

The value of rewards in building consumer trust online

By [Carlos Simões](#)

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Trust, throughout the e-commerce ecosystem, was the number one topic taking up headspace for those in the industry who met at the [eCommerce MoneyAfrica Confex](#) in February 2017. And rightfully so, with e-commerce being at a critical point in online shopping in South Africa.



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Overall online spend in South Africa is growing rapidly, according to the third annual PayPal and Ipsos [cross-border commerce report](#) shared by PayPal's general manager for Africa & Israel, Efi Dahan, speaking at the conference. South African online spend grew by 29% to reach R37 billion in 2016, and is forecasted to reach R46 billion in 2017, growing by 24%.

This healthy upward curve is being driven by rising mobile penetration, with mobile spend set to almost match non-mobile spend in 2018 with a massive growth rate of 123% from today. It will reach R21 billion out of a forecast of R54 billion in spend.

Do rewards, loyalty programmes foster trust?

This got me thinking how rewards and loyalty programmes could help e-commerce players foster essential trust with their customers, and in the case of the platform play, with their suppliers as well.

But, first, a point of order: Typically the concepts 'loyalty programme' and 'reward programme' are used fairly interchangeably. In my world, they are two very different things. A rewards programme is a promise that if you, the customer, *do* something, you'll get something in return. So, say, if you use Cash@Till rather than FNB ATMs to draw money, or use the FNB App to transact, rather than in-branch channels, FNB will reward you with eBucks.

On the other hand, loyalty programmes say *stay* with me and get something. So, buy nine cups of coffee and your tenth one is free.

Now don't misunderstand. Loyalty, customer retention and word of mouth endorsements by happy members are also important to us at eBucks Rewards and FNB. But it's slightly more nuanced. We want to help our members extract value from their day-to-day financial behaviours like transacting, investing, borrowing or insuring. We help them stretch their wallets and budgets, and achieve financial fitness through good banking behaviour, while responsibly managing their debt.

Of course these are good things for the bank too – this makes the programme sustainable. But this behaviour is also really good for our members: who wouldn't prefer transacting from the comfort of their living room compared to standing in lines at the branch? And this drives real, deep loyalty and customer retention compared to a more superficial relationship based on a short-term, commoditised exchange.

All very well, but what about driving trust in the burgeoning e-commerce space?

Driving trust in e-commerce

According to the eBucks Rewards holiday survey, South Africans shop online for three main reasons: Convenience is number one (82%); second, the ability to compare prices on different websites (72%); and the convenience of door-to-door delivery was third (68%). Now, all of these things are familiar to the early adopters. They get it. But they need to be experienced for the first time to be fully understood by those who haven't yet made the leap in to online shopping.

So, simply allowing newbie shoppers to transact with rewards shields them against the anxiety of transacting with hard cash, the first time they shop online. And for those members wishing to pay for an online item using a combination of eBucks with their FNB Credit Card or FNB Cheque Card, eBucks.com is a 3D Secure platform. This ensures an additional layer of protection when shopping online and further eliminates the angst associated with having to divulge card details.

Convenience for all mobile users

Remember that convenience trend we saw coming through? Earning and spending rewards needs to be equally seamless and easy on a mobile device, as it does on a desktop or in-store. And mobile, in the South African context, does not only mean that smart, shiny new shopping app you have just built. Of course apps are important, according to the PayPal research, in 2016, 17% of South African online shoppers used a dedicated shopping app to buy online. But so is catering for those who are online and mobile, but via mobile web, SMS, MMS and USSD.

Once you have helped a customer that is new to online shopping, or new to you, get over the first hurdle, how do you nurture that seed of trust? Through consistently making a real difference to members' lives. For instance, at eBucks Rewards, we know that although our rewards enable members to buy the latest gadgets and overseas flights, for other members we are putting food on the table and airtime on mobile phones for them and their families.

Yes, a tiered, multi-partner reward programme like this may appear complicated. But it is essential for FNB which operates across the entire banking spectrum. You need to decide, which behaviour you want from which customers, and work consistently to achieve that, without ever compromising convenience and ease of use.

Harvesting data

To do that, you need to cleverly harvest and analyse the data you collect via your programme to understand your customer segments, and then truly delight and reward them.

So keep rewards front of mind when building and optimising your e-commerce offering. You'll find it not only drives real, deep loyalty and customer retention, but it can also drive uptake of e-commerce and m-commerce channels.

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