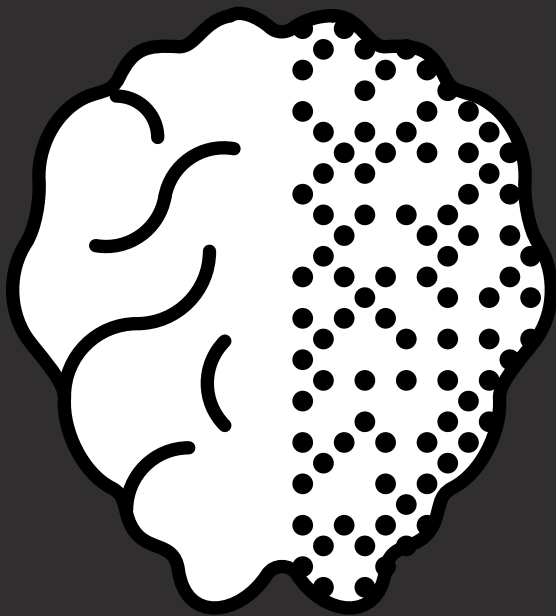


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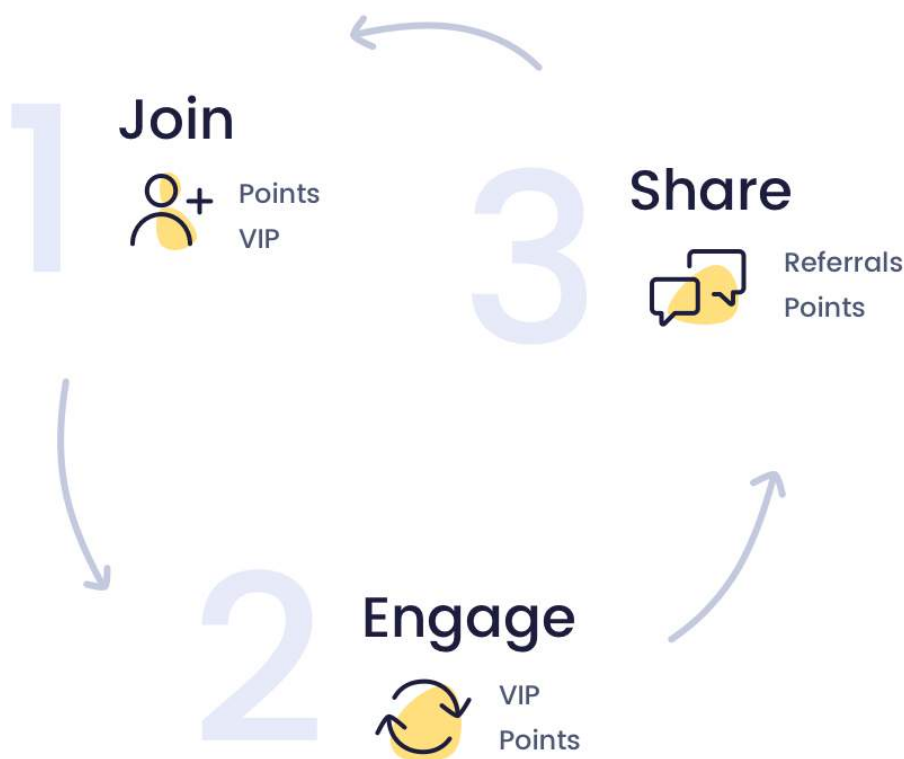
Reward psychology 101.



