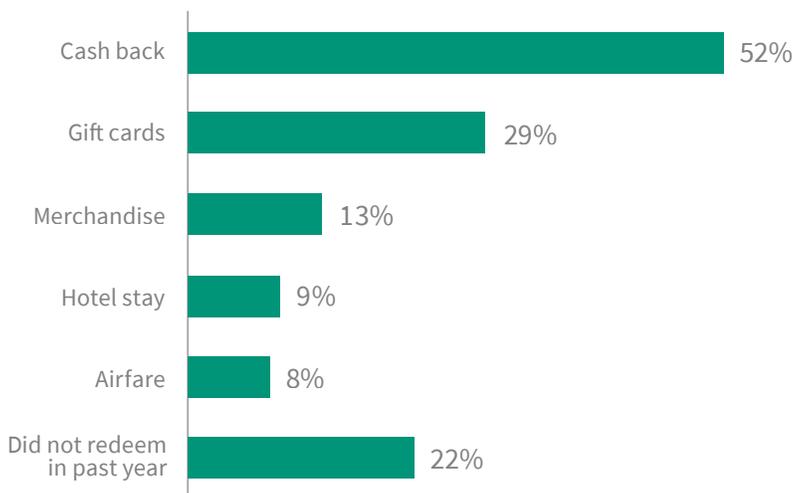


2020 Loyalty: Consumers want personalization, immediacy and ease of redemption

Today's consumers expect three things from loyalty programs: personalization, immediacy, and ease of redemption:

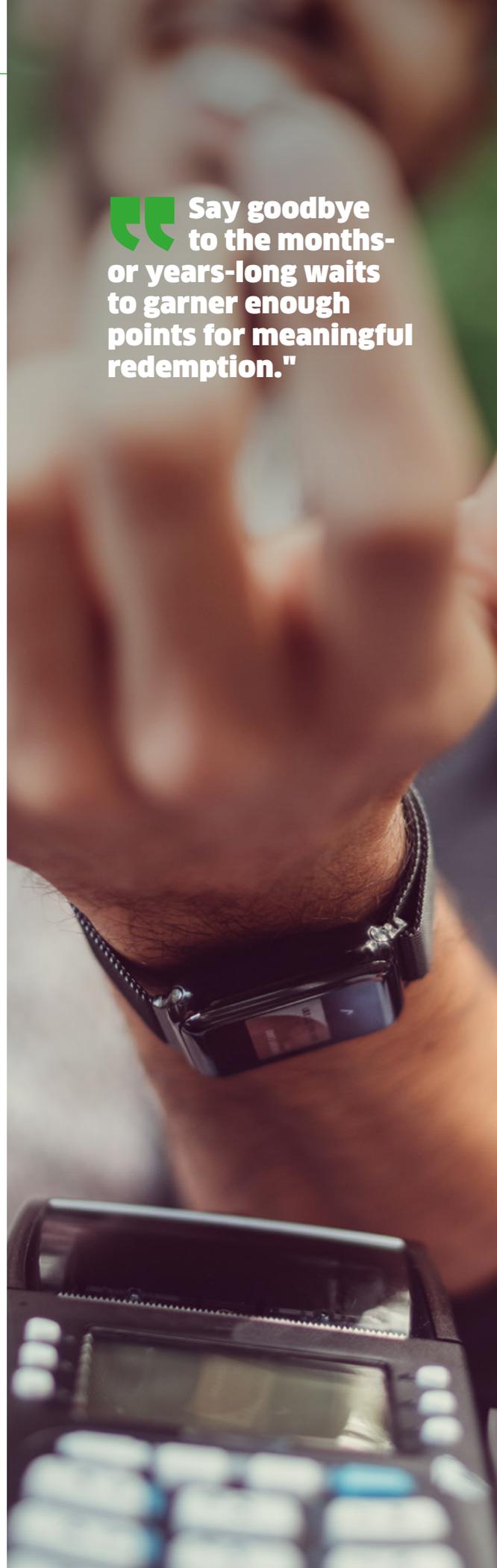
- **“You should know me by now.”** According to the **Bond Loyalty report**, consumers hold an average of 14.8 memberships but are only active with 6.7 of them – indicative of a mismatch between what's offered and what consumers want. Furthermore, only two in 10 are very satisfied with the level of personalization provided by their current programs.
- **“Don't make me wait.”** It's time to say goodbye to the months- or years-long waits to garner enough points for meaningful redemption, especially when companies raise the number of points required over time. According to **Blackhawk**, most consumers want to redeem their rewards well before they reach the \$100 mark.
- **“Don't make me jump through hoops to redeem.”** Consumers want frictionless redemption experiences – less effort for more timely rewards.

Cardholder Rewards Redemption in Past Year



Source: www.creditcards.com/credit-card-news/survey-americans-prefer-cash-back-credit-cards.php

“Say goodbye to the months- or years-long waits to garner enough points for meaningful redemption.”

