



CHEAT SHEET

CHOOSING THE RIGHT STRUCTURE FOR YOUR REWARDS PROGRAM

MARKETING

You have come to the realization that you need to add rewards and incentives to your marketing or customer program. They are shown to increase everything from response rates and engagement to brand loyalty and employee satisfaction. But what structure of rewards program will best help you reach your goals?

Instant rewards, sweepstakes, and points-to-rewards are the most common types of incentives. Let's review the results, costs, pros, cons, and marketing uses for each.



INSTANT REWARDS



Definition

Instant rewards are just what they sound like — a reward or incentive sent to someone immediately after they completed an action, such as answering a survey, submitting a referral, or watching a sales demo. The reward or incentive can be a gift card, cash, products, or even discounts.

Results

Instant rewards have been shown to increase response rates and engagement more than other kinds of incentives, since today's world thrives on instant gratification. When invitees are guaranteed a reward, they feel as though completing the survey or task is worth their time. Instant rewards have helped countless organizations boost their marketing programs.

- Companies that use promotions that offer actual rewards, as opposed to discounts, see [more year-over-year improvement](#) in revenue, profit, customer lifetime value, and customer satisfaction, according to Blackhawk Network.
- AG Consulting Partners helped its client [increase survey response rates by 400%](#) by implementing instant digital rewards.
- Accounting firm Mazuma USA implemented instant digital rewards for its customer survey and got a [40% response rate](#), nearly six times the rate of its previous audit.
- GM Payroll Services saw a [29% increase in referrals](#) when it added instant rewards to the program.
- Socedo, a social media management platform, [doubled its webinar registrations](#) and boosted attendance by 30% when it started offering instant digital rewards to participants, in the form of a digital coffee gift card.

Cost

The total cost of running an instant rewards program obviously varies based on the reward value and the response rate. While instant rewards may seem inherently more expensive than sweepstakes or points programs, there are ways to use this approach within a smaller budget. For instance, you can offer an instant reward to only the first 50 or 100 or 200 people who complete the desired action, so your total cost is determined ahead of time. This is also a good way to create a sense of urgency so people complete the task more quickly. Another way to keep the budget in check with instant rewards is to send the offer to fewer contacts, since you can expect a higher response rate.

Pros

- Participants can receive their reward instantly and digitally, which they love.
- You can automate digital delivery of instant rewards, eliminating manual processes to save you time.
- Instant delivery shows respondents that you follow through on your offers, building trust and making it more likely that they will respond to future requests.
- The promise of an immediate reward encourages invitees to respond quickly, giving you data sooner and reducing the risk that the survey will be forgotten or get lost in inboxes.

Cons

- Promising to reward all participants can make the budget unpredictable, since you don't know how many invitees will respond. If you have a set budget, it's better to cap it at a certain number of respondents, like the first 50 or 100

Best Used For

Instant rewards are great for a wide variety of marketing, survey, and customer programs, including:

- One-off or ad-hoc research or customer surveys
- Programs that require a different kind of respondent for each survey/activity
- Surveys seeking respondents with high seniority, like C-suite executives, or in highly paid industries, such as doctors
- Lead-generation campaigns
- Referral marketing programs
- Account-based marketing (ABM) relationship-building
- Online reviews/testimonials
- Webinars and lunch-and-learns
- Customer experience programs

SWEEPSTAKES



Definition

Using a sweepstakes means you deliver the reward or incentive to only a few of the people who complete the desired task, after they are selected at random. For example, everyone who submits a survey is entered to win a relatively large prize, such as \$300 or an iPad, and only one or two names are chosen.

Results

Research has been unable to definitively show that offering a sweepstakes incentive for online surveys increases response rates compared with offering no incentive, according to SurveyMonkey. Sweepstakes also do not see the same results as instant rewards. To compare the two incentive types, market research community e-Rewards sent the same survey to 8,000 people, but half were incentivized with entry into a drawing for \$2,500, and the other half were offered \$2 in cash. The study results, which were cited in the book *People, Preferences and Prices*, showed that within a week, the individual rewards sample had a response rate of 19.3%, compared with 12.2% for the sweepstakes group.