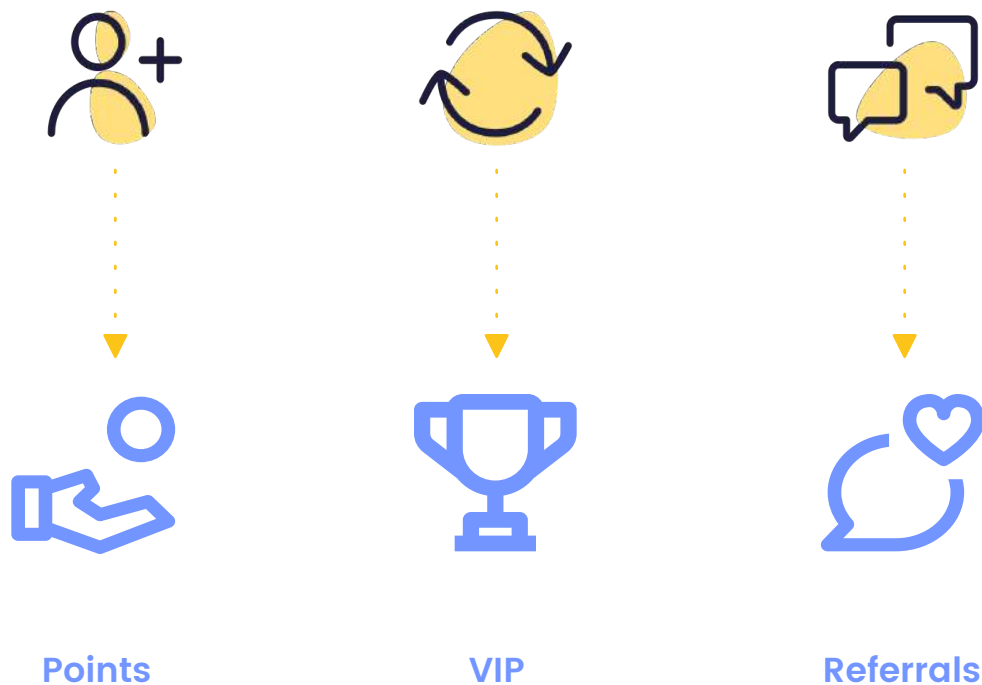
For over one hundred years, reward programs have been an integral part of many brands' retention strategies. However, have you ever asked yourself why they're so successful?

In simple terms, reward programs are effective because they allow you to go beyond the simplicity of making a sale and focus on building a thriving brand community that your customers can't wait to be a part of. Being able to join a community, engage with with it, and share it with others are the three steps that fulfill the need for belonging that resonates with every single human being.

3 Steps to Community Building



This desire to belong is the foundation of rewards psychology and impacts how your customers will engage with your points, VIP, and referral programs.



With the power to pull people into your brand community, we will investigate how the three phases of community building influence the psychology of different rewards programs and, ultimately, your brand community.

Why points programs work

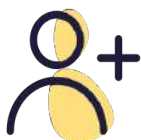


Expectancy Theory motivates action

Motivation is the primary psychological principle behind an effective points program because of something called Expectancy Theory. This theory leads customers to believe that the benefits they can earn from any action will equal the effort they put in.

This is what initially encourages customers to engage with your program. When they understand that they can earn rewards worth the same amount as what they invest, they'll be driven to spend their time and money earning as many points as possible.

In a world driven by convenience and immediate gratification, this is extremely important. Everyone believes their time is valuable, so when your customers know that every action they take (from signing up to referring their friends) will be adequately rewarded, they will always be motivated to stay active members of your brand community.



Customers will join a points program because they know their efforts will be rewarded.

Conditioning reinforces rewarding behaviors

If motivation is the backbone of every points program, conditioning is the ribcage. When customers receive points in exchange for completing actions, they are introduced to a reinforcement cycle that encourages them to continue engaging with your brand. This lays the foundation of patterns of ongoing behavior, creating both psychological and emotional connections between them and your brand in the same style as classic Pavlovian Conditioning.



Repetitive earning actions enforce a powerful cause and effect connection in your member's brains. Points awarded for things like making a purchase and engaging on social media reinforce the value of each action, increasing the likelihood that members will keep performing the same positively reinforced behavior again and again.



Customers will keep engaging with a points program when they get used to receiving rewards.

Points balances create switching barriers

A member's points balance has a big impact on how engaged they stay with your community. Once members have accumulated a large points balance, it makes it less likely that they will leave your program. That's because their hard-earned points become a switching barrier that prevents them from forfeiting the value they've already earned as part of your community.

“ ” **Switching barrier: an impediment to a customer's ability to switch brands.**

You can make these switching barriers even stronger by introducing points goals and VIP tiers. When customers see that they can unlock better rewards with more points, you'll be able to inspire long term commitments while continuing to motivate them to reach the next reward threshold.

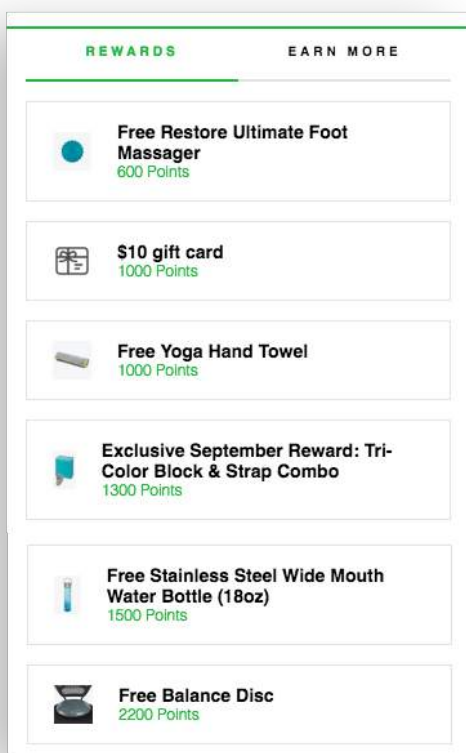


Customers will stay engaged with a points program to avoid the loss of hard-earned rewards.

