



5 Ways to Reward the Modern Loyalty Program Member

Find out what customers want in the new era of loyalty



The loyalty industry has come a long way from printing coupons on box tops. A tactic that was once reserved for retail power players, loyalty programs can now be leveraged by nearly any brand to drive revenue and deepen customer engagement.

But because loyalty programs are now so widespread, it's becoming more difficult for brands to stand out. And consumer buying habits are changing with the rise of eCommerce — customers want more flexibility, convenience, and payment options.¹ When they see a limitation or obstacle, they'll quickly move onto the next offering that can deliver to their needs.

Enter: A New Era in Loyalty

At Bakkt, we build technology that helps companies drive loyalty and create delightful, connected experiences for your customers. As a result, we stay at the forefront of loyalty trends and work with researchers and consumers to help our partners meet the needs of their customers.

Our research is pointing to new trends in the loyalty sector that are impossible to ignore. We've launched widescale surveys of 1,000 respondents and focused meetings with frequent loyalty users to better understand what customers want from loyalty programs. Here were our top findings...





Crypto owners have more loyalty programs than non-crypto owners — in fact, **1 in 4 Crypto Buyers** belonged to **10 or more loyalty programs.**²

1 Members want more redemption options...

We asked 1,000 average U.S. consumers what they look for most in a loyalty program. The number one selection? “Multiple options for redemption.”

In the previous era of loyalty, brands kept redemption options limited to their brand. But in a new era of buying behavior with unlimited options, customers don't want to see limits.

HOW YOU CAN RESPOND:

Consider loyalty strategies that offer more ways for customers to redeem their rewards. According to our research, crypto rewards are a good place to start. Crypto owners have more loyalty programs than non-crypto owners — in fact, 1 in 4 Crypto Buyers belonged to 10 or more loyalty programs.²

A customer who redeems points for cryptocurrency like bitcoin or ether will then have the option to convert it to cash, hold it as a long-term asset, or spend it on any place that accepts. This enticing offer can keep your customers coming back for more of these flexible rewards.

2 ...And they want those options to be clear

Meet George* from our focus group.⁴ George loves staying up to date on the latest electronics and is in the market for a new tablet, and he usually buys his electronics directly from their brand store.

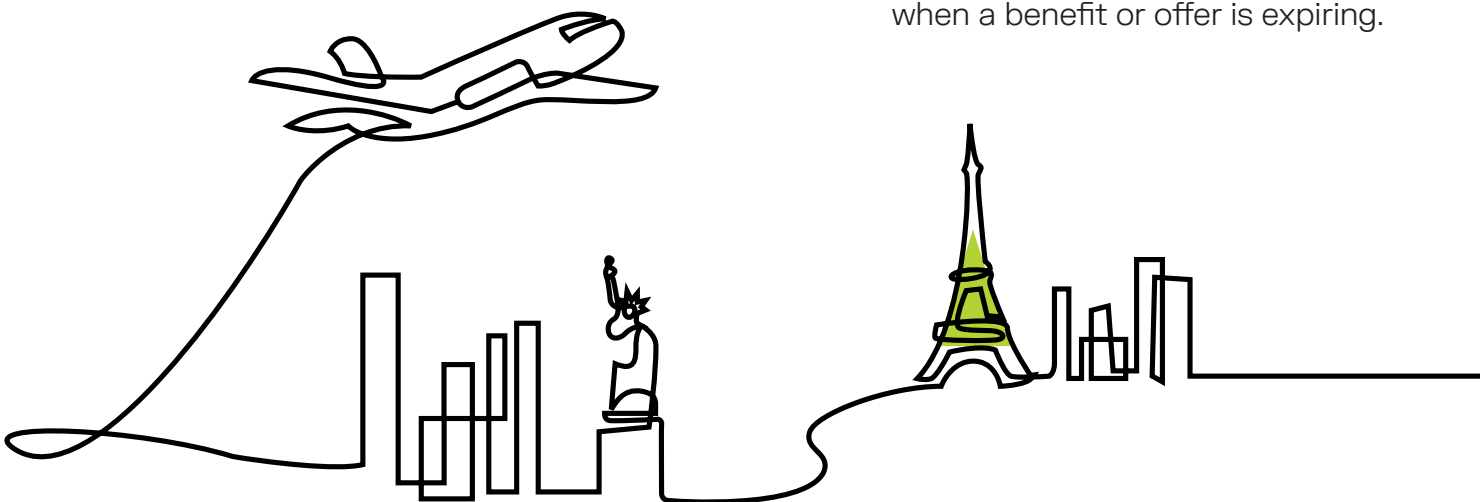
What George doesn't know is that his airline also offers tablets that he can purchase with redemption points. When George's son points this out to him, he searches for the offering in his airline's app but has a difficult time finding the redemption offer. When he finally does, he determines the exchange of his points for the tablet don't equate to the same amount he'd spend for a flight.

