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A LoyaltyStream Guide To...

# Currencies



# Currencies

Your loyalty currency is one of the most important aspects of your loyalty programme. Everything from naming your currency to its value needs to be considered from your audience's perspective. Have a look at our guide below.



## What Is The Point? -

### Naming Your Currency

There are a few key things to consider when naming your loyalty currency.

- What would your audience understand best?
- Is there anything that you could use that would tie in with your brand values or vision or offering? (e.g. smiles, stars, miles etc)
- Will it work across all of your reward items? If you are offering the ability to redeem for tech products and in-house services, will it make sense to your customers?
- Are you offering your loyalty programme across multiple languages or countries? Will the name translate well?
- Think about how your currency name works with your brand name and/or your programme name.
- Do you want a transactional name or a creative name? A transactional name like pounds or credits will link more to a real currency and may be misleading if members don't see the same value in the currency. A creative name allows you to distance the value of your currency from a cash value and gives you more scope for offering rewards at different currency points.



Before you start answering these questions, get your programme team together and think about the value you want your members to get from the programme; how do you want them to feel when they earn or redeem? This starting point will help you decide whether you are going to use a more creative or transactional name and then the other questions will be easier to answer.

## What's In A Point? -

# Putting a Value on Your Currency

The most important part of your currency is making sure that the calculations are right. You don't want to look back in a year's time and realise that you have set the value of your currency too high. We would always recommend giving a low-value reward on your base-level spend campaigns and higher rewards on promotions to reward specific behaviours.

The first thing to look at is how much of your margin you are prepared to give away. Are you able to give away the same amount across all products or will this need to fluctuate? If there are products that you can't give margin on, you may need to remove them from being part of the programme.

Once you have the baseline % you can offer to members, you then need to consider what your competitors are doing and what you will expect your customers to do to earn the value. Assessing your competitor's programme is key to ensuring you remain competitive. You may find that you can compete purely on the rewards you are offering rather than the rewards so don't be too quick to give too much margin away if it doesn't make sense financially.



The level of effort a member will put in will be very different across programmes. For example, a programme designed to reward a student community could afford to give a much lower reward for the same level of effort as a corporate programme. If your reward programme is targeting high earners then you need to consider if there is enough value in the programme to motivate them to change behaviours. This motivation will come not just from the value of the points but also from the range of rewards available.

Once you have set your baseline reward value you can start to think about how you can flex your programme to reward members for different actions (e.g. buying specific products or increasing their average order value or frequency). You can then start to overlay multipliers onto the baseline earning metrics.

Once you have agreed on a model, then create a simulation using past sales data to model out what you would have given away and whether the return would have been worth it for you.

## Get to the Point –

# Concise Communication

The last thing to consider with your currency is how you are going to communicate it alongside your programme and brand. Make sure that your members can understand the value of your programme, both in the name of the currency and in the earning potential. The first time your members will realise the true value in your programme is likely to be their first redemption so you need to communicate clearly how long that is likely to take, what they could earn and what the benefits are to them, as well as to your brand.

To finish off here are some of our favourite programme currencies:



Starbucks Stars



Costa Coffee  
Beans



Sephora's Beauty  
Insider Points



Delta SkyMiles



Etihad Guest Miles

# We love talking about all things loyalty.

if you fancy a loyalty chat, we'd love to hear from you!

## About Stream

Stream are passionate about loyalty – we are the experts after all!

As a tech-enabled consultancy, we seek to understand your business challenges and your audience and work with you to craft a loyalty solution that delivers value. We are both consultants and implementers and use our extensive expertise and software capability to deliver proven, lasting results.

Loyalty is not 'one size fits all' and our team of commercial experts work to ensure that your loyalty strategy is right for you.

Whether you need to increase revenue, grow breadth of spend, or create a referrer programme, we have the experience to help sculpt the right solution. Our proprietary loyalty software- LoyaltyStream® helps to: retain customers, change buying behaviours, build brand loyalty and drive referrals.

Our LoyaltyStream® software is deployed globally, helping our clients to build trust that delivers brand loyalty and commercial rewards.

We guarantee to be able to help you Keep, Grow and Win customers for life.



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