How to apply points psychology to your brand community

Offer rewards your customers want

Knowing what your customers value allows you to offer those items or related perks as rewards. These rewards are what will ultimately motivate action through Expectancy Theory, supporting the Join phase of your community-building cycle.

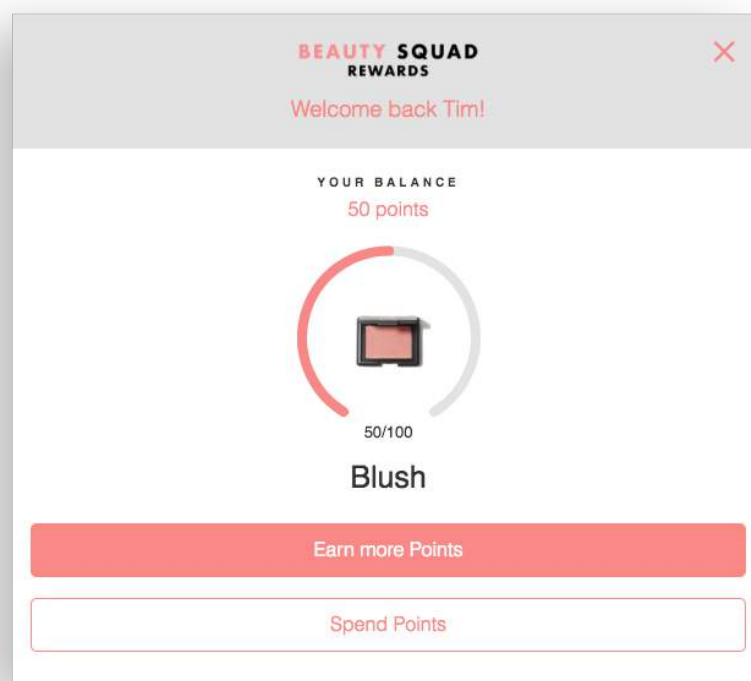


WELLNESS REWARDS

As a leader in yoga accessories, Gaiam understands that their customers will value free product rewards like foot massagers and yoga socks. Whether it's free products, free shipping, or order discounts, your customers will be more motivated to put in the effort to earn rewards when you show them what they stand to earn as a member of your brand community.

Display member progress

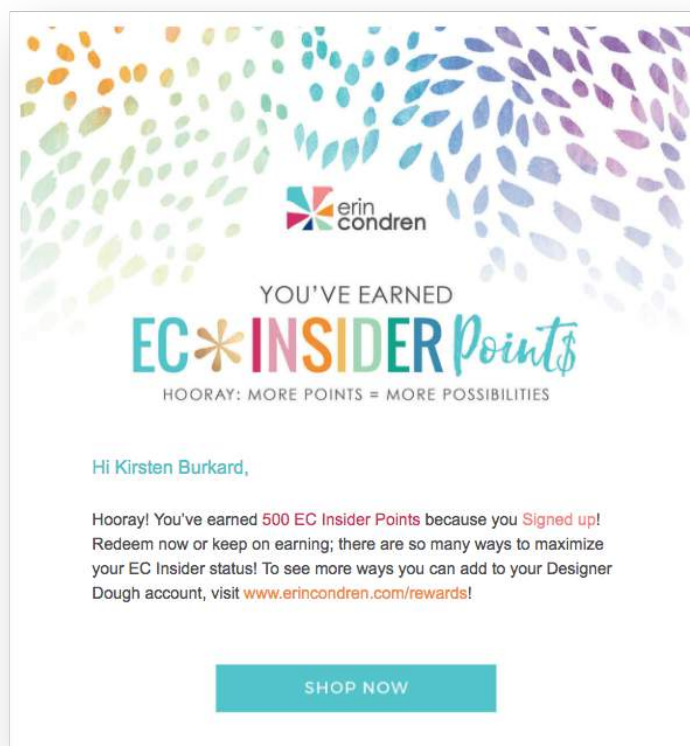
Showing your members their progress towards the next point redemption goal is a great way to take advantage of conditioning. With a clear visualization of their actions, they can easily see the value in every action they complete as a member of your brand community and make the connection to what they stand to earn in the future.



e.l.f.'s Beauty Squad members can see how close they are to reaching their next reward in the program's panel, encouraging them to spend just a little bit more or complete other earning actions to reach their goal. This type of visual cue gamifies the earning experience, conditioning members to anticipate the thrill of seeing the needle move with each action. As a result, this small but powerful program feature pushes them to keep earning in order to see their points balance climb.

