

REVENGE SPENDING BINGE: ARE YOUR OFFERS STILL APPEALING TO CUSTOMERS IN THE CURRENT NORM?



Did you know that the term “revenge spending,” now trending in the media worldwide, originated from China? This happened back in the 1980s when the Chinese economy opened up after the reform era began. Using the word “revenge” before a verb is [quite common in the Chinese language](#), meaning roughly a “hyper compensation for something.”

This term regained its relevance in the post-covid period as more and more economies started to recover. Economic stimuli plus quite a long period of constrained saving contributed to the emergence of additional funds. Consumers are willing to spend more to treat themselves after a prolonged period of stress and limitations.

According to [Bloomberg Economics](#), US citizens have amassed about \$1.7 trillion of excess savings since the pandemic. Experts from Wells Fargo & Co predict that consumer spending over the next two quarters is likely to be the strongest period in at least 70 years, with a rebound in services leading the way.

The effective demand increases significantly, and companies need to prepare to grow their customer base.



The consumer is changing

Consumers' attitudes changed dramatically during and after COVID. The sales of many products and services took off, but at the same time, more people are becoming wary of high prices. Many consumers prefer to shop online because it allows them to spend more time checking and comparing prices across different online stores.

A [Mckinsey & Co report](#) confirms these facts - about 75% of consumers surveyed have tried a new shopping behavior since the start of Covid-19, and approximately 80% have tried a new digital shopping method. Suffice to say that the pandemic accelerated the shift from physical stores to e-commerce by nearly five years, and it may have doubled in 2020.

It's time to achieve your primary business goals

The current economic situation and changes in customer behavior offer important opportunities for businesses to attract and retain new customers. Doing the right things will help you to achieve multiple goals:

1. Converting new customers.
2. Growing a large loyal customer base.
3. Becoming the number one online shopping destination in their category.



A powerful tool for achieving these goals

While consumers are eager to spend the money saved during the pandemic, they want to do so wisely. This means businesses should pay close attention not only to advertising but also to nurturing customer loyalty. The ability to constantly engage customers through attractive offers helps brands gain an increasing share of customer mind and wallet.

According to [Clarus Commerce](#), 90% of retailers say improving or expanding their loyalty programs is a priority for 2021. Simultaneously, 51% of retailers with premium loyalty programs consider program members to be at least four times more profitable than non-members.

This demonstrates that a customer loyalty program helps companies gain more customers and keep them coming back to their brand. Statistics also show that 86% of customers are more loyal to the brand where they participate in a rewards program.

Customers enjoy being rewarded for being loyal to a brand. They will likely prefer a brand with the most up-to-date and rewarding loyalty program from all options available on the market.

Benefits of a modern customer loyalty program

Customer loyalty programs with a modern design and technology platform can serve several purposes contributing to business survival and growth.



1. They are less expensive than older discount-based programs:
 - Smaller budgets are required to obtain new customers
 - Offer high perceived value
2. Modern loyalty programs impact customers' behavior
 - Create greater customer engagement and more touchpoints
 - Decrease cost of customer reactivation
3. They enable targeted marketing promotions
 - Allow collecting actionable data
 - Offer better targeting opportunities

A good loyalty program according to customers

Customers adore being pampered. But to truly respond to the needs of a modern consumer, loyalty programs must be entertaining, flexible, and offer instant gratifications. From all available options, point-based loyalty rewards programs fit all of these three key criteria.

Point-based program design perfectly meets the expectations of [50% of consumers](#) who join a loyalty program to earn rewards on everyday purchases.

The research shows that discounts will be effective in the first stage - 60% of consumers are likely to join premium loyalty programs in exchange for an instant discount. To keep clients engaged, companies must care about convenience - 71% of shoppers would be more likely to use their loyalty cards if they could access these cards and rewards from their [mobile phones](#).



Four big no's for customer loyalty programs

Here are four main things to avoid if you want to run successful customer loyalty programs.

- 1) Usability issues:** This is one of the most serious issues that consumers face. Many people do not understand how to use some of these programs, particularly technology-based schemes, because some consumers are not technologically savvy.
- 2) Complicated terms:** The program's terms are sometimes too complicated, making it difficult for customers to understand.
- 3) Difficulty to redeem rewards:** The point-based form of the program requires the consumers to redeem the loyalty point obtained to claim their rewards, but the Customers sometimes experience difficulty in redeeming the points, leading to the inability to claim the rewards. This may discourage the consumers and lead to a decrease in the consumer's interest to participate in the program.
- 4) Points that expire too fast:** The point-based version of the program requires customers to redeem their loyalty points to receive their rewards. Customers, on the other hand, occasionally have difficulty redeeming their points. As a result, they are hesitant to claim their rewards. Disgruntled customers may lose interest in participating in the program quickly.

Not sure where to start?

A great reward system is required for acquiring new customers and retaining existing ones. We develop dependable programs that reward your customers, keep them coming back, and turn them into strong advocates for your brand. If you are ready to get started, we can point you in the right direction to ensure you have loyal and happy customers.



[Online Rewards](#) designs and builds highly versatile, powerful, custom incentive and loyalty marketing programs. We are pioneering the next generation of web-hosted reward and recognition management tools. Interested in seeing how Online Rewards can help take your employee engagement, customer loyalty, dealer loyalty, or reward fulfillment to the next level? Visit our website at [Online-Rewards.com](#) for more information.



Dallas
Corporate

2435 North Central Expressway
Suite 1180
Richardson, TX 75080

888-826-0783

Cincinnati
Operations

201 East Fourth Street
Suite 1850
Cincinnati, OH 45202

888-826-0783