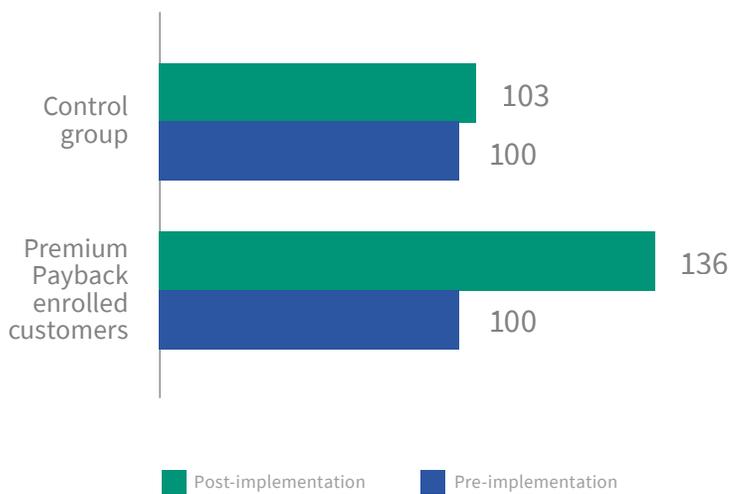


Traditional card loyalty programs rethink strategies

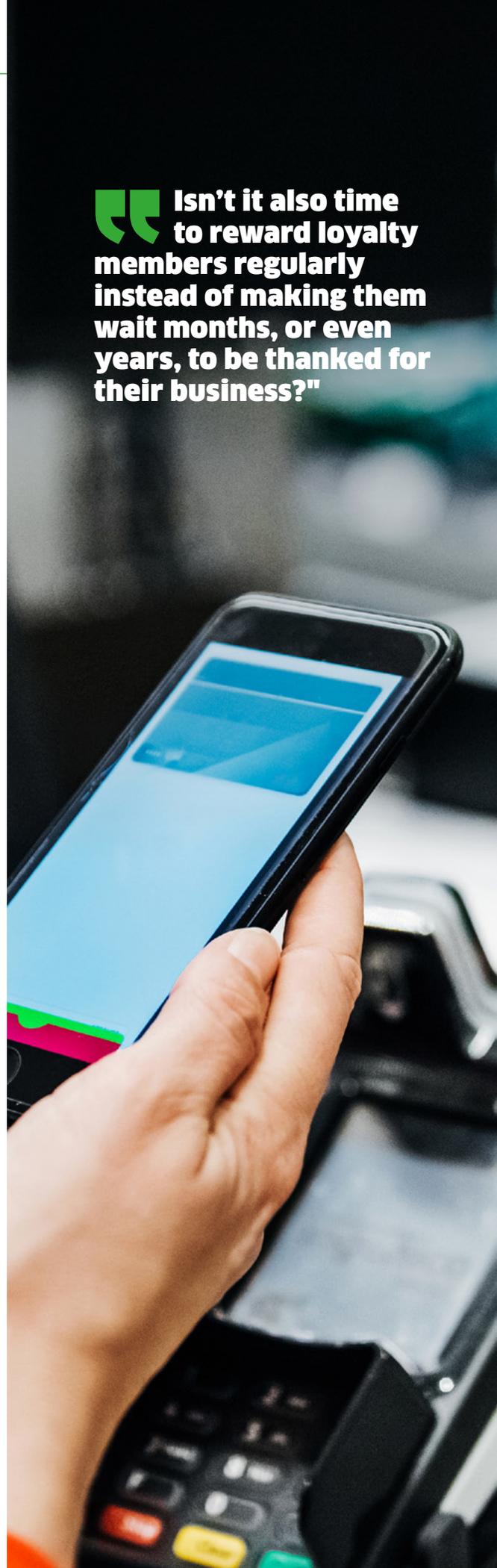
Isn't it time to replace the outdated catalog with relevant offers that fit today's lifestyles and provide a superior redemption experience – one that's simple, provides immediate gratification and takes the burden of redemption off the backs of cardholders? Isn't it also time to reward loyalty members regularly instead of making them wait months, or even years, to be thanked for their business?

Connecting with consumers on their terms requires a new loyalty program model – one that integrates the company's program into consumers' regular routines and meets their expectations for quick and easy redemption. FIS Premium Payback represents an example of this new model. Premium Payback engages consumers often by presenting them with the ability to enable loyalty point redemption at point of sale (POS). Cardholders with enough points to qualify for redemption can opt to use their rollback offer when they present their payment card or digital device at POS.

**Premium Payback
Average Monthly Spend per Customer
(in dexed to 100)**



“Isn't it also time to reward loyalty members regularly instead of making them wait months, or even years, to be thanked for their business?”



How are customers enrolled in Premium Payback responding?

- Redemption rate for Premium Payback is four times greater than coupon redemption.
- Half of enrolled customers redeemed their points two or more times in 12 months.
- Ninety percent of users rated the experience as “good” or “very good.”
- Enrolled customer spending increased by 36 percent after program implementation.

By intelligently integrating loyalty points into the regular transaction process, retailers – especially those selling commodity goods – not only increase traffic and patronage frequency but also differentiate themselves by keeping their loyalty program front and center in consumers’ minds.



www.fisglobal.com



getinfo@fisglobal.com



twitter.com/fisglobal



www.linkedin.com/company/fis/

About FIS

FIS is a global leader in technology, solutions and services for merchants, banks and capital markets that helps businesses and communities thrive by advancing commerce and the financial world. For over 50 years, FIS has continued to drive growth for clients around the world by creating tomorrow’s technology, solutions and services to modernize today’s businesses and customer experiences. By connecting merchants, banks and capital markets, we use our scale, apply our deep expertise and data-driven insights, innovate with purpose to solve for our clients’ future, and deliver experiences that are more simple, seamless and secure to advance the way the world pays, banks and invests. Headquartered in Jacksonville, Florida, FIS employs about 55,000 people worldwide dedicated to helping our clients solve for the future. FIS is a Fortune 500® company and is a member of Standard & Poor’s 500® Index. To learn more about FIS, visit www.fisglobal.com.



**ADVANCING THE WAY THE WORLD
PAYS, BANKS AND INVESTS™**

©2020 FIS

FIS and the FIS logo are trademarks or registered trademarks of FIS or its subsidiaries in the U.S. and/or other countries. Other parties’ marks are the property of their respective owners. 905126