Cost

While sweepstakes can be less expensive, since they involve only one or a few rewards, the bigger cost for using them is the time and risk involved. Such contests often take months to develop and implement, thanks in part to the legal issues. In addition, if your sweepstakes prizes are a product rather than a digital reward, you will incur both the time and financial costs of having to manually ship those.

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Pros

- The only real advantage of sweepstakes is that they allow for tight control on a budget with a hard limit.

Cons

- Regulations for sweepstakes are very nuanced and vary by state and country. If you are running a nationwide or international marketing campaign, it will need to satisfy the requirements of every entrant's location.
- Sweepstakes are difficult to fully automate, since you have to collect entries, choose winners, and then deliver the awards.
- If you choose to use physical prizes, like electronics, they will have to be shipped, which can be time-consuming and expensive, especially if shipping internationally.
- Participants often have to wait weeks or even months to find out if they won and, if they did, to get their reward.

Best Used For

While sweepstakes may seem like a convenient option for programs with small budgets, their low effectiveness rarely makes them better than any denomination or number of instant rewards.

POINTS-TO-REWARDS



Definition

Points-to-rewards allow participants to collect points for each action they take, and once they reach a certain preset threshold, they can redeem those points for a reward. For example, customers in your loyalty program get 5 points for completing a feedback survey, 10 points for answering a question in the online forum, and 20 points for submitting a referral. When they reach 100 points, they can redeem those points for a \$50 digital gift card.

Results

Points-to-rewards are a version of gamification, which has become very popular and successful in many kinds of marketing and customer programs.

- Verizon Wireless used gamification on its community site, leading users to spend **30% more time browsing** there — and that's when the rewards were just online badges, not actual digital gift cards.
- Autodesk added a game to the 30-day free trial of one of its software offerings, where users earned points for exploring the tool and watching tutorials. It resulted in a **40% increase in trial usage** and 15% boost in sales conversions.
- A Bond survey on brand loyalty programs found that **69% of consumers want to use points** to redeem a pre-selected reward, once they accumulate enough.

Cost

Points programs are very flexible in regard to budget, since you have control over the value of the reward, the number of points that participants need to collect, and how many they get for each action.

Pros

- Participants feel rewarded and engaged as they accumulate points, making them motivated to complete more activities on an ongoing basis.
- The idea of points is well understood, since they're used everywhere, from airlines to grocery stores.
- Points programs offer a lot of flexibility and adaptability, since you can continuously add activities, change point values and expiration dates, and invite more people to participate.
- You can set up different point values based on the amount of effort the desired action takes. For instance, answering a 10-question survey may be worth only 5 points, but doing a one-hour case study interview is worth 100. This makes sure that participants feel fairly rewarded for their time.
- Participants control their own ability to earn rewards, unlike sweepstakes, which rely on chance.
- You can automate digital delivery of points and reward redemption, eliminating manual processes to save you time.
- Points programs are budget-friendly, since only a portion of the points awarded will get redeemed.

Cons

- The setup and ongoing management of points-to-rewards programs can be complicated. A **robust rewards management platform** can help, though.

Best Used For

- Panels and customer feedback communities
- Longitudinal and multi-part studies that require the same participants for their duration
- Customer loyalty programs
- Gamification programs

NEXT STEPS

Instant rewards, sweepstakes, and points-to-rewards all have their advantages and disadvantages, so every marketer must evaluate and decide which structure best suits your needs, goals, and budget. No matter which one you choose, it's best to go digital instead of shipping physical gift cards or products. Digital incentives let you offer a curated selection of rewards, so participants anywhere in the world can choose what they want. You can also offer the option to donate rewards to a charity.

Another consideration you should think about is finding the right rewards management platform to make delivery as quick and easy as possible. There are many things that should go into your search for a rewards tool, from flexibility and usability to integration and tracking capabilities. [Watch our webinar on How to Evaluate a Marketing Rewards Platform](#) to learn what to look for and how the right tool can greatly improve your program.