

PAY WITH POINTS - REDUCING THE FRICTION IN LOYALTY REDEMPTIONS

THE **LOYALTY** ACADEMY





THE 2021 DELPHI REPORT

PAY WITH POINTS - REDUCING THE FRICTION IN LOYALTY REDEMPTIONS

An Exclusive Study From the Loyalty Academy and Wise Marketer
Research Services in Collaboration with Engage People
October 2021

INTRODUCTION

In our groundbreaking 2018 Delphi Report – [The Future of Loyalty Marketing](#) – The Wise Marketer identified emerging trends associated with creating less friction for members as they engaged with loyalty marketing programs. One of these trends focused on redemption of points/miles and how new techniques were emerging to make the process more convenient, of higher value to the member and with much less friction. Fast forward three years and we are beginning to see a frictionless future associated with the conversion of points to real currency and applied at any point-of-transaction to complete a purchase.

Curious about this development, we collaborated with [Engage People](#), a Toronto-based global loyalty marketing services provider who has established capabilities in the Pay With Points arena. We also solicited the input of select members of the Delphi Panel, a group of global loyalty experts who have participated in our past research reports. Instead of using our traditional Delphi Panel prediction techniques, we went to the marketplace and conducted proprietary research.

First, we reached out to a select group of U.S.-based financial services professionals to get their opinion about Pay With Points as a loyalty mechanism. A brief qualitative survey was conducted in July 2021 with 26 credit card issuers, payment processors, and networks. The survey was administered online and was by invitation only. Anonymity was guaranteed for all respondents. The [final report](#) was published earlier this year. The **red** colored graphs throughout this report represent these issuers' responses.

Second, we conducted a quantitative survey among U.S. cardholders to study consumer understanding of and reaction to Pay With Points as a loyalty marketing concept. This quantitative survey was conducted online with a geographically and demographically balanced panel of 200 respondents in August 2021. Although the exact same questions and language were not used in each research phase, those issues of similarity are highlighted throughout this report. The **blue** colored graphs throughout this report represent these consumers' responses.

DEFINITIONS

Preliminary investigation of the Pay With Points topic found that definitions were not always the same. The issuers who responded in Phase 1 were given the following introduction:

The Wise Marketer is conducting a survey among credit card issuers and their partners regarding 'Pay With Points.' When considering 'Pay With Points' please focus on the mechanism whereby loyalty points/miles accrued in a cardholder's account can be converted to a fiat currency and redeemed at the point of transaction with both offline and online merchants.

We've been studying the patterns for reward redemption among consumers and have identified trends that are poised to become influential over the next 12 - 24 months. The research focuses on developing insights into industry perspectives on using points, miles, and other rewards currency "like cash" to pay for purchases using a credit card. Whether in a physical store or online, there are more opportunities to increase the liquidity of rewards points and we have created a brief survey to learn more.

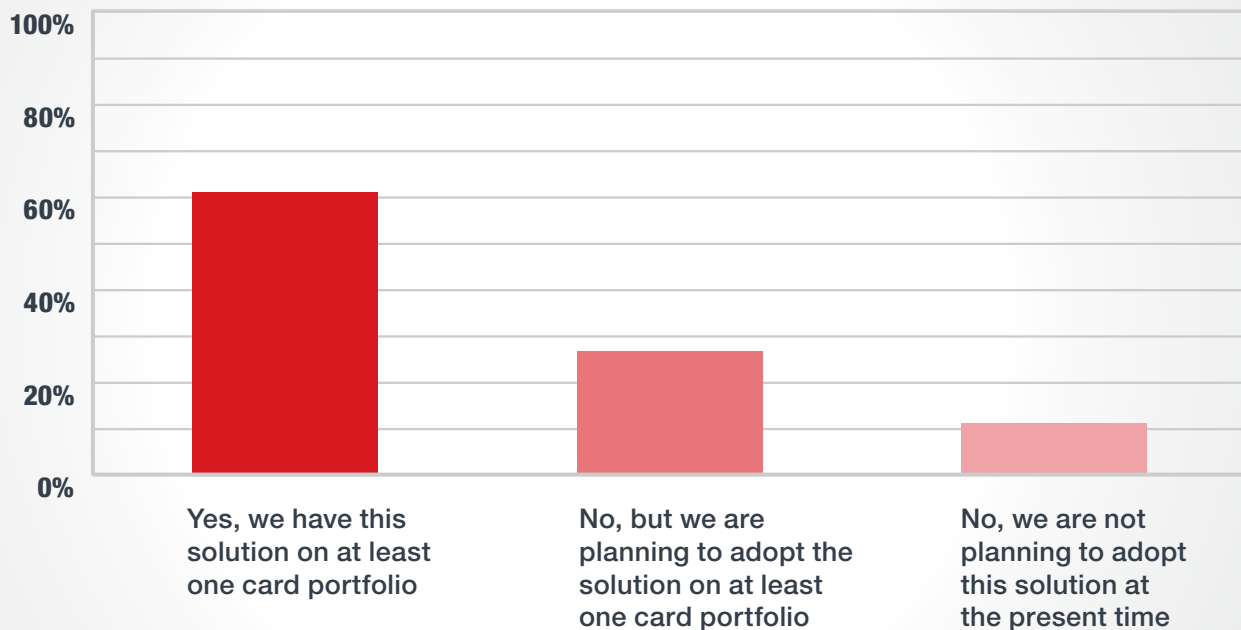
Consumers were given definitions as the survey was administered but the focus was always the use of points/miles accrued in a cardholder's account at ANY point of sale - online or off - at any time.

AWARENESS, ADOPTION AND PREFERENCE

Among issuers, near universal awareness exists for the Pay With Points solution as 98% of all respondents stated familiarity with the technique.

Over 60% of respondents claimed to already have such a solution on at least one of the card portfolios they worked with. We believe this reported level of usage stems from the fact that some credit card programs allow for limited use of points at a specific type of outlet (retail fuel as an example) or a limited number of e-commerce brands (Amazon for example). However, the **universal** application of Pay With Points – anywhere, anytime, any channel – is far less pronounced as evidenced by our own observations of the marketplace.

Do you already have such a solution?



Over 25% of issuer respondents claimed to be actively planning to adopt such a solution on at least one card portfolio. Coupled with the claimed level of existing usage, it appears the credit card loyalty space is quickly headed to ubiquitous adoption of Pay With Points. It is interesting to note that only 10% of respondents said they had no plans at the present time to adopt the solution.

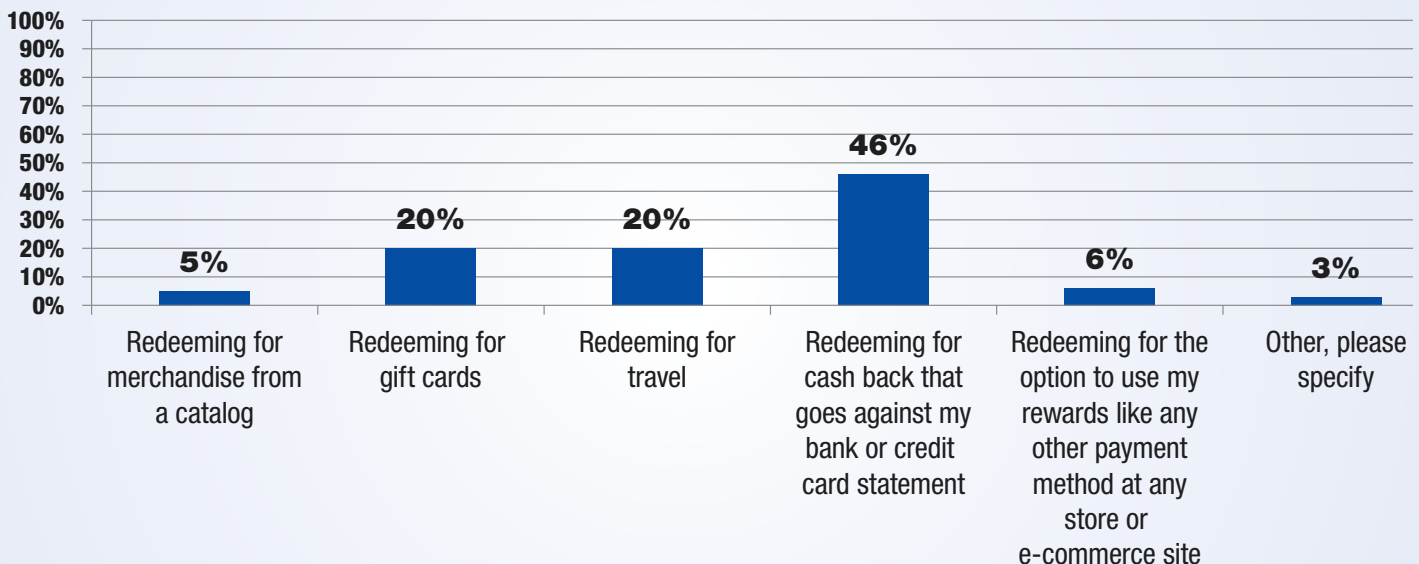
Among consumers we focused on redemption preferences within their credit card reward programs.

We were not surprised by the rankings that found an understandable preference for cash-back. All consumer redemption surveys we've ever conducted or reviewed state a similar preference as #1. It is a rational choice. Consumers know what cash-back is, what it is worth, how it can be used so the majority always gravitate to this option. In reality, where cash is an option vs. other redemption categories, it does not typically hold the dominant position found above.

