

# The Future of Rewards

UNDERSTANDING HOW CONSUMERS  
VALUE REWARDS AND INCENTIVES

**IN ASSOCIATION WITH:**

- KOSKI RESEARCH
- LENNY MURPHY OF GREENBOOK
- ASK YOUR TARGET MARKET (AYTM)



**VIRTUAL INCENTIVES**

[virtualincentives.com](http://virtualincentives.com)

**EXECUTIVE SUMMARY:**

**How do rewards and incentives impact consumers?**

At Virtual Incentives, we've always known that virtual rewards are the future. But now we're diving deeper to better understand the relationships between consumers and incentives. The more insights we gain, the better we can create fair value exchange reward systems and fundamentally transform our industry for the better. That's why Virtual Incentives teamed up with Koski Research, Lenny Murphy of Greenbook and Ask Your Target Market (AYTM) to develop and field a survey that looked at several key areas around the mindset for the Future of Rewards:



**Delivery Channel Preference**

**Key Takeaway:** Consumers want to be able to receive and use incentives instantaneously.



**Role in Brand Engagement**

**Key Takeaway:** Incentives have the power to sway consumer decisions and drive brand engagement.



**Consumers' Perceived Value**

**Key Takeaway:** Make your incentives fair, meaningful and worthy of your consumers' time.

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**SURVEY METHODOLOGY:**

**Why:**

To better understand how and why consumers interact with rewards and incentives.

**Who/When:**

1,000 U.S. general population respondents took a 10 minute online survey between September 1 - 4, 2017.

**How:**

This study was conducted with the help of our partners: Koski Research, Lenny Murphy of Greenbook and Ask Your Target Market (AYTM).

**What:**

Our areas of focus included delivery channel preference, consumers' perceived value and role in brand engagement.

**Our Partners:**



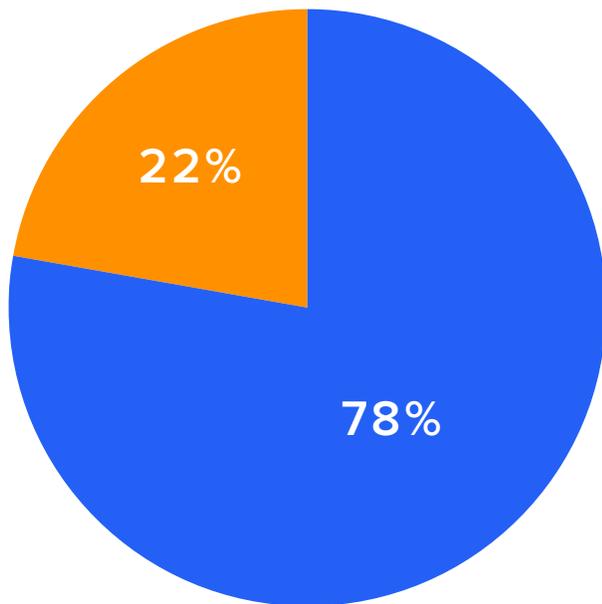
# Delivery Channel Preference

"A NEW AND MORE COMPREHENSIVE SYSTEM IS RAPIDLY DEVELOPING: MOBILE PAYMENT SOLUTIONS."

- SOULAIMA GOURANI, FOUNDER AND CEO OF TRADECONDUCTOR

## DELIVERY CHANNEL PREFERENCE

It's all about instant and digital delivery.



In today's increasingly virtual world, consumers undeniably prefer receiving incentives instantly and digitally. They also place a high value on flexible spending options, wanting the option to spend their incentives anywhere.

**78%** prefer rewards and incentives delivered online/direct to mobile immediately

**22%** prefer to receive their rewards/incentives later in the mail

Although Millennials prefer instant and digital delivery at a higher percent than other generations, it's clearly favored across the board. Here's a breakdown of digital and instant delivery preference by generation:

