



Flexibility: Where Loyalty is Headed

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Demand for loyalty programs is greater than ever before. In fact, Colloquy announced last year that U.S. consumers hold 3.3 billion memberships in customer loyalty programs, a 26% increase over the number of memberships reported in 2013. Today, just about every business offers some type of loyalty reward that shoppers can earn with each purchase.

But while that may be good news for consumers, a steady increase in the number of loyalty programs brings about a new challenge for brands – primarily, how to stand out from the competition. Businesses hoping to attract and retain members need to offer more value than the thousands of other loyalty programs consumers can choose from. And flexible loyalty currencies may be exactly what shoppers are looking for to continue their engagement and loyalty to the brands they shop with.

Nearly a third of loyalty program members ([32%](#)) say that flexibility is the most important thing they look for in a loyalty program. The more ways brands and merchants can enable their members to earn and burn rewards, the more valuable the loyalty program becomes and the more engaged members will be. By removing restrictions around the ways members earn and redeem rewards, businesses can cater to a new segment of consumers who don't necessarily want to spend points in the same loyalty program they earn from.

Flexible loyalty in action

Several businesses have already adopted this idea of allowing customers to earn and burn loyalty rewards across brands and even industries. Southwest Airlines, for example, lets its loyalty program members exchange hotel points earned from Marriott Rewards, Hyatt Gold Passport, Choice Privileges programs and more into Southwest Rapid Rewards points. Flying Blue recently launched the Flying Blue booking engine, integrating hotel bookings into their program, giving members the ability to earn and spend their miles, either in full or in combination with cash, on hotel bookings. Similarly, Hawaiian Airlines launched a brand new hotel award, which allows HawaiianMiles members to redeem their frequent flyer miles to pay for all or part of hotel bookings at over 150,000 properties around the world.

While it might seem counterintuitive to offer rewards from other programs, this strategy can actually drive loyalty program membership while also improving engagement with existing members. By making loyalty currencies more flexible, programs open the doors for a multitude of consumer touch points outside the confines of their existing loyalty programs. And in some cases, the number of places where consumers are able to interact with the loyalty program have now doubled, or even tripled in some cases.

Since [roughly two-thirds of consumers](#) are willing to shop with a new brand and spend more money on purchases in order to maximize loyalty points, businesses would be wise to make their loyalty currency redeemable across more than one program. For example, flexible loyalty programs can enable consumers to spend points they've earned by purchasing coffee on rewards from a gas station or grocery store. Not only does this strategy increase the likelihood of attracting new members, but these new avenues for earning and burning their loyalty will also drive program value among existing members who are constantly looking for new ways to interact with their rewards.

Expanding your loyalty reach

But before making any changes, brands should take the time to ensure they're in tune with consumer preferences. From asking shoppers what they want to see in a new loyalty program to researching what other loyalty programs consumers are spending in, learning more about current and potential customers will enable businesses to offer earning and redemption opportunities that actually benefit them.

Once brands have decided to move forward with their new offerings and opportunities to earn and burn, the next step is to communicate any adjustments that are being made to their loyalty program. Discussing changes with consumers at checkout or sending out emails that detail upcoming developments will help businesses generate more awareness about these new earning and redemption opportunities and highlight the enhanced value they will provide to members.

The average consumer has more than 13 loyalty program memberships, making for a crowded loyalty wallet. However, by offering a flexible loyalty currency that can be earned and redeemed across multiple programs, businesses have the opportunity to boost their loyalty program memberships and engagement rates faster than the competition.

About the Author

Christopher Barnard is the President at [Points](#), the global leader in loyalty currency management. Via a state-of-the-art loyalty commerce platform, Points provides loyalty eCommerce and technology solutions to the world's top brands to enhance their consumer offerings and streamline their back-end operations.

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