Travel and gift card preferences are likely aligned with the current share of redemptions found in credit card reward programs. Pay With Points is likely difficult to see/understand/experience for most consumers.

“98% of all card issuers surveyed have awareness of the Pay with Points option and over 60% already have such a solution on at least one card portfolio.”

Please select your preferred option for using your rewards in the future (Only 1 option)



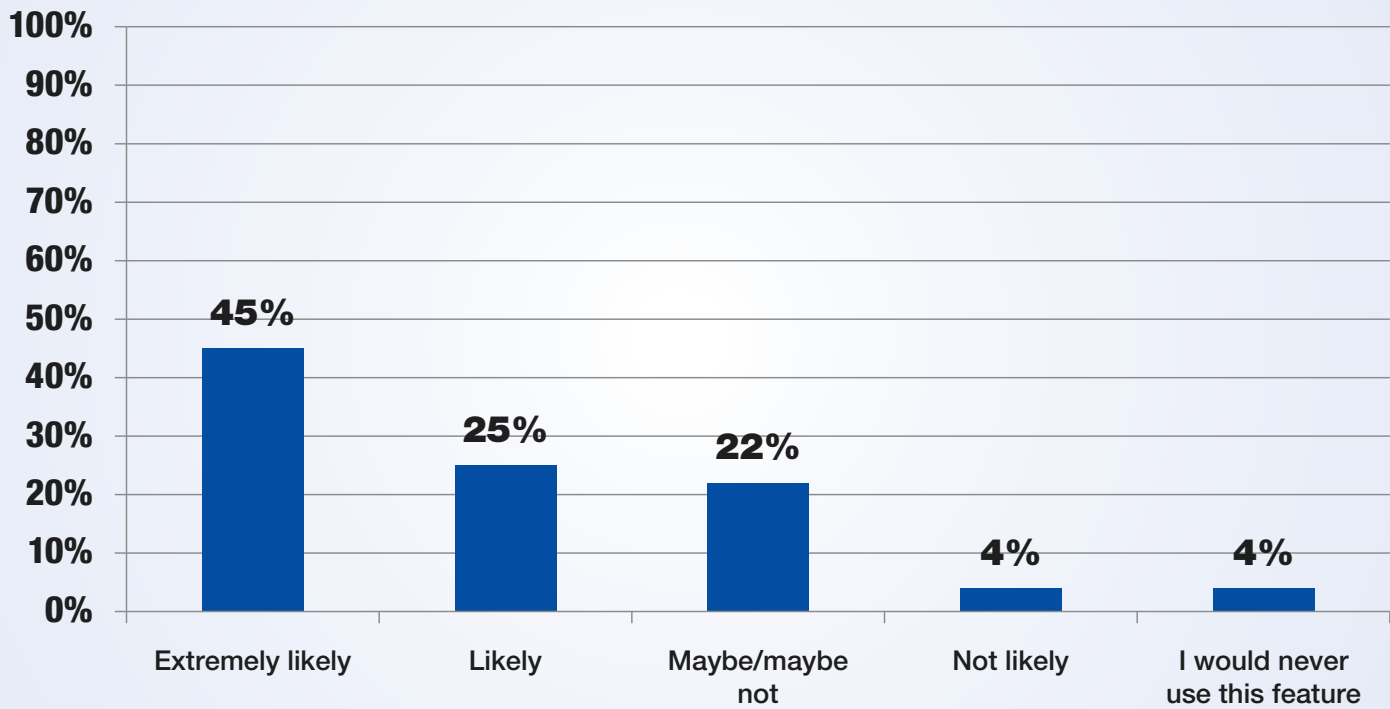
The unfamiliarity is responsible for the low stated preference - however, it is interesting to note that this option outpaces catalog/merchandise options which have almost always been included in the credit card rewards redemption portfolio.

While the exact same question was not asked in the B2B survey with issuers/processors/networks, there are some corollary findings which provide contrast. Issuers had near universal awareness of

Pay With Points (98%) and more than 60% claimed to already have such a solution. Contrast these responses to stated consumer preference levels for universal application at only 6% and we conclude misalignment; indicative of a lack of consumer awareness and/or adoption of the solution.

However, we asked cardholders “what if” regarding Pay With Points and preferences changed dramatically.

If you could use your rewards as real currency at any retail or e-commerce location at the same time you pay for your transaction, how likely would you be to use this feature?



With 70% of consumers “extremely likely” or “likely” to use the Pay With Points option if available, the concept must be evaluated as a strong reform option for credit card rewards programs. This finding represents a key adoption motive for issuers. Given the gap between the 6% on the previous chart and the overwhelming intent score above, it appears that once you paint the concept for cardholders in bold print, they understand and like it!

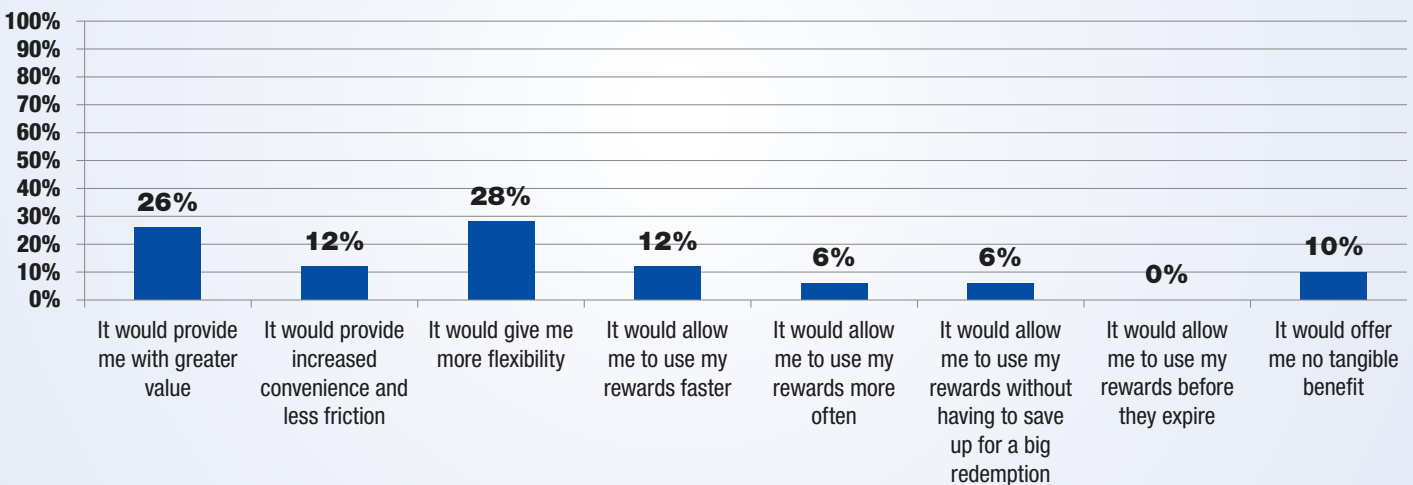
Only 8% of respondents are unfavorable. The 22% in the middle likely need more familiarity, more understanding, greater communications before committing one way or another.

This exact question was also not asked of issuers. However, the 70% top two box favorability ratings among consumers does appear to correspond to the issuers 60% claimed adoption plus more than 25% who claimed to be actively planning to adopt such a solution on at least one card portfolio.

We asked consumers to characterize the Points With Points feature:

“70 percent of consumers are “extremely likely” or “likely” to use a Pay with Points option if it were available.”

If your credit card offered you the opportunity to use your rewards as real currency at any retail or e-commerce location like any other payment option, how would you characterize the feature? (choose the best answer for you)