### MILLENNIALS



### GENERATION X



### BABY BOOMERS

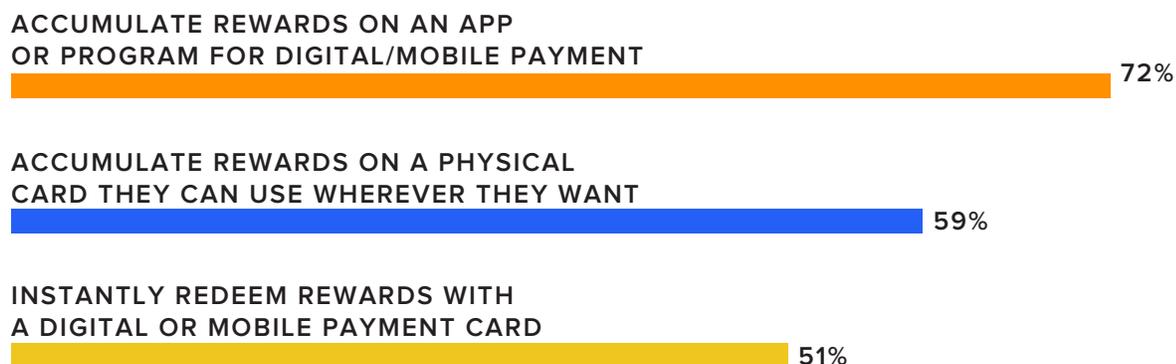


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## DELIVERY CHANNEL PREFERENCE (CONT.)

### Once they have it, how do they like to use it?

More specifically, we looked at ways in which consumers said they'd definitely use digital incentives, and these were the top three:



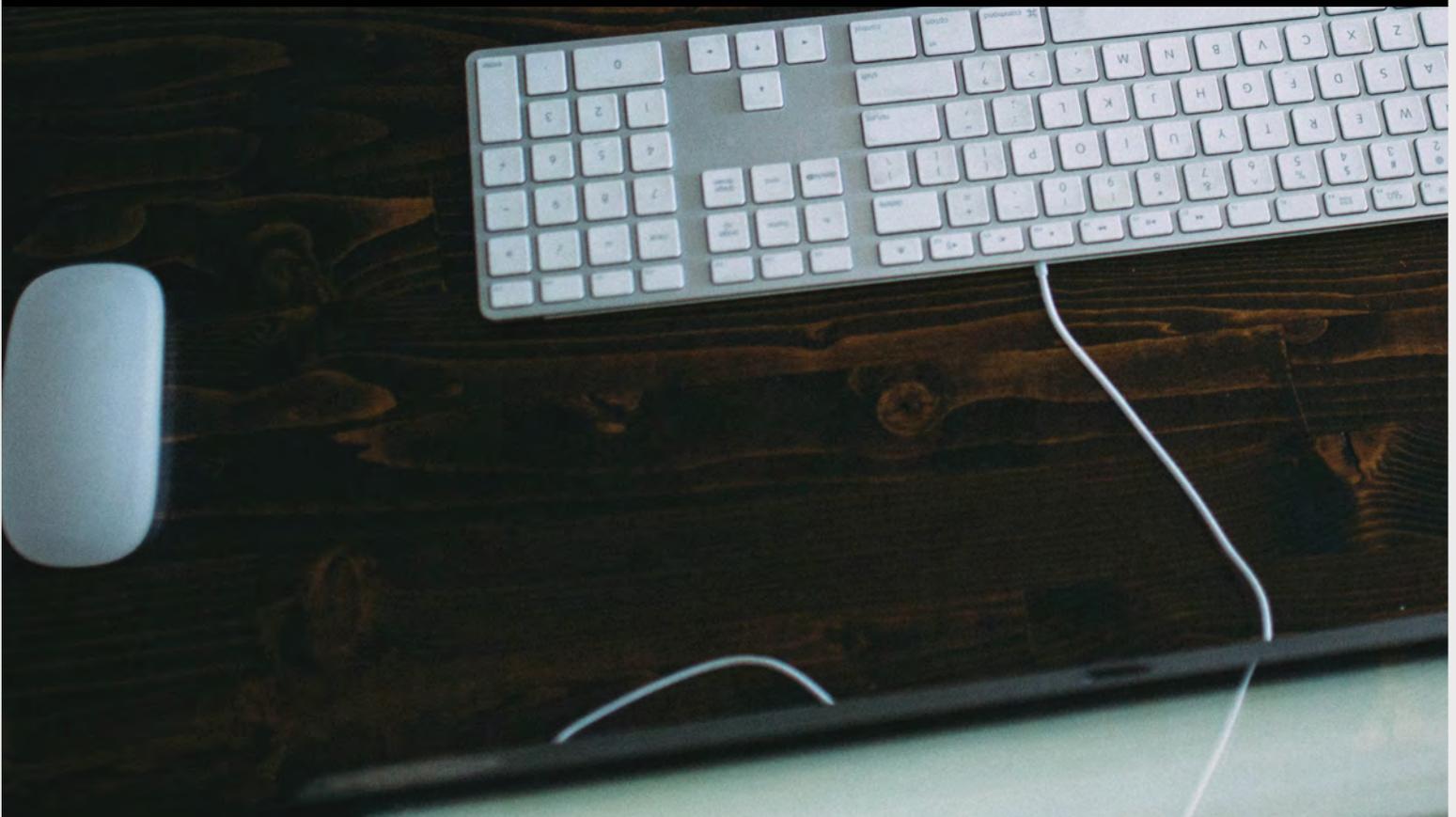
### Cryptocurrencies aren't a crowd favorite.

