

A close-up photograph of several blue lily flowers. The petals are a vibrant blue, and the stamens are prominent, with brownish tips. The background is dark, making the flowers stand out.

Q2 2021

What can loyalty points buy?

Reinvigorating points-based
programs to drive customer
engagement

Driving engagement and spend, loyalty programs are key to customer retention. Yet with an estimated \$50 billion in points never redeemed [1], there's a risk of disengagement and financial liability.

Here's how you can encourage point spend and enhance lifetime loyalty.



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Is your loyalty program driving results for your business?

Brands and card issuers launch points-driven loyalty programs with a clear purpose – to spur customer engagement and ultimately increase customer lifetime value. And it pays off: successful loyalty programs have high customer-engagement levels, typically seeing a 90% increase in purchase frequency and 60% higher spend per transaction [2].

Yet an estimated \$50 billion worth of loyalty points are never redeemed, creating significant financial liability for companies using points to increase customer engagement. The significant challenges of loyalty programs include:

- ▶ Customers being unaware of how many points have been accumulated [3].
- ▶ Limited or unappealing rewards [4].
- ▶ 73% of customers save points to spend at a later date [5]. Yet, 50% of these are never redeemed [1].

To compensate, some program owners turn to implementing breakage rules such as points expiration dates [5]. By doing so, however, they risk alienating engaged customers who have been actively spending and saving points.



The Savoy Hotel, London *

So how do you reduce that accrued liability while retaining loyalty?

The answer is to encourage reward spending. When your loyal customers are engaged and spend, **you'll reap the benefits of a healthy loyalty program**, lower accrued liability and lower dependency on points expiring or other forms of breakage.

That's why **we've introduced "Pay with Points", a new feature on Ten Lifestyle Group's ("Ten") Digital Platform** and a service to encourage points spend.

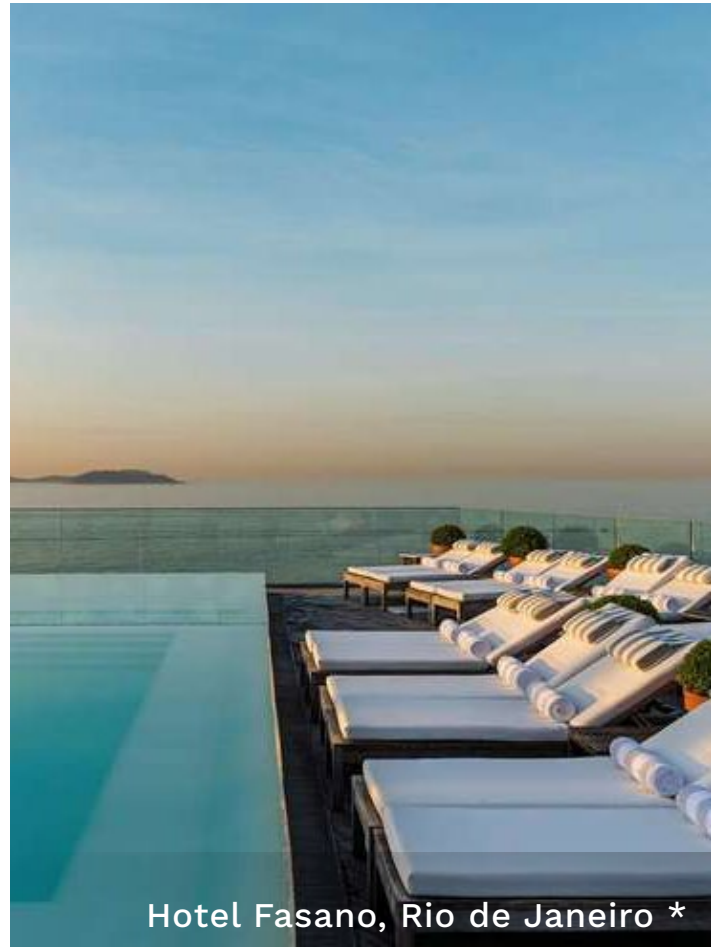


The Ritz-Carlton, Tokyo *

What is Pay with Points?

Ten's Pay with Points is a new offering within our service, allowing members to pay for any concierge bookings with their accumulated points. Ten Pay with Points integrates with your existing points program, allowing customers to have travel and lifestyle experiences as the reward.

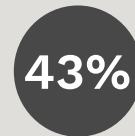
By raising the visibility of what your customers have earned, expanding the choice of the rewards to include concierge experiences, and **making the redemption journey seamless and easy, you can start improving your loyalty program** today, while simultaneously strengthening the brand connection with your customers.