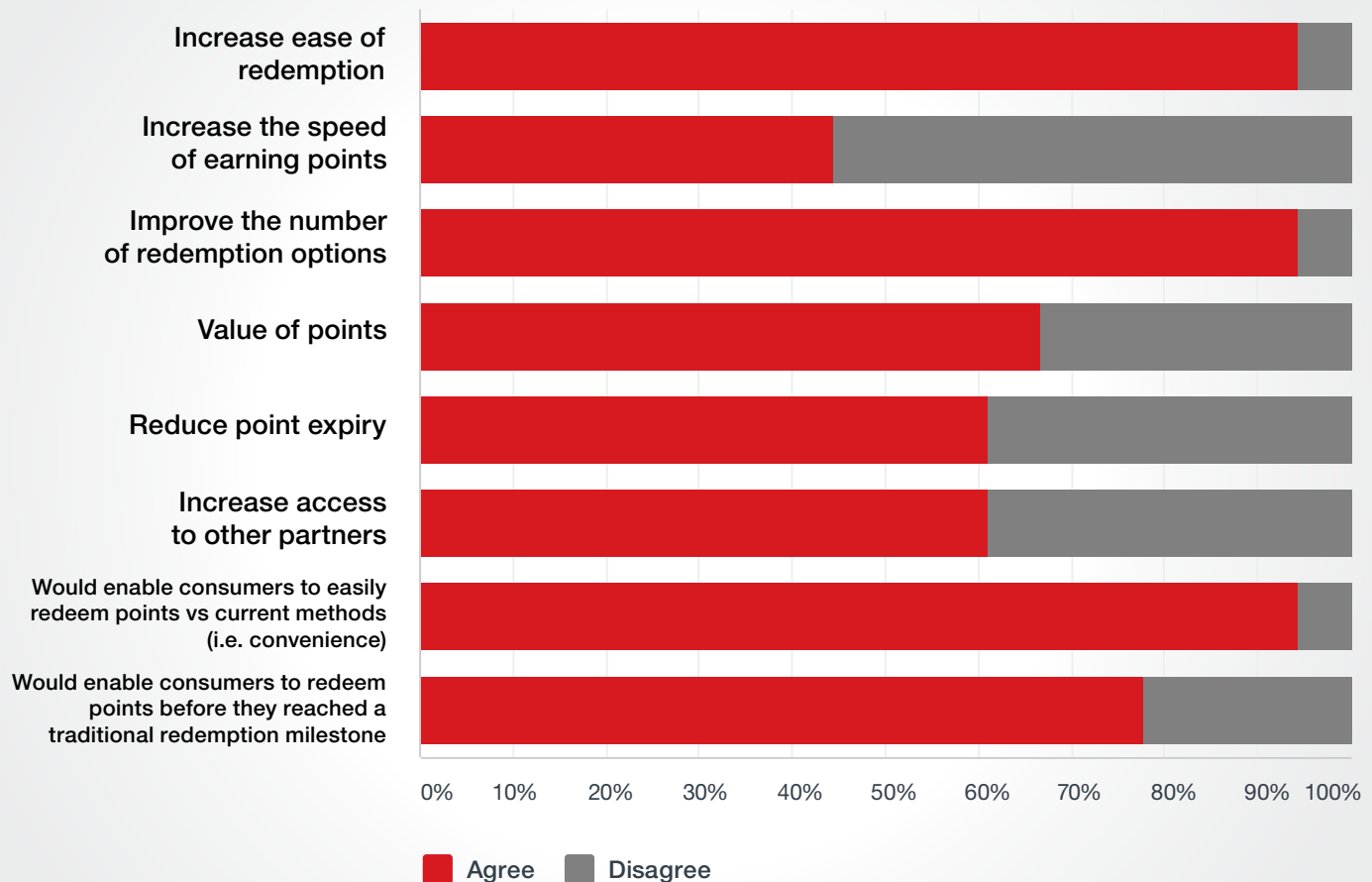


Value, convenience and flexibility (VCF) emerge as the primary drivers of consumer acceptance for the Pay With Points option. Combined, they command two-thirds of the consumer sentiment. The three attributes are also closely aligned as value is perceived to be an outcome of convenience and flexibility. Any issuer introducing this concept to their credit card rewards portfolio must adopt a positioning and communications strategy centered around the three VCF attributes.

Only 12% acknowledge that Pay With Points enables faster burn. We believe this attribute has merit – not as strong as VCF – but likely under-scored because of lack of familiarity or because of long standing sentiment to save up those credit card reward points for something really big or highly aspirational.

For contrast we asked issuers to describe the value for cardholders associated with Pay With Points:

How would pay with points provide value to your cardholders when compared to other payment options available in the industry? (agree/disagree for each)



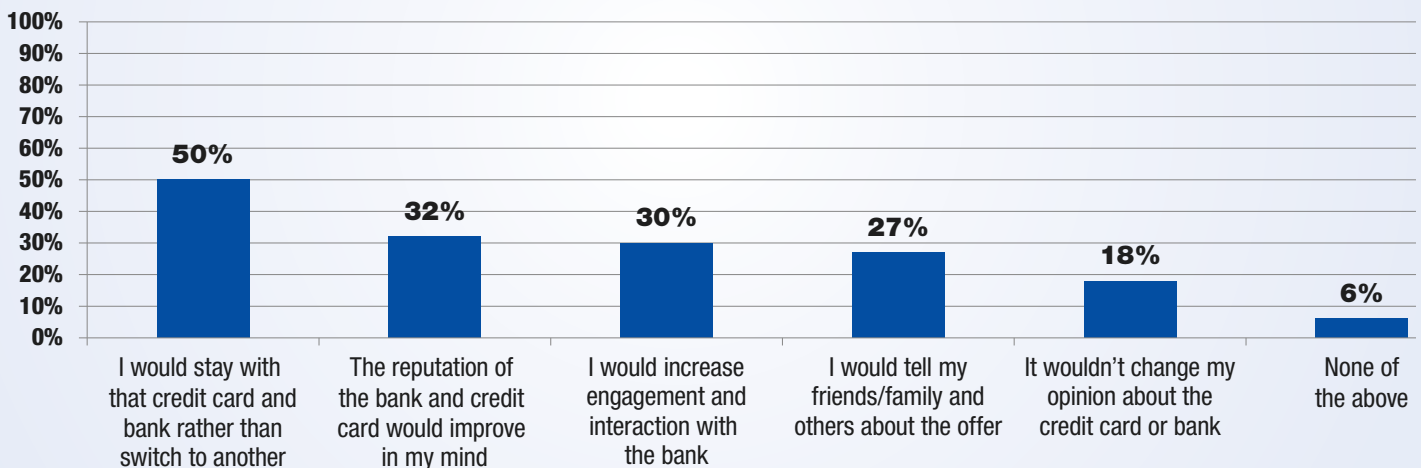
While alignment does exist, issuers overwhelmingly focused on redemption benefits while consumers clearly expressed VCF characteristics. While the two themes

are certainly parallel to each other, findings suggest that issuer sentiments need to be redirected to cardholder perceptions instead of focusing on redemption factors.

COMPETITIVE ADVANTAGE

We asked consumers for their assessment of any issuer who offered them a Pay With Points option in the rewards program:

If your credit card offered you the opportunity to use your rewards as real currency at any retail or e-commerce location like any other payment option, how would you evaluate the bank which issued such a credit card? (choose all that apply)



The retention effect of Pay With Points is significant in a world with a constant barrage of credit card offers highlighting rewards. We have never seen this high a retention score for any new redemption concept in any loyalty program sector!

Enhanced reputation, increased engagement and potential advocacy or WOM effects are also significant for any issuer who adopts Pay With Points.

With a total of 76% positive responses these findings clearly demonstrate that any issuer who adopts Pay With Points as a universal redemption feature in their loyalty program will benefit on multiple fronts.

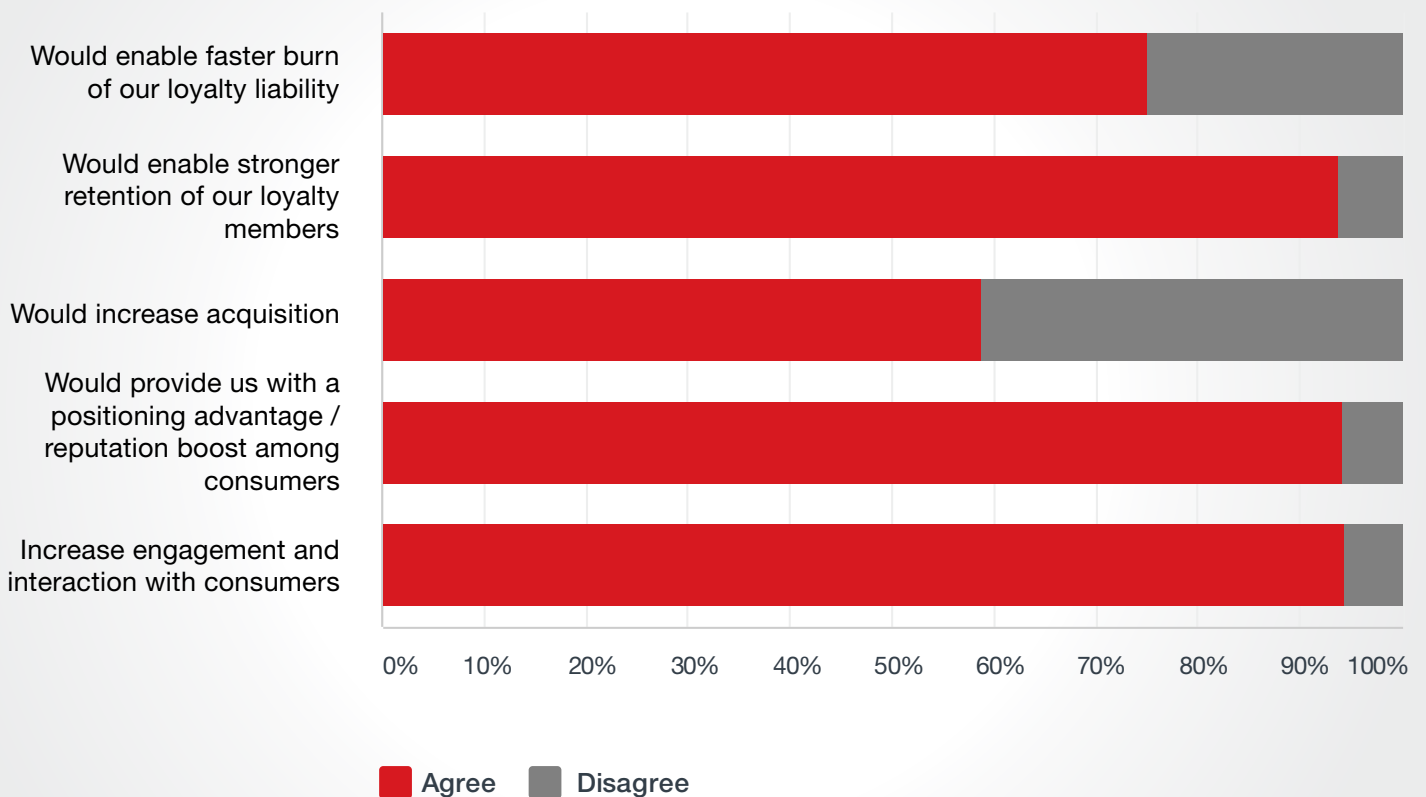
“The retention effect of Pay With Points is significant in a world with a constant barrage of credit card offers highlighting rewards.”