Provide value upfront with welcome points

Even though it's not a difficult task, the act of joining your brand community still requires members some level of effort. As a result, they're not necessarily going to be motivated to sign up without some sort of incentive. Offering a welcome reward of some kind not only provides immediate value up front, but also quickly establishes a switching cost that is incredibly hard to ignore.



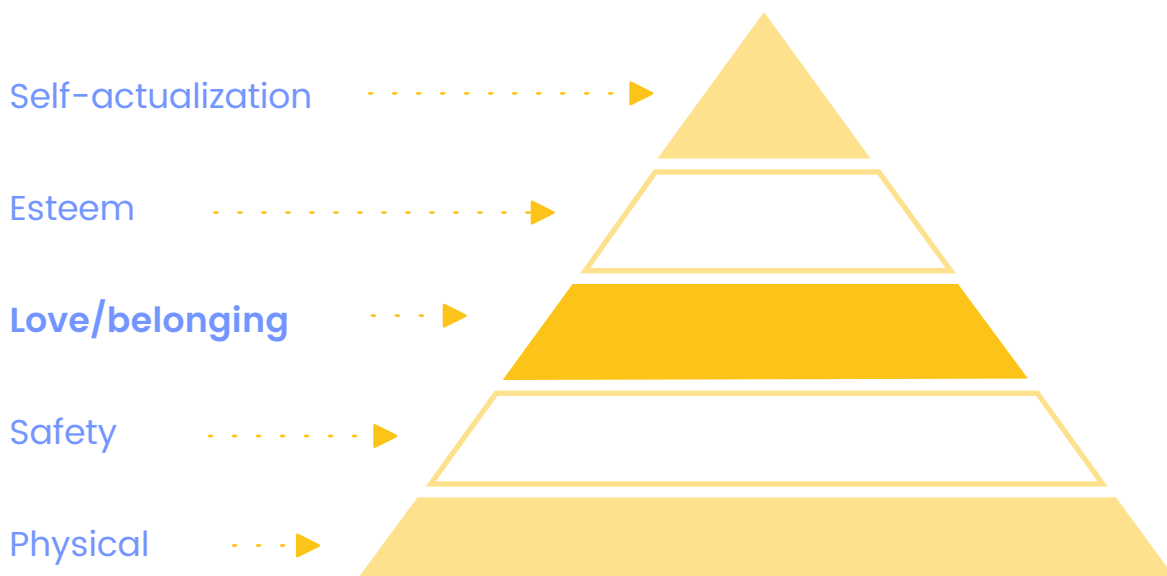
By offering newly registered members welcome points, Erin Condren's Eco Insider program shows that there is value to being part of their program from the beginning. Offering value to members as soon as they sign up makes the act of joining enjoyable and valuable, establishing a strong switching barrier that keeps customers engaged and satisfied long term.

Why VIP programs work



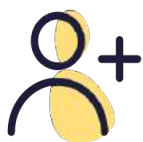
VIP tiers foster a desire to belong

A VIP program's greatest strength is its ability to play to our desire to belong. In famed psychologist Abraham Maslow's Hierarchy of Needs, this need for belonging is considered one of the most important, coming only after physiological wants and safety.



A well crafted VIP strategy plays upon these desires by creating a sense of community that's reflected in every aspect of the program. From the program's name to the currency customers can earn and the perks they redeem, you can use the exclusivity of each tier to show program members what it means to belong to your community. These features make it easy for everyone to feel like they're a part of something special, no matter which tier they're in.

When you clearly display these values, customers will see how their own principles align with yours, touching on that innate desire to belong to a community that resonates with who they are.



Customers will join a VIP program because they want to feel included.



Emotional relationships are the key to success.

Your customers' emotions have the biggest impact on the purchase decisions they make.

[LEARN MORE](#)

Social Comparison reinforces exclusivity

Social Comparison theory is the at the heart of any successful VIP program. In simple terms, the theory states that we view ourselves based on how we compare to others. This means that the higher a member is in your hierarchy of VIP tiers, the better and more motivated they will feel to stay engaged over time.

