

2018



Prizing Report

Nine Insights for a Solid Prizing Strategy

METHODOLOGY

We originally polled consumers in 2016 to determine what prizes motivated them most. We found that bigger prizes aren't always better and, when it comes to participation, high odds of winning a prize motivate consumers more than the size or value of the prize.

As our world becomes increasingly digital and new technologies enter the market - and consumers' daily lives - we've decided to take another look at how consumers approach promotions and rewards.

We collected 1,100 responses in a new 2018 independent survey to update our understanding of the value of prizing and support our industry expertise.

49%

The participants represented a broad age group of 18 to 60+, and 49% of them were aged 18 to 44.

67%

Over 67% surveyed indicated that they participate in promotions at least once a month.

INTRODUCTION

The challenge to convert consumers is greater than ever.

Between traditional advertising, email blasts, text messaging, and various social media outlets, consumers are inundated with endless communications from brands. As a result, it has become more difficult to capture consumers' attention or make meaningful connections that convert casual shoppers into brand advocates. In looking to do so, the correct promotion strategy with an effective prizing mix can help meet those objectives.

HelloWorld's 2018 Prizing Report found out what motivates consumers most and the takeaways are clear: When it comes to promotional or loyalty programs, brands that embrace simplicity, focus on value, and build relationships with customers will have the biggest impact.

Keep It Simple

> Consumers appreciate ease and authenticity, so don't overthink your promotion experience. Make opting in hassle free. And when it comes to prizes, there's no need to reinvent the wheel or splurge on rewards with a hefty price tag to capture consumer attention.

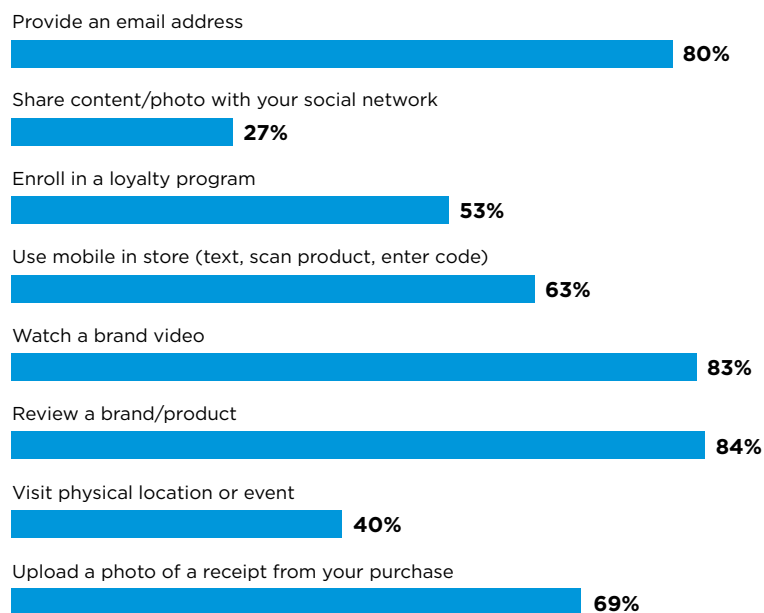


MAKE IT EFFORTLESS

Low-effort initiatives work well, as consumers across the board are busier than ever and value their privacy. Both men and women are equally willing to watch a brand video, leave a review, or provide their email address to enter a sweepstakes. However, when participation takes more effort (visiting a retail location or enrolling in a loyalty program) or seems to make a personal statement (sharing with social media), interest among consumers can wane a bit.

SURVEY QUESTION

Which would you be most likely to do to win a reward?








We suspected that consumers would be willing to provide an email address, watch a video, and even use their phones in store; however, we were surprised that 84% of consumers are willing to leave a product or brand review in exchange for a reward. This shows us that consumers want to be heard, even if it takes a little effort. Consider where in the promotional experience it might be relevant to provide a way for consumers to share their opinion about your brand or products.

- HelloWorld Prizing Report, November 2018

SURVEY QUESTION

If you found out you won a large value prize, which of these would be most appealing?