Stronger retention, reputation boosts and increased consumer engagement were near universally expressed (95%) in the B2B survey as competitive advantages that would ensue with adoption of Pay With Points. Although the absolute percentages are lower among consumers, the same top three

attributes emerge. There is clear alignment on this issue.

Faster burn of loyalty liability was supported by 75% of issuers - consumers did not agree with only 12% expressing this feature as a primary driver in the VCF (previous) chart.

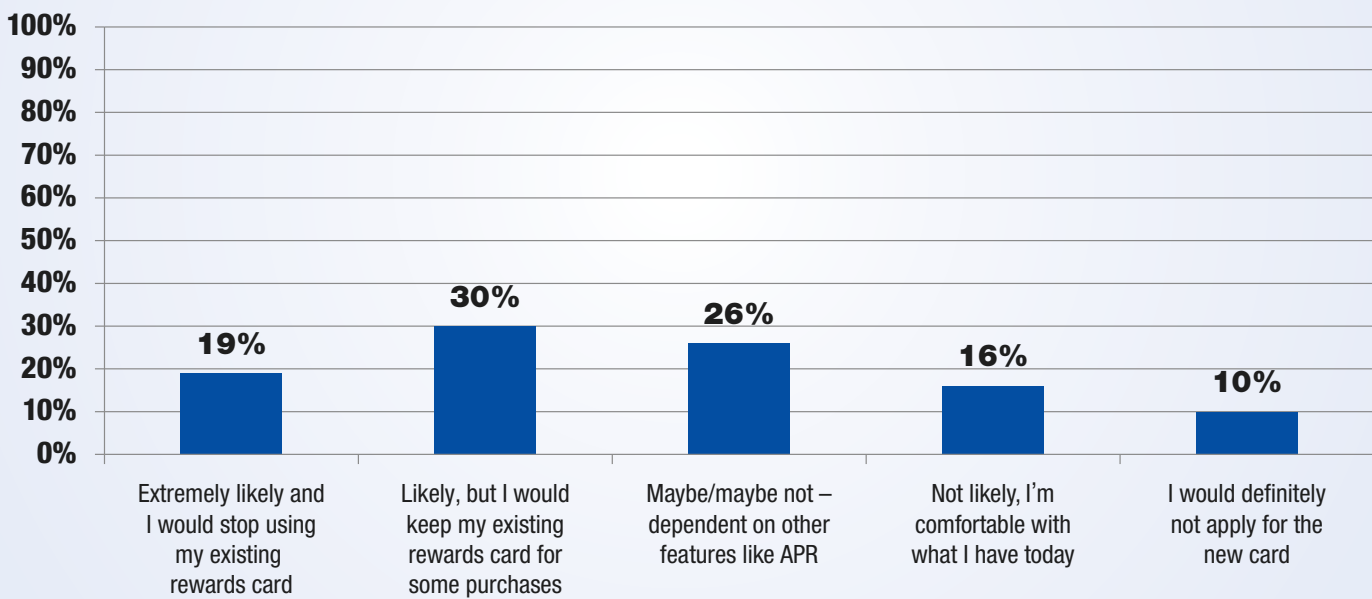
How would pay with points provide competitive advantage to your business when compared to other payment options available in the industry? (agree/disagree for each)



“Stronger retention, reputation boosts, and increased consumer engagement were universally expressed (95%) in the B2B survey as competitive advantages resulting from adoption of Pay With Points.”

We asked consumers to specifically evaluate their likelihood of acquiring a new card with a Pay With Points feature:

If your credit card DID NOT offer you the opportunity to use your rewards as a payment option at any retail or e-commerce location like any other payment method, AND ANOTHER credit card did, how likely would you get the new credit card?



Credit card switching behaviors are difficult to achieve. Yet, nearly half of all respondents would be “extremely likely” (100% switch) or “likely” (dual usage) to apply for the Pay With Points credit card. In addition, another group of consumers (26%) may be interested if they knew more about other card features, APR, terms and conditions, etc. This finding suggests that all other things being equal, Pay With Points breaks the tie in favor of the issuer who includes this feature in his rewards portfolio.

We believe these findings can be applied to a business case pro-forma regarding adoption of Pay With Points. The acquisition or partial acquisition of new cardholders at specific rates of spending, interchange, fee income and interest can be modeled to present a case of ROI potential for Pay With Points. This business case can

be juxtaposed with potential cost avoidance from typical teaser APR rates or first use/spend threshold bonuses associated with many credit card acquisition offers.

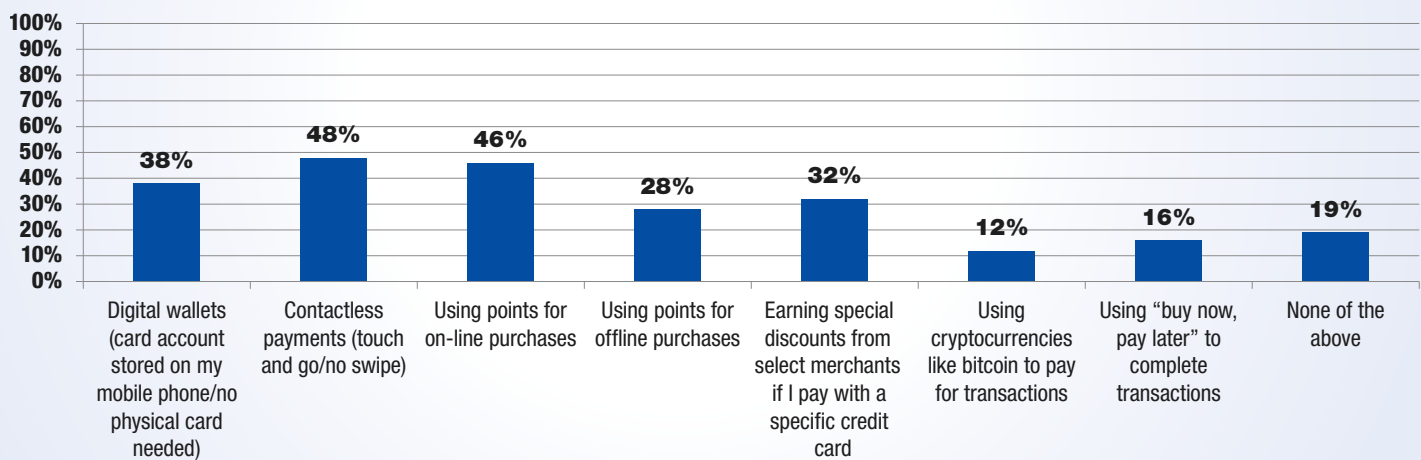
A bank could build a brand around the concept of “The card that lets you earn anywhere and use your points anywhere.”

Although this issue was not specifically addressed in the issuer survey, 60% did cite increased acquisition advantages from Pay With Points adoption (previous chart). While only 19% of consumers indicated an extreme likelihood of switching rewards cards, another 30% indicated likelihood of taking on the new card alongside their existing rewards card. Taken together, the findings are in alignment with the B2B results.

ALTERNATIVE PAYMENT OPTIONS

We asked cardholders to evaluate several alternative payment options that have emerged in recent years:

Many new payment options have emerged in recent years. Some of them were accelerated by the pandemic. Which of the following payment options do you find attractive for you? (choose all that apply)



Attractiveness of new payment options is widely dispersed among consumer respondents. The leading attribute – contactless – is very likely an outgrowth of the sentiments brought on by the pandemic. While such a preference may not be going away, it may be overstated as attractive given the pandemic environment. Additionally, it is very strongly aligned with POS card acceptance technologies which may or may not continue their accelerated pace of adoption by merchants once pandemic fears dissipate.

Using Pay With Points is equally attractive vs. contactless and does not appear to be totally dependent upon pandemic-related behaviors. Online purchase attractiveness is significantly greater than offline, perhaps caused by the continued shift toward digital commerce that the current environment has accelerated but the online/offline gap could also reflect perceived ease in applying Pay With Points in a digital vs. physical environment.

Roughly one-third of respondents find digital wallets and card-linked discount offers as an attractive attribute. While significant in terms of attractiveness, both features have been widely deployed in the credit card marketplace and appear difficult to serve as a foundation for brand differentiation.

Crypto and BNPL appeal to small segments but should be monitored for change in the future. Both attributes continue to receive substantial publicity which generates potential interest that could lead to increased adoption by credit card issuers. Again, if everybody can do it, and every issuer adopts both attributes, differentiation will be mitigated.