56% of members prefer one loyalty program over another because it's easy to use



50% because it offers relevant rewards



43% because the program is trustworthy



69% of C-suite executives reported their loyalty investments have grown in the past two years



55% reported their investments will continue to grow in the next two years

Ten Pay with Points encourages points spend through:



- **Visibility:** high visibility of accumulated points at multiple stages of the journey, including the payment page, reminds members about their points.
- **Choice:** a wide choice of relevant rewards for the member to redeem (or purchase).
- **Convenience:** the points redemption process is simple, straightforward, and easy to understand.
- **Flexibility:** members have the flexibility to pay by card, points, or both, making this a convenient payment option.
- **Promotional mechanics:** our technology supports special promotional campaigns, such as double-point events, to directly increase spending on the Platform.

Ten Pay with Points delivers business value through:

- Boosting customer value by directly encouraging points redemption and/or spend on card via the Digital Platform (which can be configured to restrict members to paying only via our clients' approved payment methods).
- Having high-spending, highly engaged customers who are less likely to leave points on the table – at Ten, members spend 30% more than non-members thanks to regular, personalized interactions. For more information, please visit this case study on the [value of concierge](#).
- Allowing each client to determine the value of the points to fit in with their business strategy.
- Enabling integration with a client's existing points-based program via a secure API between Ten and our client's points bank/platform.



Key features of Ten Pay with Points

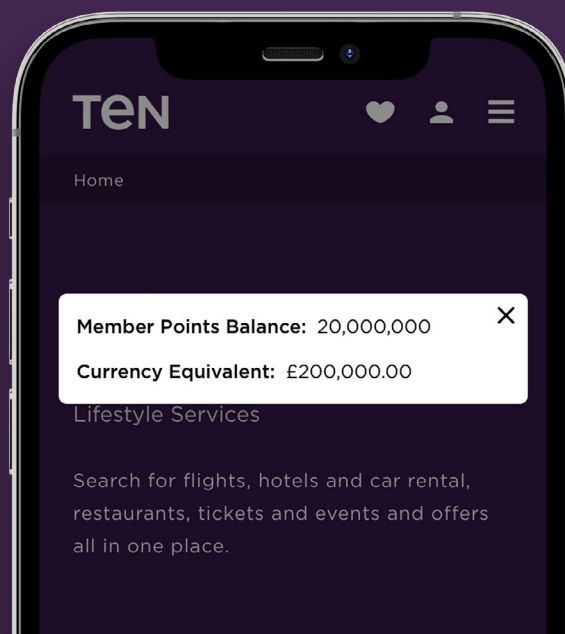
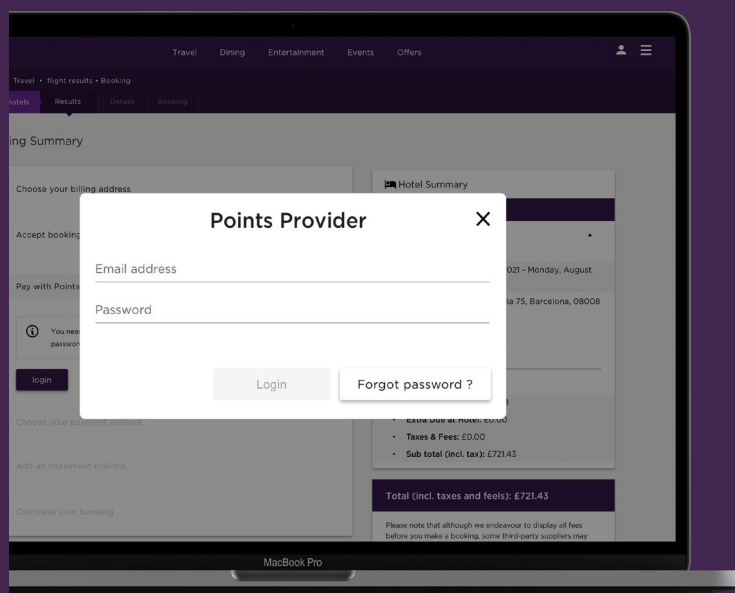
With Ten Pay with Points, members can use their loyalty points to pay for bookings made via concierge services either online or through lifestyle managers.

1. Register loyalty credentials

Members will enter their loyalty program credentials, typically with the same username and password they use to access the existing loyalty program portal. Some providers may request an additional data point (e.g. date of birth or mobile number) for added verification.

2. View available point balance

When registering their credentials, members' point balances will be visible on the top section of the Digital Platform, as a total number of points and valued in the members' default currency.