TOP FOUR PRIZES

	WOMEN	MEN
 Vacation	1	1
 Shopping Spree	2	2
 Kitchen Makeover	3	
 Lifetime Supply of Favorite Brand	4	3
 Home Technology Upgrade		4

- HelloWorld Prizing Report, November 2018



STICK WITH CLASSIC PRIZES

Traditional prizes like vacations (70%), shopping sprees (62%), and a lifetime supply of their favorite brand (41%) are still the most enticing grand prizes. Less conventional options – attendance at an exclusive event, the chance to become a brand's beta tester, or the chance to appear in a commercial – were the least popular rewards. According to the data, it's best to keep prizes simple in most cases. Remember this and stick to traditional prizes that appeal to everyone.

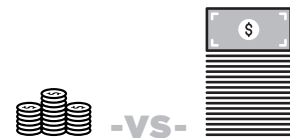
ACTUAL WINNER "The trip was WONDERFUL. I love Italy. Ready to go back. We made it to Florence, Siena, Luca, and Cinque Terre. The hotel was a real castle from the 12th century. It was a trip of a lifetime for me. Thanks again for all your help and patience."

- Winner of a CPG client promotion



DON'T BREAK THE BANK

Consumers appreciate almost any display of generosity. Similar to findings in our 2016 report, the likelihood of participation increases only slightly when consumers are offered a \$250,000 prize, compared to a \$10,000 prize. What's more, when the option rises to \$1,000,000, incremental interest in participating is negligible. Remember that bigger isn't much better and you don't have to max out your prize budget to motivate consumers.



Comparing a \$10,000 prize to a \$1,000,000 prize: Is the marginal increase in participation worth 100 times the cost to you? Unless your goal is to make a big PR splash, probably not.

Align On Value

> Today's consumers are busier than ever. As a result, they have come to define "value" as anything that enhances how they navigate their busy lives. Brands should consider prizes that meet a clear need and are simple to redeem.



CONSUMERS CRAVE CONVENIENCE

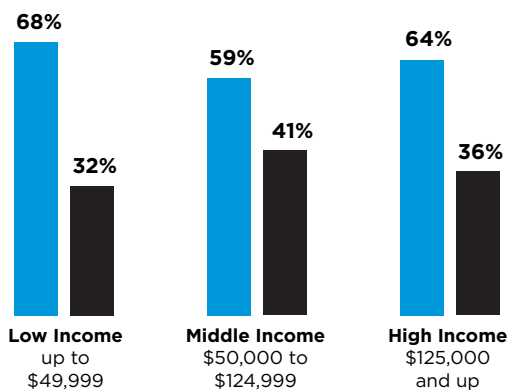
When asked what they would rather win, 64% of consumers chose a reward that makes their day-to-day lives easier, such as a grocery store gift card or housekeeping service, over a reward that makes them feel special, like a massage. This response was consistent across age groups, demonstrating that value has evolved for all consumers to encompass the things that save them both money and time.

No one is immune to this, as all income levels, even high income respondents, would rather win something that makes their lives easier over something that makes them feel special.

SURVEY QUESTION

Which type of prize would you rather win?

■ Makes life easier ■ Makes you feel special



ACTUAL WINNER "I am just in tears of happiness. THANK YOU FROM THE BOTTOM OF MY HEART! The \$250 visa gift card I spent at the grocery store to fill up the kitchen cabinets and freezer with so much needed food! The joy in my heart is over whelming of Thanksgiving!!! The blessing is beyond measure!! Thank you, thank you!!!!!"