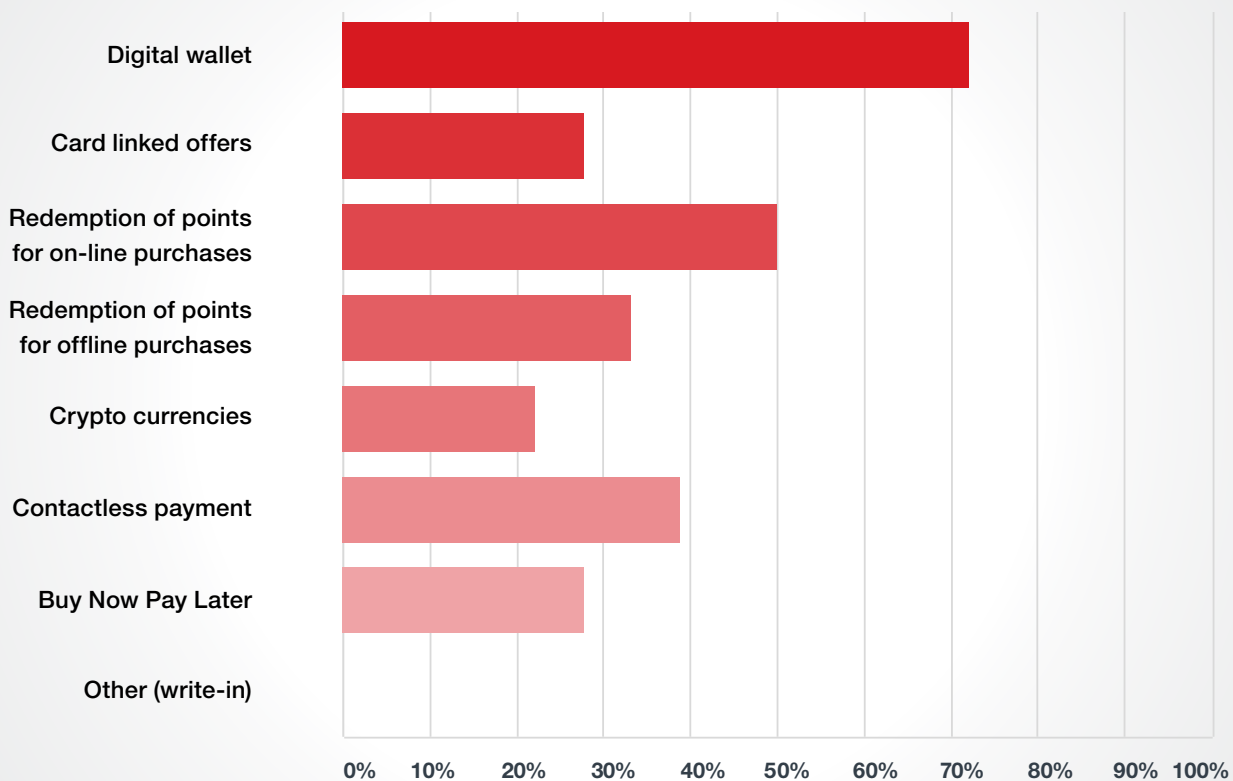
We find it fascinating that nearly 20% of cardholders are not attracted by any of the new redemption options. There is a chance they could be potentially distrustful of any new payment mechanisms that come on the scene.

Digital wallets (72%), the redemption of points for online purchases (50%) and contactless payments (38%) were seen as the top 3 payment innovations among issuer respondents coming out of the pandemic period. Alignment with consumers is evident as the same top three options emerge. However, priorities among these top three are not comparable and the percentages indicate a mismatch between perceived issuer opportunities and attractiveness ratings among consumers – especially for digital wallets. This could be a function of how easy it is for issuers and processors

to adopt the top three innovations, or how profitable each is perceived, but findings indicate that consumer attractiveness is viewed at different levels.

Offline redemptions (34%) and card linked discount offers (28%) cited by issuer respondents appear totally in line with consumer sentiments. Crypto (22%) and BNPL (28%) rate higher among issuers than among consumers though both audiences rate them at the bottom of the stack despite the plethora of news and noise associated with both in recent months.

What do you see as key innovations and opportunities in Payments and Loyalty coming out of the pandemic? (check all that apply)

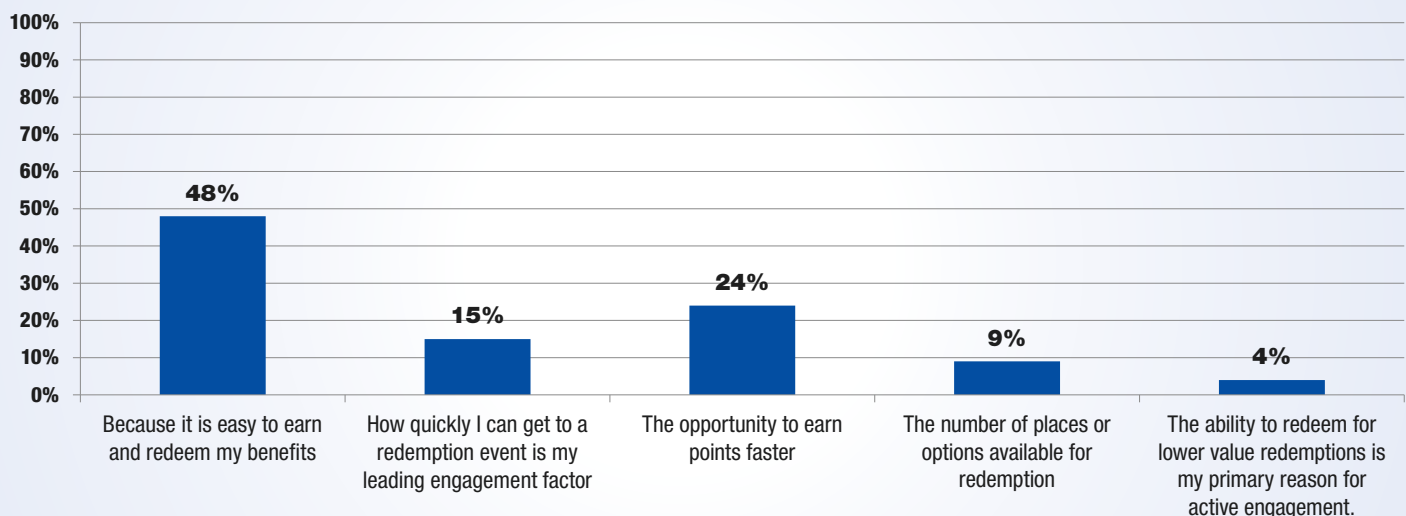


“Digital wallets (72%), the redemption of points for online purchases (50%) and contactless payments (38%) were seen as the top 3 payment innovations among issuer respondents coming out of the pandemic period.”

OVERALL PERCEPTIONS OF CREDIT CARD REWARD PROGRAMS

We were interested in knowing why consumers would be actively engaged in ANY credit card rewards program:

What is the primary reason you would be actively engaged in a credit card rewards program?
(choose one only)



As evidenced in almost all loyalty program consumer research we have ever done or reviewed, ease of earn and burn tops consumer rationale for engagement. Too difficult, too much friction, or too slowly become the primary drivers of all loyalty program disengagement and churn. Credit card rewards programs appear no different.

Allied with this finding is velocity of earning and speed to redemption. Increased redemption options (places/brands, etc.) and lower value redemption options do not appear to be primary reasons for engagement in credit card reward programs.

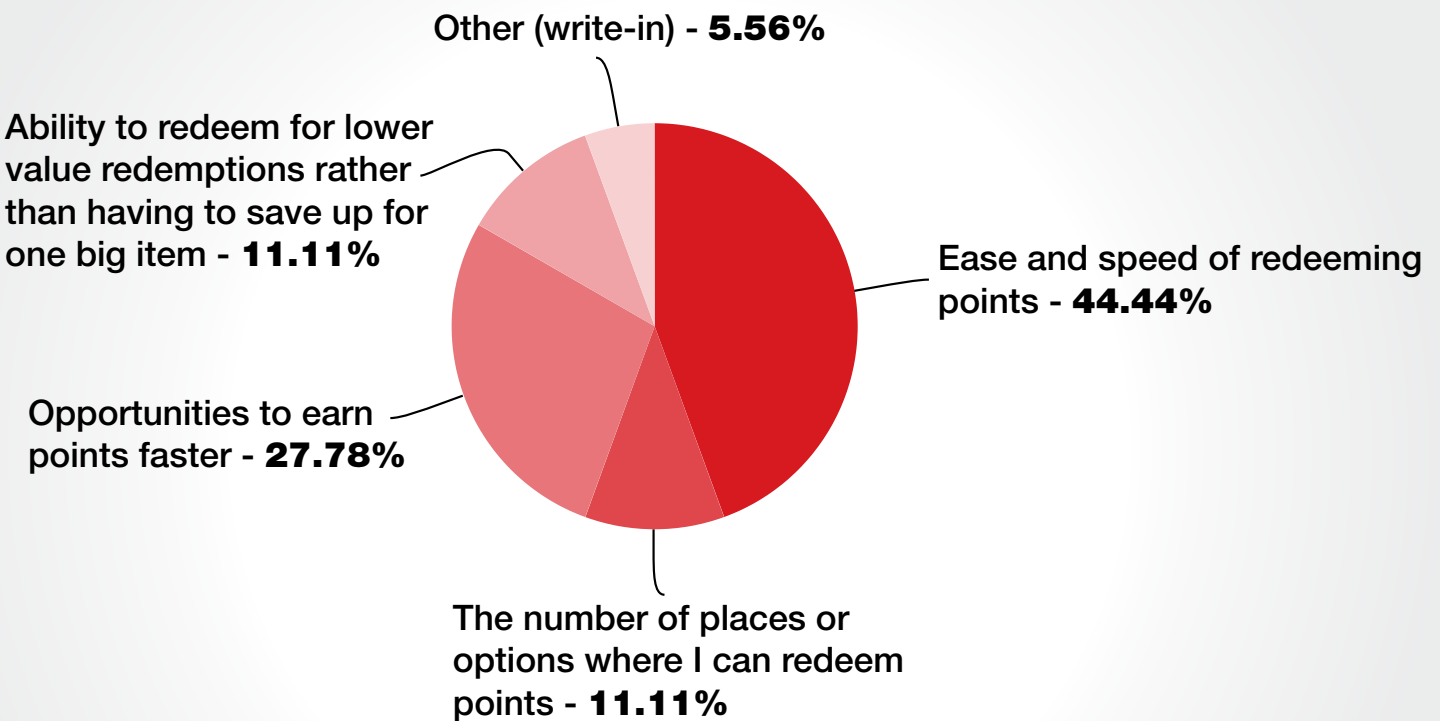
“Too difficult, too much friction, or too slowly become the primary drivers of all loyalty program disengagement and churn.”