Despite their digital and instantaneous delivery, a little less than half of consumers are ready or interested in earning cryptocurrencies as incentives. The majority (53%) said they wouldn't use a program to earn cryptocurrencies such as Bitcoin.

# Role in Brand Engagement

“THE CLOSER YOU CAN CONNECT AN INCENTIVE TO A CONSUMER’S BRAND EXPERIENCE, THE MORE POWERFUL BOTH BECOME.”

- JONATHAN PRICE, CEO AT VIRTUAL INCENTIVES



## ROLE IN BRAND ENGAGEMENT

**Incentives can add a nice boost to brand engagement.**

As can be expected, price is always a key consideration in a consumer's purchase decision. However, incentives tied with reviews/recommendations for second place at an impressive 28%, beating out brand by a considerable margin.



As further evidence that incentives have a large impact on consumers' attitudes toward brands, we found that favorability increased toward brands that offer rewards. Personalized messaging or rewards also played a role in boosting positive perception.

**75%** SAY THEY FEEL MORE FAVORABLE TOWARD A COMPANY THAT PROVIDES INCENTIVES

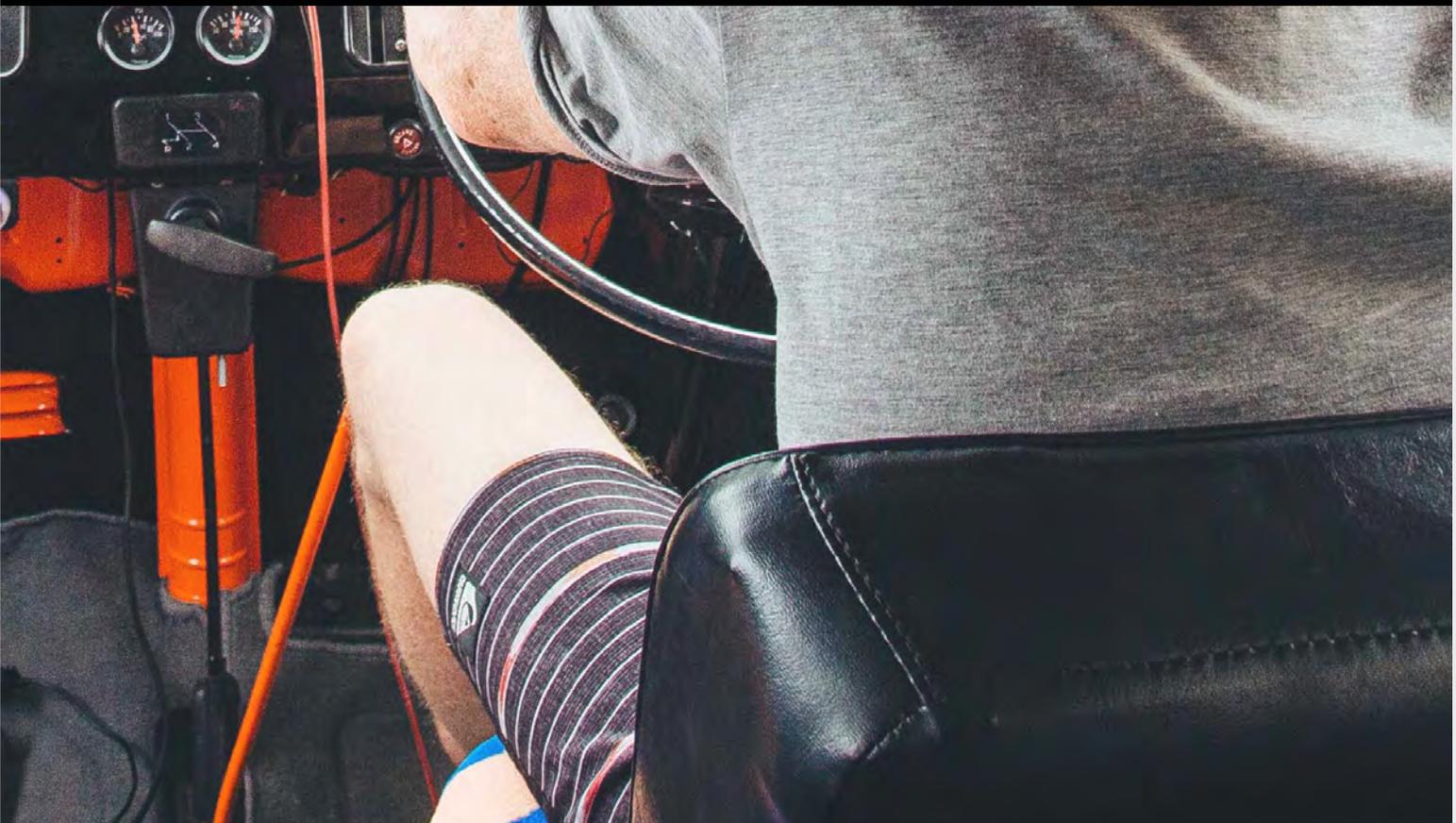
**69%** FEEL MORE FAVORABLE TOWARD A COMPANY THAT DELIVERS PERSONALIZED MESSAGES OR REWARDS