- Winner of a CPG client promotion



FLEXIBILITY GOES A LONG WAY

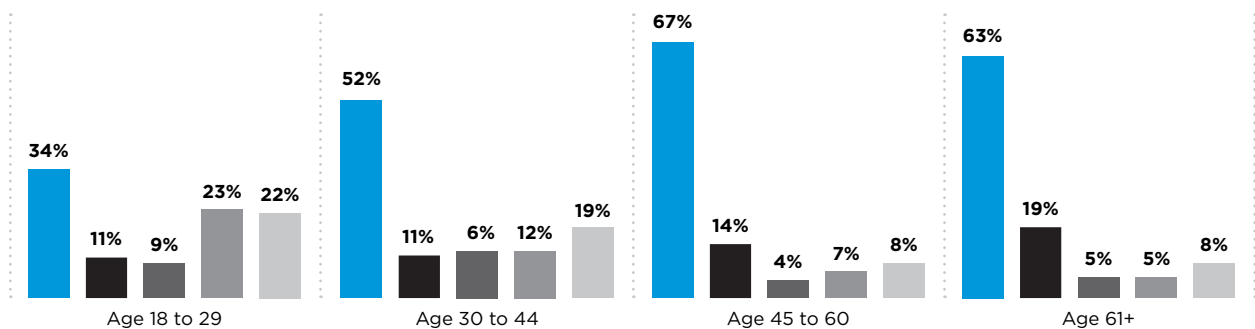
In addition to convenience, today's consumers value and yearn for choice. When asked how they'd most prefer to receive a \$500 prize, consumers were most interested in the versatility of a Visa gift card or an Amazon gift card. Brands should prioritize accessible and flexible rewards that are easy to redeem.

While a Visa gift card was the overall top choice, brands should keep in mind that Venmo balance and mobile wallet deposit options are on the rise among younger generations.

SURVEY QUESTION

If you won a prize valued at \$500, how would you prefer to receive it?

■ Visa Gift Card ■ Amazon Gift Card ■ Store Gift Card ■ Mobile Wallet Deposit ■ PayPal or Venmo Credit



- HelloWorld Prizing Report, November 2018



KNOW YOUR DEMOGRAPHIC

Value and perceived value can vary among different demographic groups. As we learned earlier, consumers would rather win something for themselves than win something that "helps" the brand (running the brand's social media, participating in a commercial, or being a beta-tester, for instance). However, as you put together your prizing strategy, there might be some exceptions based on your target market:

- ▶ If you've run a campaign to beef up brand advocacy, you would have some influencers who would be very interested in appearing in your commercials or running your social media accounts.
- ▶ Even though a home technology upgrade was middle of the pack when it came to prize preferences, if your demographic is mainly digitally savvy millennials, it would perform better.
- ▶ If you know your target market contains a lot of early adopters, you'd get better participation results for a beta tester prize.
- ▶ Bottom line: If you don't want to stick with traditional prizes that appeal to everyone, closely examine your target market to come up with a more specific prizing strategy.



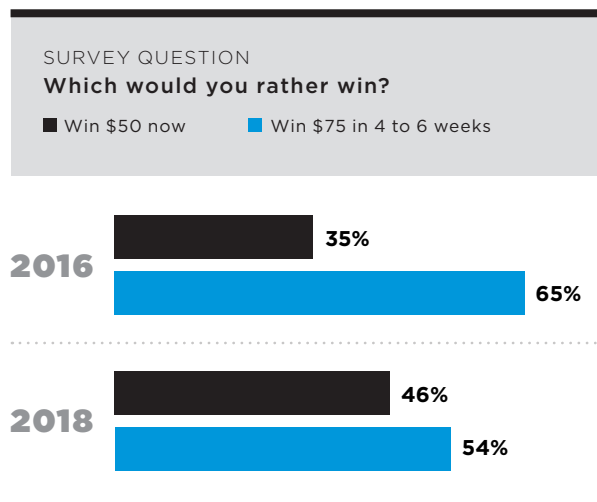
Relationships & Personalization Matter

> The key is to build a dynamic and lasting relationship with consumers. They want to feel appreciated and know the brand understands their preferences. Instant wins and daily prizes prove that time spent with your brand is worthwhile, but these experiences need to be supported by larger prizes that are tailored to consumers' specific wants and needs.



PATIENCE IS NOT NECESSARILY A VIRTUE

In 2016, there was a greater divide between consumers who would rather receive a \$50 reward immediately (35%) and those who would rather wait four to six weeks to receive a \$75 reward (65%). However, the split between those who want a smaller reward now (46%) and those who will wait for a larger reward (54%) is shrinking. In today's increasingly digital world where instant gratification is the norm, consumers expect immediacy and want to feel acknowledged and rewarded in real time.



ACTUAL WINNER "The winnings allowed me to pay off my student debt. I am very grateful for the great impact on my financial life. The company's tools to financially empower me are unparalleled."