Among the B2B respondents, ease and speed of redemption was given as the primary reason for engagement (44%), totally aligned with consumer reactions. The opportunity to earn points faster (28%) was also in complete alignment with consumer responses. The number of places for redemption (11%) and the ability to redeem for lower value benefits (11%) also share similar sentiments between

issuers and cardholders as secondary engagement factors. Redemption issues outweighed earning issues by a 3:1 margin overall, a significant finding for all credit card loyalty program operators.

As it relates to the primary drivers of engagement in card reward programs, both the industry and the customers they serve are in near complete alignment!

When you think about your loyalty programs what is the primary reason consumers actively engage in the program (please choose one):

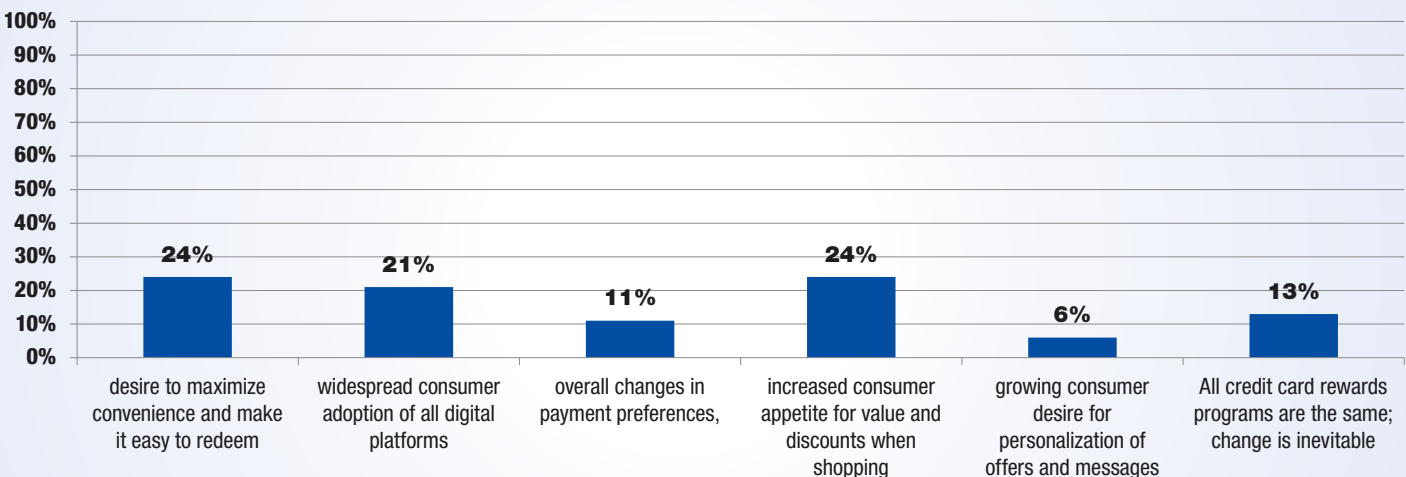


#	OTHER (WRITE-IN)
1	affiliation with brand

OVERALL LOYALTY TRENDS IN THE CREDIT CARD MARKETPLACE

We asked cardholders to address the primary drivers of change in the credit cards rewards space:

What is the primary trend you believe is driving changes in the credit card rewards marketplace?
(choose only one)



Again, findings are widely dispersed. Beauty is always in the eye of the beholder and consumer respondents appear to have very different views on recent trends in the credit card rewards marketplace.

Value and convenience reappear as primary drivers of change. Issuers who can deliver that value and accelerate convenience for the cardholder will benefit now and into the future.

But the consumers surveyed understand that payment related preferences and digital platforms are also undergoing change which affects the credit card marketplace. Accelerated adoption of both new channels

for shopping and new payment devices/options will continue to impact the established methods of payments.

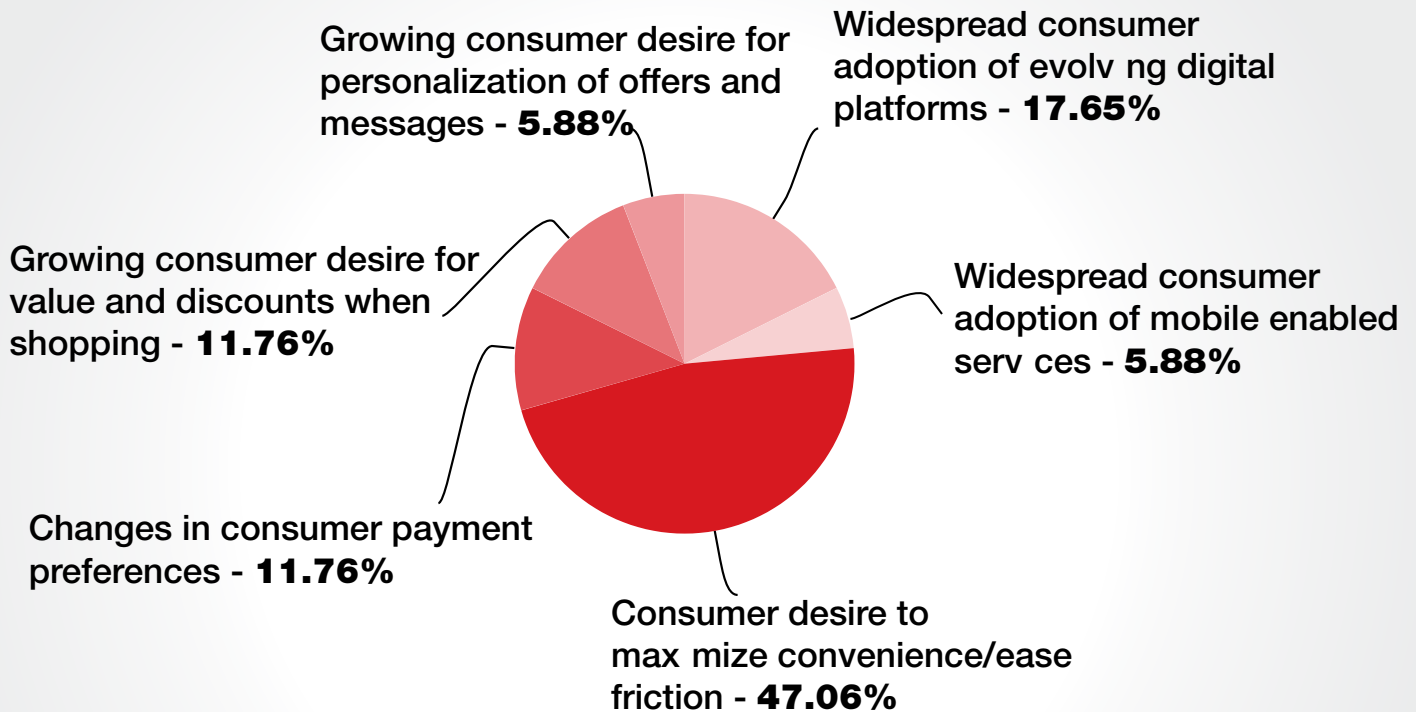
Personalization trends are much less evident among consumers surveyed. This could be an outcome driven by the lack of effort/execution by issuers (one size fits all within a specific portfolio) or it could be that consumers simply do not care. Our feeling is that the former is likely a big reason for the low trend scores reported above.

We especially smiled at the 13% who said that all credit card programs are the same! Change is thus inevitable. Innovate or die should be the mantra among issuers and their credit card reward programs.

Issuers believe that the primary trend driving change in the credit card rewards marketplace was the desire for convenience and easing friction (47%). Consumers also made this factor the co-#1 trend but rated it much lower. Adoption of digital platforms was mentioned by 18% among issuer respondents as the second most likely trend driving change, near perfect alignment with consumers. Similar findings for overall changes in payment preferences (12% issuers) and personalization factors (6% issuers).