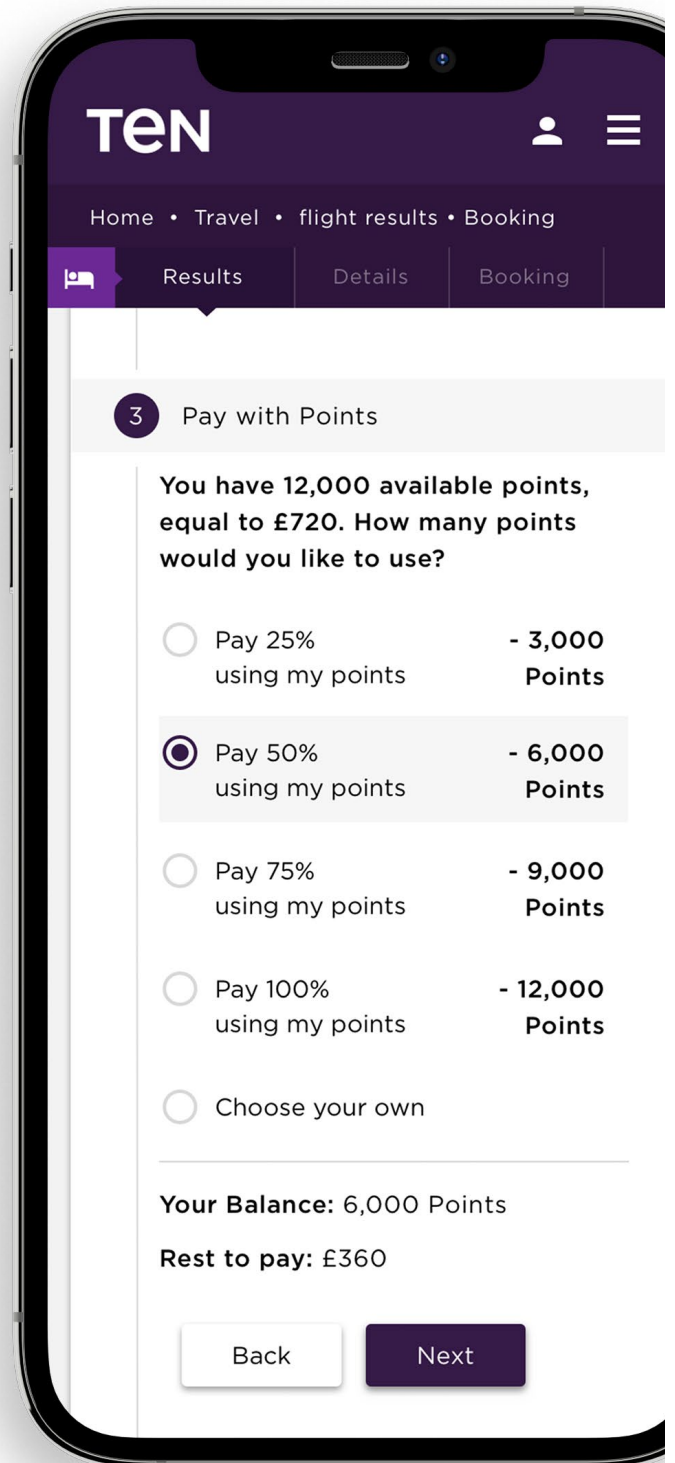


3. Spending points digitally

- Whenever members perform a product search (e.g. flight, hotel, car hire or event), they are presented with the price in selected currencies, and the points equivalent.
- Members have the option to pay with points in full, partially ('cash' and points), or to customize the number of points they wish to redeem.
- Upon confirmation, the transaction and points balances are recorded in real time, directly to the points-register and Ten's secure transactional database.
- The booking summary for the transaction will also include details of the points used and value redeemed.