# Consumers' Perceived Value

“BEHAVIOR CHANGE IS THE GOAL OF MARKETING, AND PERHAPS THERE IS NO MORE IMPORTANT ASPECT OF THAT THAN IN BUILDING ENGAGEMENT.”

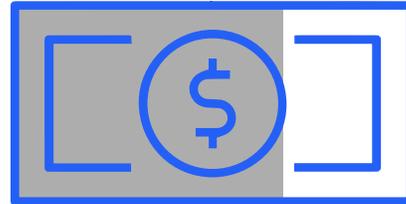
- KEITH WEED, CHIEF MARKETING AND COMMUNICATIONS OFFICER AT UNILEVER



## CONSUMERS' PERCEIVED VALUE

**For many consumers, incentives are an important piece of income.**

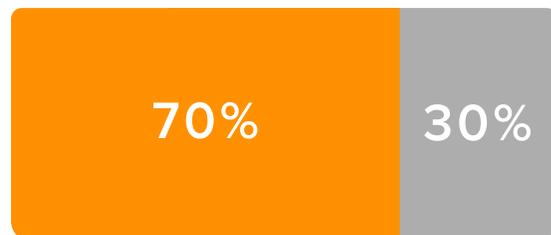
The majority of respondents see incentives and rewards as additional income, but a substantially significant portion views them as a necessary piece of their income.



**65% VIEW INCENTIVES AND REWARDS AS BONUS MONEY.**

**Incentives made me do it! (Otherwise I probably wouldn't have.)**

As we already know, incentives are a catalyst to spark a higher level of engagement. But we found that the majority of consumers participated in activities (like loyalty programs or customer surveys) solely for the incentives themselves.

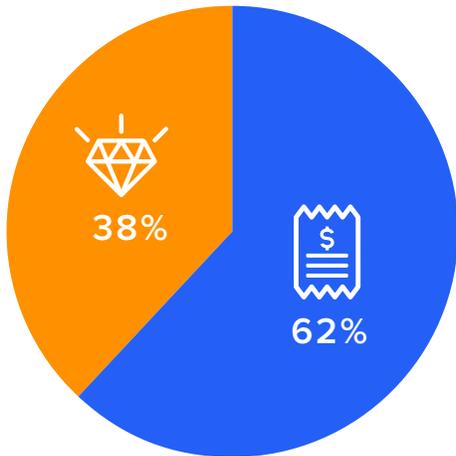


**70% SAY THEY ONLY PARTICIPATE IN THESE ACTIVITIES FOR THE INCENTIVES.**

**30% SAY THEY USUALLY PARTICIPATE IN THESE ACTIVITIES BECAUSE THEY WANT TO HELP OUT.**

CONSUMERS' PERCEIVED VALUE (CONT.)

Nothing fancy — just the basic needs, please.