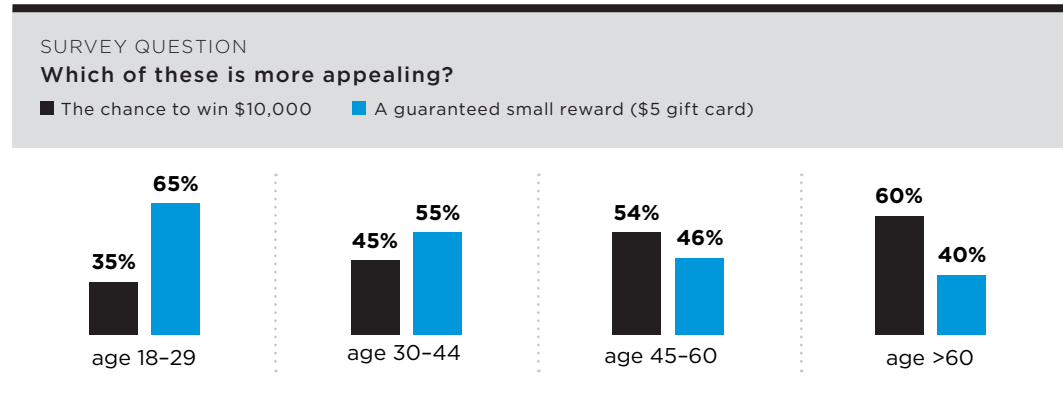
- Winner of a finance client promotion

- HelloWorld Prizing Report, November 2018



READ THE ROOM

Consumer age must be taken into account when figuring out your prizing or reward strategy. A majority of millennials (65%) find a guaranteed \$5 reward more appealing than the chance to win \$10,000, indicating that they would rather receive something small over nothing at all. This split is closer to 50/50 for older generations who, generally speaking, don't crave the same degree of immediacy as millennials and remain motivated by chances to win. In fact, respondents aged 60+ would rather have the chance to win big (60%) over a guaranteed smaller reward. Brands must consider who is in their audience before designing a winning prize strategy tailor-made for their consumer base.



- HelloWorld Prizing Report, November 2018



A NEW DAY IS A NEW CHANCE TO WIN

We asked consumers which reward structures they found most appealing and 37% of respondents chose the chance to win both daily prizes and a large grand prize. Personalization also reared its head, as 28% of consumers want the option to choose their own grand prize. While large prizes remain enticing, consumers also appreciate personalization, as well as the chance to be rewarded early and often to validate their participation and interest in a brand. To help build your relationship with your consumers, find ways to communicate value and drive fresh excitement each day.



- HelloWorld Prizing Report, November 2018

When it comes to prizing structures, consumers are pretty self-serving, as “everyone gets a mystery offer” is the least appealing prize.

SUMMARY

As you move forward with a prizing strategy for a new campaign, remember our key takeaways:

Keep It Simple

Include lower-effort experiences for your consumers, stick with classic prizes for general audiences, and remember that bigger isn't necessarily better when it comes to your grand prize.

Align On Value

Provide prizing that enhances how your consumers navigate their busy lives by knowing your demographic and offering convenient and flexible prizing that matches your target market.

Relationships & Personalization Matter

Build dynamic and lasting relationships with your consumers and know that while they expect immediacy, they also crave prizes and experiences that appeal specifically to them, their lives, and how they interact with your brand.



HOW WE CAN HELP

The HelloWorld experts are passionate about creating solutions with engaging prizing structures to help change the way you interact with your consumers. For questions about your prizing strategy or loyalty rewards structure, please contact us at: helloworld.com/contact.

ABOUT HELLOWORLD

HelloWorld, a Merkle company, is a leader in loyalty solutions and promotional marketing, motivating and incentivizing consumer behavior through innovative prize opportunities, engaging online experiences, and exclusive rewards. We understand the impact the right prize can have on driving consumer engagement.

Since 2016, we have fulfilled over 250 million prizes and we're proud to administer four times more promotions than any other company year after year. Here are some of the great brands with which we work:



With an army of in-house prizing experts from strategy to account management and from procurement to the winner experience team, we have an empirical view of what sparks interest with consumers. The importance of defining the right reward is absolutely vital and we fully understand the difference between giving away prizes and awarding "must have prizing" that truly motivates a consumer toward conversion.