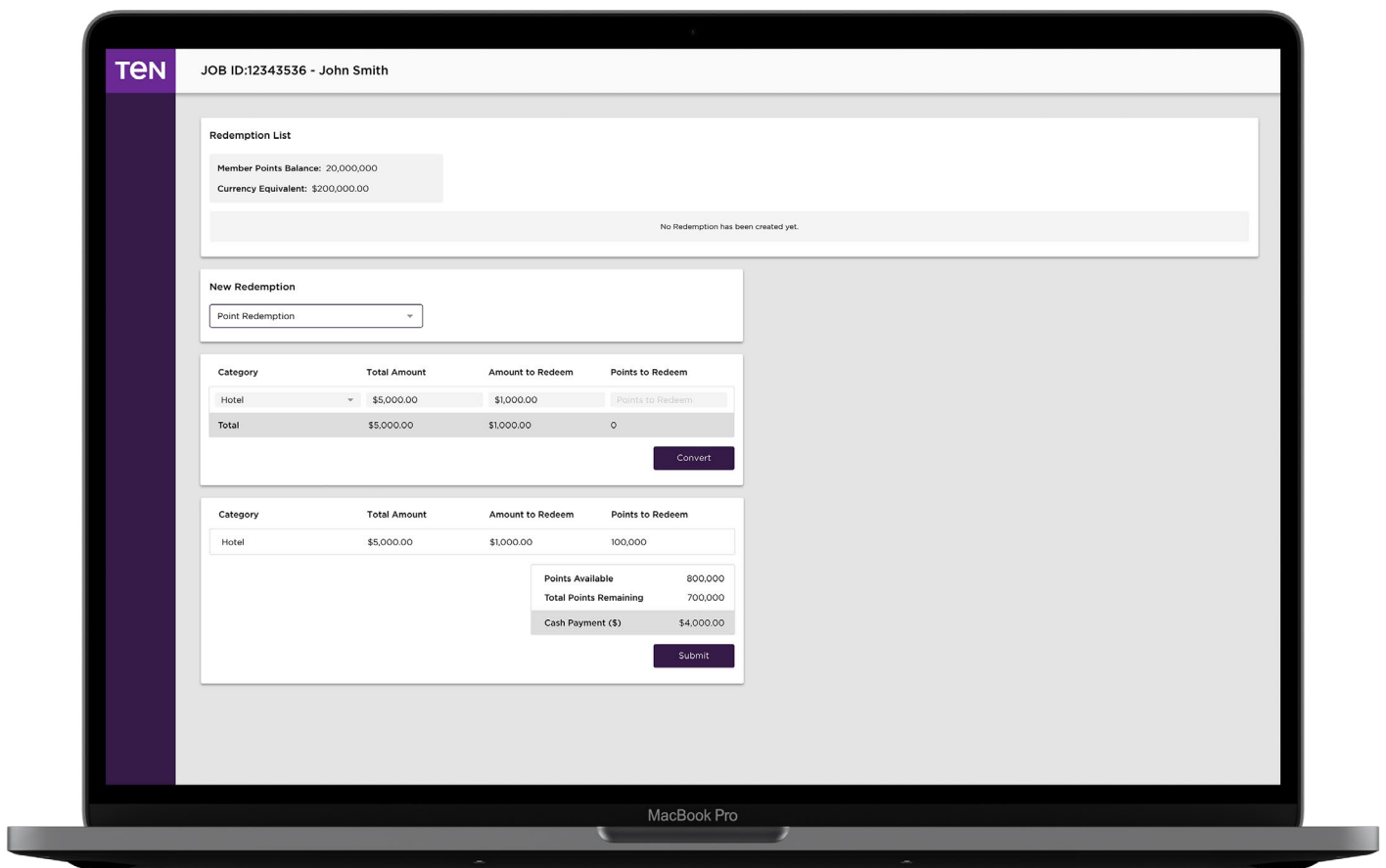
Points-based promotional offers: while searching for a product, members will be shown the price and any special offers available in those categories. The Ten Pay with Points feature allows promotional events to be based on campaign objectives and time windows, and even offer a multiplier factor for better value.

Cancellations: in case of a cancellation, all points redeemed can be refunded (minus any cancellation fees).



Paying with points for bookings made by lifestyle managers

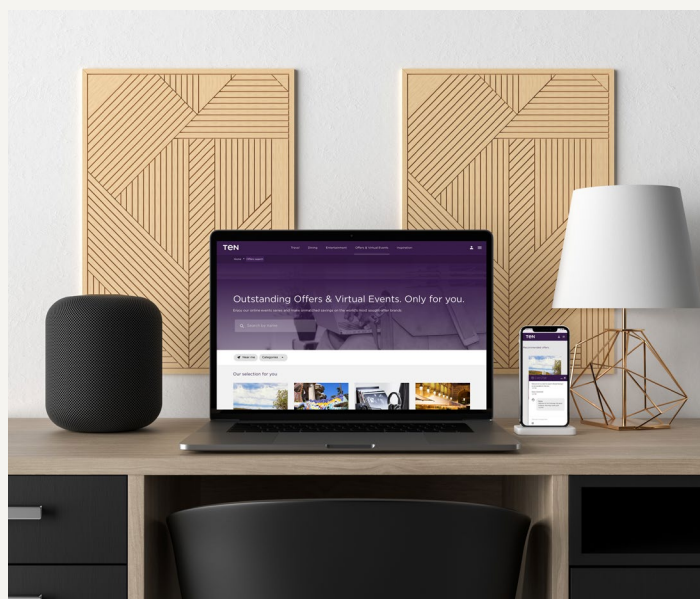
Pay by Ten includes a new 'points section' that enables lifestyle managers to pay with points when completing the transaction on behalf of the member. Lifestyle managers are also trained to respond to any points-based queries.



For more information and to talk to us about integrating your points program with our Digital Platform and service, please email us at businessdevelopment@tengroup.com.

About Ten

As the world's leading lifestyle management service, Ten has 20+ years of experience, a strong global team of lifestyle managers, and a fully transactional Digital Platform. Ten works with more than 30 of the world's major banks and wealth managers to develop relationships with clients and their families.



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* One of Ten's Global Hotel Collection





Contact details

Contact us at businessdevelopment@tengroup.com to discuss how Ten can support you or visit us at www.tenlifestylegroup.com to find out more.