Rather than saving a well-earned reward for a luxury or specialty item, most consumers say they spend their incentives on everyday items.

Most consumers see incentives as a win-win for both sides.

Although incentives are the main reason consumers share their information and insights, the majority also believe their responses contribute real value to companies. But for consumers to engage in the first place, they have to believe they are being fairly compensated. As it turns out, that was the case for more than half of our respondents.

**64%** BELIEVE THE INFORMATION THEY PROVIDE IS MEANINGFUL

**58%** SAY THE TIME IT TAKES TO EARN INCENTIVES IS FAIR

The future of digital incentives will only become more integrated and seamless for consumers. Millennials are a generation of gamers, so it makes sense to reach them through their media and give them in-game incentives to earn real rewards.



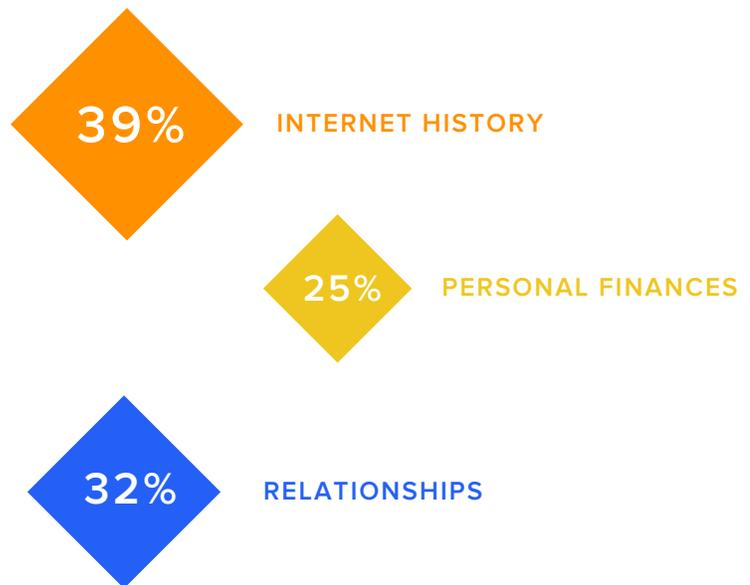
**36%** MORE LIKELY FOR MILLENNIALS TO EARN REWARDS THROUGH PLAYING VIDEO GAMES.

CONSUMERS' PERCEIVED VALUE (CONT.)

Sharing is caring, but some information isn't for sale.

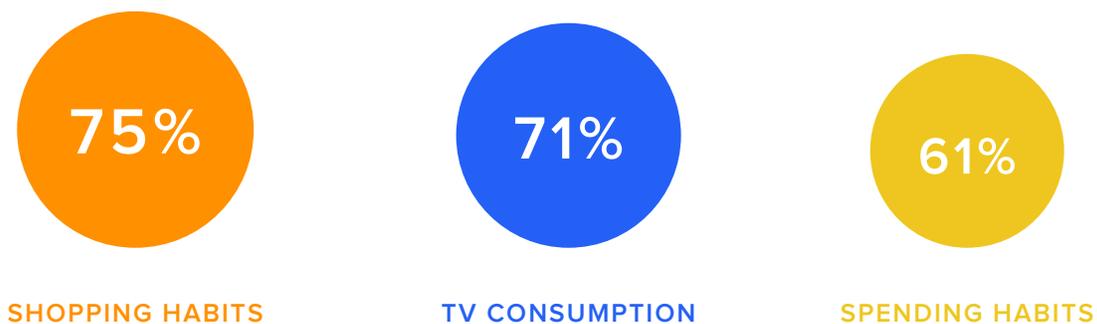
CONSUMERS ARE LEAST COMFORTABLE SHARING:

Consumers can be highly transparent and willing to share their information, but there are still certain topics they consider private. The top three sensitive subjects were internet history, relationships and personal finances.



On the other end of the spectrum, people seem to be generally open about providing insights into their shopping, TV consumption and spending habits.

CONSUMERS ARE MOST COMFORTABLE SHARING:



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## ABOUT VIRTUAL INCENTIVES

At Virtual Incentives, we continue to push the envelope in the rewards and incentives market. We believe the next few years are going to be a major tipping point toward more engagement, more choice and an increased role in how incentives are delivered. And thanks to the insights from this study, we can focus our efforts around developing engaging and valuable solutions for the consumer.

**Stay at the forefront of the Future of Rewards.**

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