In our conversation with George, he shared that because of this experience he'll likely never use his airline's loyalty program to redeem points for electronics despite his frequent electronic purchases.

HOW YOU CAN RESPOND:

Your customers should be able to easily redeem points and understand all their reward options and benefits. Your brand's app, website, and storefront must

offer an intuitive experience, and you need to be proactive about communicating redemption options to your members. This might include personalized, real-time alerts that nudge action and redemption, or alert them when a benefit or offer is expiring.





3 Loyalty members are already buying crypto, and they want more of it

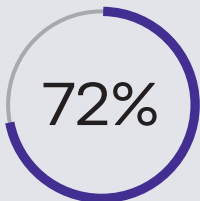
In Bakkt's December 2021 consumer survey, we grouped consumers into different categories based on income, age, gender, ethnicity and buying habits. We highlighted a particular group of "crypto buyers" — those who purchased crypto within the last 6 months since the survey's release. Remember, 1 in 4 of these crypto buyers belonged to 10 or more loyalty programs.

When we asked these crypto buyers about their likelihood in redeeming points for crypto, 72% said they'd be "likely" or "very likely" to redeem points for crypto.³ Additionally for crypto buyers, those interested in earning crypto rewards (51%) almost matched the preference level of earning cash back instead of points (56%).

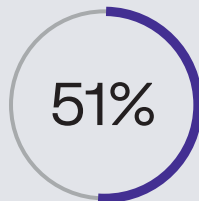
HOW YOU CAN RESPOND:

It's time to meet your customers where they are. Crypto owners have more loyalty programs than non-crypto users, meaning not only is it likely that there's a strong crypto buyer presence

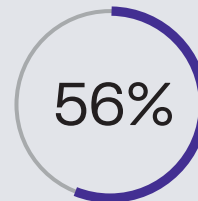
in your program's membership, but these crypto-buying members might find what they want — crypto — in another loyalty program if they don't find what they need with you.



of crypto buyers said they'd be "likely" or "very likely" to redeem points for crypto.³



of crypto buyers said they'd be "likely" or "very likely" to redeem points for crypto, which nearly matched...



the 56% of crypto buyers that preferred earning cash back instead of points.

4 Members want loyalty programs to cater to their interests

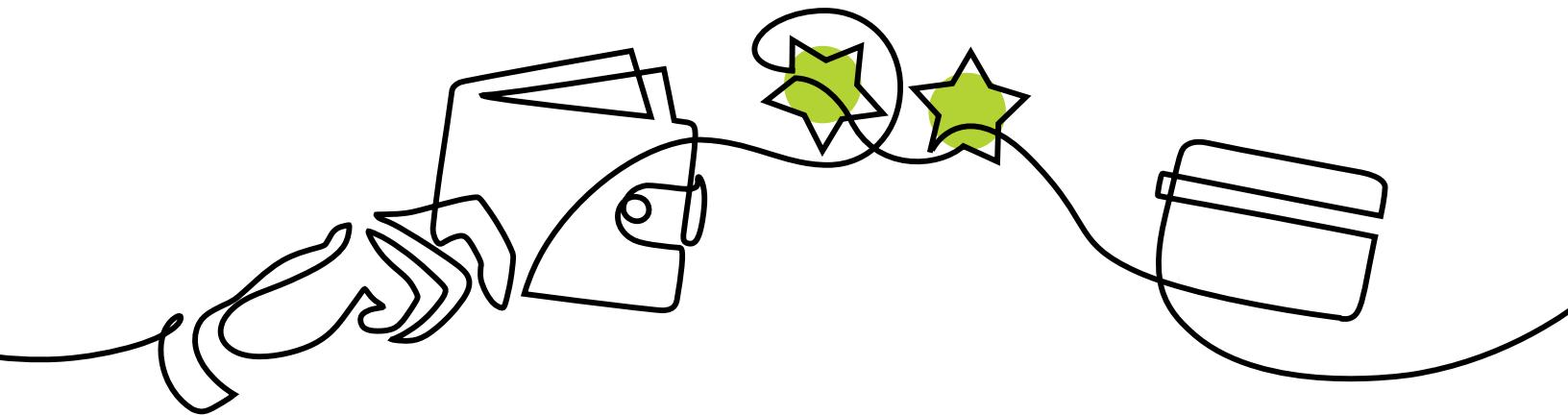
It's the same concept as targeted advertising — consumers are more likely to be attracted to an offering according to their specific interests, preferences or location. Loyalty programs are most effective when they include compelling benefits and awards that appeal or add value to their members' lives.