The misalignment comes from the trend specified as an increased consumer desire for value. While this was the co-#1 factor for cardholders, issuers mentioned this at only a 12% rate. Clearly the VCF concept resonates strongly with cardholders and while issuers are frequently in agreement, they often lack an understanding of how strong the value component is in the mind of their customers.

What is the most significant consumer trend/market driver that you are experiencing today that will lead to changes for your Loyalty Program? (choose one only)



#	OTHER (WRITE-IN)
1	over saturation of loyalty programs

PERSONALIZATION

While personalization (6% above) was not seen by consumer survey respondents as a major trend in the credit card marketplace, they do have specific interest in personalized, relevant, available offers from merchants they already do business with. Personalization, however deployed, is a difficult tactic to execute for many issuers. They must collect attributes on each cardholder that extend beyond the transactional profiles available to them. They must avoid “creepiness”; they must comply with all the emerging privacy and consent guidelines brought on by GDPR-like regulations. They need to execute highly versioned campaigns. Will the cost associated with these personalization efforts exceed the benefits realized?

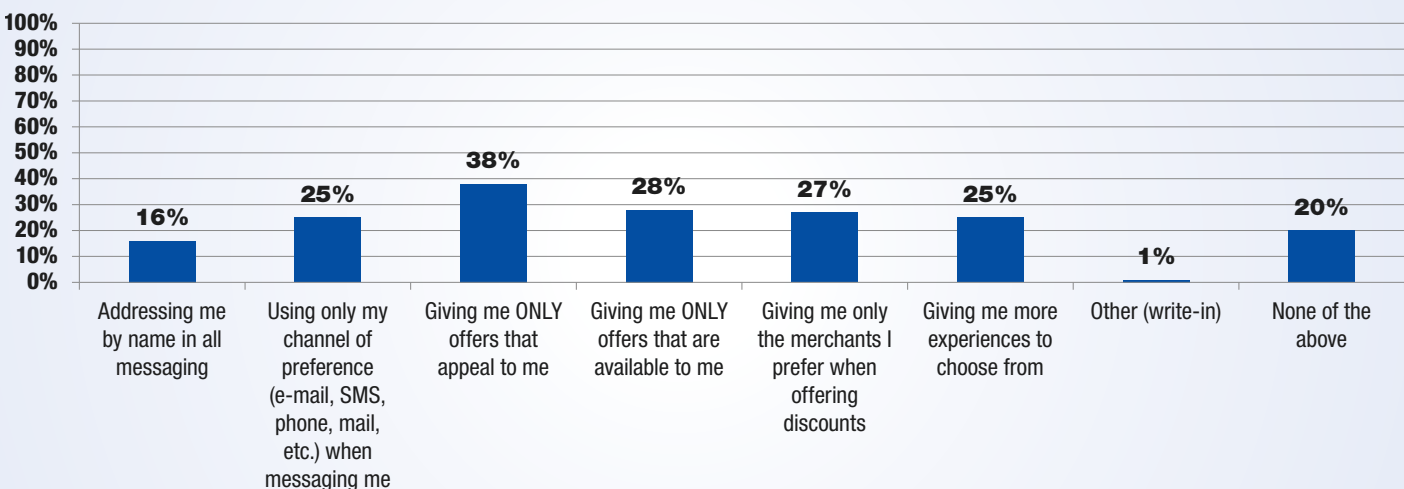
Several of the attributes’ cardholders are interested in will be easier to execute than others in a personalization strategy. Knowing how to address a cardholder, knowing where they used the card and which uses are frequent/favorite, knowing what they are eligible for based upon their point balance, and knowing communications

“Giving me only the offer that appeals to me and those that are available, PLUS deliver in the right channel” sums up what consumers want today.”

channel preferences are all elements that card issuers should be able to adopt as an extension of their normal loyalty database operations. They may need advanced customer analytics (not credit analysis) and AI tools that will require investment, but the raw data already exists.

Finally, we note the 25% in favor of personalized, experiential reward offerings. While the issuer needs to learn which experiences will resonate the most (highly variable among cardholders), the opportunity for enhanced personalization is evident.

What kind of personalization would you be most interested in when it comes to your credit card rewards programs? (choose all that apply)



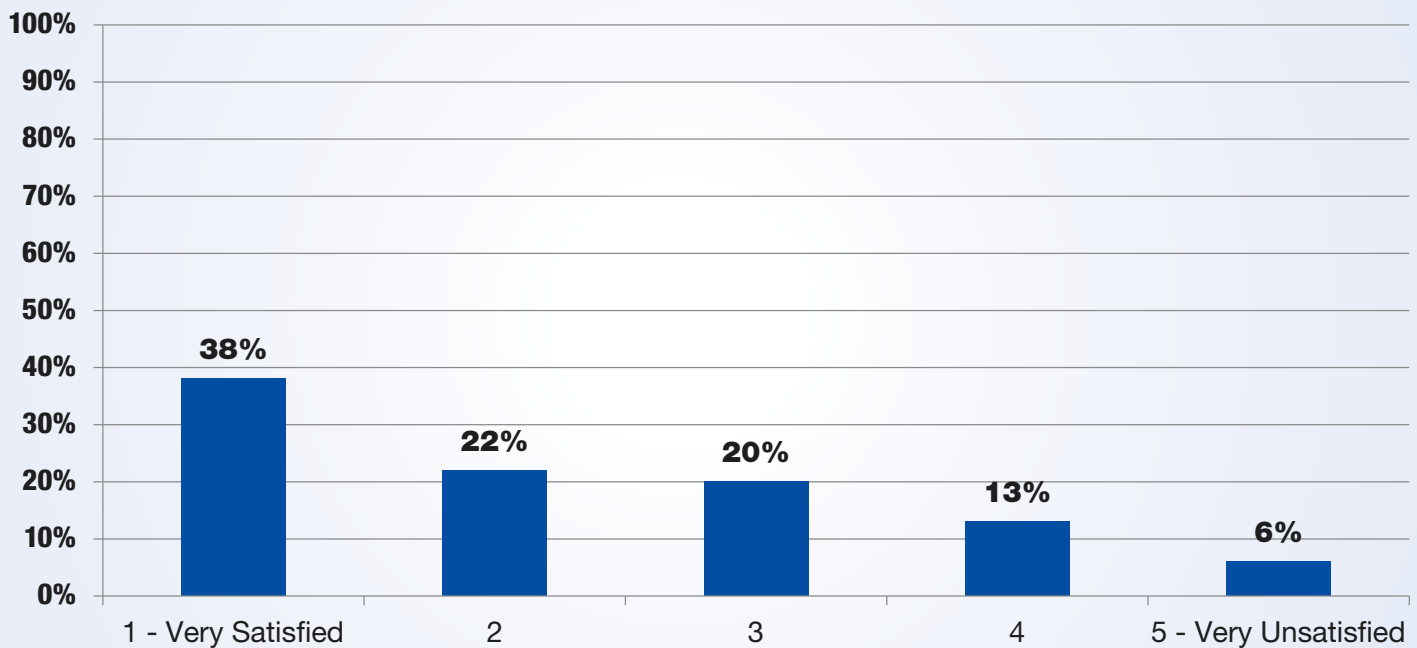
Our overall take on personalization: People are experiencing the high noise levels of the marketing world. “Giving me only the offer that appeals to me and those that are available, PLUS deliver in the right channel” sums up what consumers want today. They do not care about MarTech and are suspicious of what Google, Facebook and Amazon are learning about them, but if you just give them the offers they might want in their favorite channel, they will feel that you respected the data they gave you.

Brands will be rewarded for this. We have lots of tech today but aren’t doing a good enough job in delivering what people want.

OVERALL SATISFACTION

Finally, we wanted to know how satisfied cardholders were with their current credit card rewards program:

On a scale of 1 to 5, with 1 being very satisfied and 5 being very unsatisfied, how would you rate your satisfaction with your current credit cards rewards program?



“Changing cards is often viewed as a hassle and momentum satisfaction is often an underlying sentiment among consumers.”

Findings are consistent with other survey data we’ve examined. Top two box satisfaction scores (60%) exceed bottom two boxes (19%) by a 3:1 margin. Changing cards is often viewed as a hassle and momentum satisfaction is often an underlying sentiment among consumers. The unsatisfied are typically the group that churns – hence if you are a cardholder, you normally express some degree of satisfaction with the issuer.

When asked why they scored satisfaction the way they did rewards related attributes and the aligned issues of value, convenience, easy to earn/burn are most pronounced in terms of satisfaction drivers. The open-ended responses are expressed visually as follows:

“Rewards, with the related attributes “good and easy”, are the primary drivers of consumers’ satisfaction with a credit cards rewards program.”

What drives you to rate your satisfaction with your credit card’s reward program this way?



ADDITIONAL ISSUER CONSIDERATIONS

In the qualitative issuer research report we also addressed additional considerations of significance to any credit card brand regarding Pay With Points. Topics included:

- Perceived hurdles to enabling such a solution
- The role of outside technology partners in design and implementation
- The scope of interest in Pay With Points from within their own organizations
- Future plans regarding alternative currencies.

The [full report](#) is available to all Wise Marketer subscribers (free).

GLOBAL PERSPECTIVES

As mentioned, we reached out to select members of the Wise Marketer’s Delphi Panel to solicit their perspective on the Pay With Points concept. These members are not only Certified Loyalty Marketing Professionals™ and experts in the loyalty marketing discipline, but they also represent various regions of the world. Since Pay With Points appears to be a global phenomenon, we wanted additional inputs and examples to help add perspective to this U.S.-based report.