HOW YOU CAN RESPOND:

Develop a profile of your loyalty program users. These personas should include information about their purchasing behavior and their preferences for points usage. For instance, in Bakkt's research we developed personas to understand what consumers value in loyalty programs. This helped us understand what they value in programs and how they'll use the rewards or offers available to them.

Which leads us to our final key finding...





5 Members want programs where point accrual is achievable

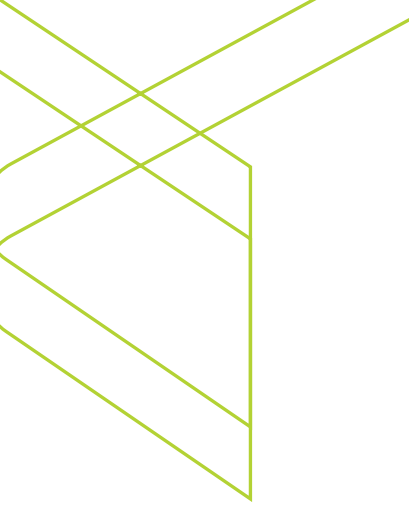
If customers are members to a wide range of programs or aren't spending significant amounts with any particular brand, they may not be collecting enough points in any one program to redeem. Our focus group showed us that some members felt redemption awards or benefits, specifically for travel and electronics, were unreachable and only valuable for "road warriors" or high spenders.

HOW YOU CAN RESPOND:

As we've learned, members want options and flexibility in their loyalty programs. While this includes offering different types of rewards, brands should also consider offering flexibility in the ways customers can distribute points. "Split pay" is especially popular here, as it can offset the "price" of a higher valued reward.

With the ability to receive rewards at higher value, customers may also feel like they are getting more from their program — it isn't just serving "high spenders."

A crypto engagement strategy is beneficial here too, since offering the ability for customers to accrue rewards in bitcoin or ether allows them to consolidate their rewards from multiple programs into a single digital wallet. And perhaps what's most attractive — it's an offering that can increase in value over time.



Optimizing your Return on Rewards Investment (RORI) with expanded loyalty solutions

From our research, it's clear today's consumers want more flexibility and spending power from their rewards. Expanding your loyalty offerings help your brand drive a greater return on your loyalty program by:

Deepening your engagement with existing customers

by offering new options that encourage them to continue spending with your brand.

Attracting new demographics

with offers that appeal to their interests and spending habits.

Not sure where to get started? Consider a turnkey partner who specializes in building new loyalty experiences and will take care of the heavy lifting. Bakkt builds technology that helps brands across industries increase their Return on Rewards Investment (RORI). We can also help you expand loyalty offerings in:



BAKKT® TRAVEL REWARDS

We'll connect you to our full-service travel platform that connects to your point bank, so customers can explore, discover, and book travel with points, cash, or split-pay.



BAKKT® MERCHANDISE REWARDS

We'll build a customizable storefront and integrate your point bank so you can add a wide selection of appealing retail redemption options to your program.



BAKKT® GIFT CARD REWARDS

We provide over 500 different gift card options that you can activate in your loyalty environment.



BAKKT® CRYPTO REWARDS

You can start introducing cryptocurrency rewards to your customers quickly with our easy API integrations that allow members to turn their points into bitcoin or ether.



BAKKT® POINTS PAY

Activate Bakkt's API-based integration to unlock flexible ways for customers to use their loyalty currencies.

Customer expectations are changing.
How will your loyalty program adapt?





About Bakkt

Bakkt creates technology that helps our partners unlock crypto and drive loyalty to create delightful, connected experiences for their customers. At Bakkt, we saw the way brands were engaging customers and believed there had to be a better way. We start by understanding today's consumer, how best to meet them where they are, and how to help our business partners meet them there. With our technology, we unlock the utility of crypto currencies and loyalty currencies to help business partners bring delightful new opportunities to their consumers that can drive deeper engagement. We build the products that help businesses scale connected customer experiences in the digital economy. We're seasoned experts. We've worked with over 1,500 partners. And we're just getting started.

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Sourced

¹According to multiple trends and research studies, including this August 2022 trends report by Exploding Topics. <https://explodingtopics.com/blog/consumer-behavior>

²⁻³Based on Bakkt proprietary research performed in February 2022. (n=1000) (link kept for legal reference only, will remove once reviewed).

*Name has been changed

⁴Based on Bakkt survey of 18 loyalty members ages 25 to 65, performed in August 2022. (link kept for legal reference only, will remove once reviewed).