“Pay With Points adds fungibility,” noted one Delphi panelist, “giving the card brands added value in the interchangeability and fluidity of the rewards.”

A primary example was the recent introduction of Bakkt, and its partnerships with Fiserv and Master Card, to enable the conversion of any digital assets to a debit card that can be used at any on-line or offline point of sale. While crypto assets are at the forefront of Bakkt’s future, loyalty points are also included. In a recent press release Bakkt said that it reached a milestone of 1 billion points and miles being linked to its app by users since the company launched the app in March 2021. The firm also said that 70% of consumers believe that being able to convert points to cash or another digital asset is a “must have.”



Another panelist commented that ***“currently, there’s a growing consumer demand for cash rewards and equivalents such as gift cards or “points as currency” – more popular now than even travel points. Given the choice, research shows that more cardholders engage programs that offer rewards tailored to their interests – a 47% higher engagement rate according to the 2020 Bond Loyalty Report.”*** A popular North American example was Premium Payback from FIS Global which gives ***“cardholders the choice to instantly redeem points at the POS checkout, via email or by SMS message when making a qualifying purchase.”*** While this solution is most often applied as a discount to the cardholder’s purchase and is applicable only to the merchants within the qualified network (i.e., Walgreens, Shell, BP), including those merchants who accept PayPal, FIS has publicly stated that overall card spend increased 16% when using a Premium Payback-enabled card and overall card transactions increased 10.5%.

US Bank is another issuer who has enabled a version of Pay With Points in concert with PayPal. American Express provides similar functionality with its own currency when shopping within any merchant in the Amazon marketplace. Other examples of limited use – single channel, single currency or single merchant or merchant network are prevalent within the global credit cards rewards space.



One of the earliest and most sophisticated examples of Pay with Points can be found within the credit card rewards program of TD Bank. You can redeem your TD Bank Cash credit card rewards online or via the TD app. Extremely easy and frictionless, one of our panelists noted, ***“just like cash, Paying with Points allows consumers to use their loyalty points or miles at the point of purchase, offering a wealth of benefits, including ease of redemption, convenience and added value. From a bank or credit card issuer’s perspective, Paying with Points gives the customer the ultimate in personalization and flexibility when it comes to redeeming their rewards, increasing engagement, and ultimately supporting long term loyalty for the organization.”***

Our research focused on the “why” behind Pay With Points, not the “how.” One of our Delphi contributors noted that ***“Today, I would argue, the “how” is a given. The development of real time transactional databases along with smart phones in consumer hands make the ability to burn at the POS or online very easy.”*** Despite the strong support, the panelist noted that ***“from a technical and operating point of view, the ability to use points as a real time currency is a cool thing and, perhaps a good offering, for mega miles collectors. However, most consumers simply do not have enough points to make this something they would do consistently. And then, on top of that, the transactional cost (tech, training, audit, marketing, etc.) would make this type of point use expensive. At least compared to the value proposition. Note, training and marketing are often the most overlooked cost for this type of program.”***

Other cautionary voices emerged.

“From a program value point of view, the idea of tying points directly to a currency value, does not allow the program operator to add aspirational value to the reward.”

“The concept of reward loses value if you say something has a small value. I am not sure the idea of convenience is enough to offset the lower value perception, especially if a consumer only uses the Pay With Points feature infrequently.”

“Linking Pay With Points (PWP) to a digital wallet represents the future of frictionless redemption,” chimed in another panelist. ***“When members can connect multiple loyalty program accounts to their PWP account, members can also see their balance across programs, as well as viewpoints redemption and accrual opportunities with participating merchants.”*** The example cited came from European-based loyalty specialist LoyLogic, which operates Pointspay along with an online shopping portal enabled with the same functionality. For program members that already earn points with a program credit card, paying with Pointspay allows them to ‘double dip’ and earn points on cash transactions via both the card and Pointspay merchant.

The Indian Loyalty Industry has several notable examples - driven by Flipkart’s Supercoins, American Express Membership Rewards, Citibank Pay With Points and the recently announced PayU’s aggregation of loyalty rewards. ***“The space is going through a shake-up with the changes in technology and payments,”*** said the Delphi contributor, ***“members are gaining from the benefits of more liquid reward points and increased value and more importantly ease, convenience and seamlessness.”*** Our expert went on to issue a challenge: ***“the one gap that will still need to be solved though is communicating and engaging in a meaningful and relevant way outside of transactional engagement.”***



CONCLUSIONS

Although the issuer survey was qualitative in nature, the consumer survey was limited in scope (n = 200) and both represent a U.S.-only perspective, some important findings are very evident.

- Pay With Points is real whether it be of a universal or limited nature and loyalty programs are either experimenting with the technique or planning to implement it in the future.
- The consumer interests are perceived to be very tangible for credit card loyalty programs – ease of redemption, convenience, higher engagement, and value.
- Pay With Points, especially when enabled on a universal basis, offer issuers and their processing partners a competitive advantage that will likely accelerate in the future.
- We foresee a future whereby ALL loyalty currencies regardless of source, not just credit card points, become interchangeable with real currency at ANY point of sale at ANY merchant, offline or brick and mortar. Removing all friction within the loyalty redemption process remains the ultimate goal for the industry.

We hope this Delphi Report offers you and your colleagues some interesting perspectives and adds to the global loyalty dialogue!

Reader response is invited via e-mail to support@thewisemarketer.com

Special thanks and acknowledgement to [Engage People](#) for their collaboration and leadership throughout the research process. For additional information about Pay With Points please contact the experts at Engage.

Michael T. Capizzi

Dean, The Loyalty Academy
Partner, The Wise Marketer Group
Deerfield Beach, FL USA
October 2021

“USE DIGITAL, Think outside the box...Get earning power up and make redemptions easier. I would be focused on communications in real time, effectively helping consumers get a higher earn by helping them connect to sellers better (you can charge for that). Make it more about “magic” and “wow”. Don’t ask them to use the points like a currency, they already have lots of currency types (including crypto). Use the digital real time and POS technology to communicate and add experiential value.”

A similar sentiment was expressed by yet another Delphi panelist: ***“In my experience, it should be as frictionless as possible where at the point of check-out, you are either prompted or have the option easily accessible. The Customer Experience is a very important aspect which is not covered in this survey.”***

One final note from our panel: ***“As the old saying goes ‘cash is king’. So, offering loyalty rewards as a tender type, both online & within physical stores, is always going to be highly attractive to a majority of consumers. Especially if the checkout process is simple & quick. Here in Europe, we are seeing a growth in demand for ‘buy now, pay later’ payment services. One of the key challenges preventing uptake relates to credit worthiness. Where loyalty program data can be used to help improve consumer credit scoring at a particular retailer, in addition to having their reward currency used as a tender type, the convergence of consumer loyalty & payments makes even more sense.”***

The 2021 Delphi Panel Contributors

(in alphabetical order)

Brian Almeida, CLMP, Managing Director – Strategic Caravan (India)

Nick Chambers, CLMP, Director - Mobile Loyalty Technologies Ltd; Partner – Customer Strategy Network (UK)

James Christensen, CLMP, Principal – The Loyalty Point (Canada)

Bill Hanifin, CLMP, CEO – The Wise Marketer Group (USA)

Cheryl Nuttall, CLMP, Loyalty Consultant – FIS Global (USA)

Nick Relph, CLMP, Head of Marketing – Engage People (Canada)

Simon Rowles, CLMP, Managing Director – Beyond; Partner – Customer Strategy Network (Australia/NZ)

Shawn Tan, CLMP, Managing Director – Interactive Rewards; Partner – Customer Strategy Network (Malaysia)

Facilitator

Mike Capizzi, CLMP, Dean – The Loyalty Academy; Partner – The Wise Marketer Group and Customer Strategy Network (USA)

About the Publisher

The Wise Marketer Group (WMG) is a global customer engagement and loyalty marketing organization that is the principal source of news, insights, education, and research for this industry. WMG operates two principal brands - The Wise Marketer, a digital media and research enterprise and The Loyalty Academy, an educational platform and certification standard for the industry. For additional information visit <https://thewisemarketer.com/>.

The Loyalty Academy is a global education and membership organization for loyalty marketing practitioners. The Loyalty Academy offers individual course work and a standardized certification program (CLMP) for loyalty marketing professionals via online, in-person, and customized in-house educational workshops. Members receive free access to loyalty marketing research, publications and tools, discounted tuition fees, and discounted



registration to all Loyalty Academy workshops and conferences held around the world. For more information visit <https://loyaltyacademy.org/>.

About Engage People

Engage People, Inc. is a global provider of innovative loyalty technology solutions that deliver personalized and targeted campaigns with limitless redemption options faster and at a lower cost to clients. Our loyalty rewards platforms enable you to target offers, content, campaigns and communications to individual segments of your base in real-time and without requiring heavy lifting from your IT resources.

Our patented suite of loyalty rewards redemption solutions enables members to redeem and earn bonus rewards as part of their everyday lifestyle, whether online, in-store, on the go or in any way that is meaningful and will drive further engagement with your loyalty rewards program.

Engage is based in Toronto, Ontario, Canada. For more information visit the website at <https://www.engagepeople.com/>.