“ ” **Social Comparison Theory: the need to evaluate our opinions and abilities compared to others in order to have an accurate view of ourselves.**

By making your top tiers exclusive, you give your lower tier members something to aspire to. Once they reach the highest level, the exclusivity gives an elevated sense of social status that is more often than not the best reward you could give them. With an elevated sense of importance as a member of your brand community, these top tier customers will do whatever they can to retain their elite status.

In these ways, your program's VIP status will be the biggest driver and achievement that keeps customers engaged with your brand community over time.




Customers will stay engaged with a VIP program in order to maintain their elite social status.


How to apply VIP psychology to your brand community

Highlight your brand's values with your program

Customers want to belong to a brand community that embodies the values they care about. That means you should make your brand's values an integral part of your rewards program. The more integrated they are into your total brand experience, the easier it is for customers to identify them and adopt them as their own.

MudLOVE is a great example of this at work. Partnering with a charity to provide clean water in rural Africa, the clay jewelry and home goods brand has named their reward program, points currency, and VIP tiers as a reflection of what they stand for.



The Ripple	The Splash	The Wave
0-1499 Clay Coins	1500-2999 Clay Coins	3000+ Clay Coins
- Spend \$1, Earn 7 Clay Coins	- Spend \$1, Earn 14 Clay Coins	- Spend \$1, Earn 21 Clay Coins
	- 10% off all orders	- Free Shipping on all orders
 Wishing Well Rewards	- Free MudLOVE fanny pack	- Free MudLOVE t-shirt

With tiers like Splash and Wave and a currency called Clay Coins, MudLOVE has made a strong connection between their program and the desire to give everyone in the world access to clean water. These brand elements ensure that every member of their programs is reminded of their community's shared values and stays bought in to their vision.



Tier names are only one piece of a strong branding strategy.

Make the best impression with our quick start guide.

[GET THE GUIDE](#)

Make elite status visible for top tiers

Being the best of the best doesn't mean much if nobody knows it.

Creating ways for your elite VIPs to show off their status lets them know you recognize their accomplishments and allows them to feel special as a result of joining your brand community.



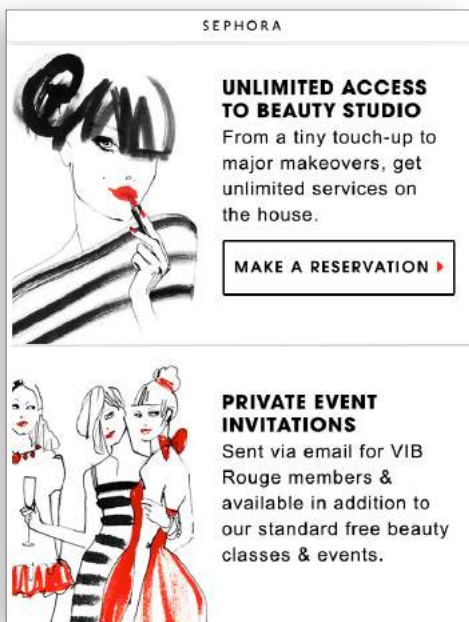
Starbucks is the undisputed champion of this community tactic. Not only do Starbucks Gold Tier members get additional perks in store, but their elite status is also visible any time they order a beverage with a personalized, shiny gold membership card.

A visible status marker like this — or even something as simple as a badge on your site — makes each of your your VIPs feel valued, and creates a strong motivator for your lower tiers to become part of the elite.

Offer experiential rewards

One of the best ways to make your top VIP members feel special is through experiential rewards. These rewards expand beyond the sales process to give your members an opportunity to experience something truly unique and exciting that they can't get anywhere else.

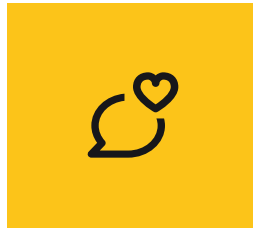
Offering invites to exclusive events and special in-store experiences prompts your most loyal VIP members to feel an even deeper appreciation for their position in your program. This also strengthens their desire to maintain their status with your brand long-term in order to maintain their access to these exclusive experiences.



Sephora is the undisputed leader when it comes to experiential rewards. By providing unique and emotionally connected experiences like private events, Sephora's Beauty Insider elite VIP members feel a greater sense of belonging as they're recognized for being valued members of the Sephora brand community.

These events are also extremely important to Sephora's community growth. When customers see photos of these events on Instagram or see invitations for them in-store, they're motivated to do whatever it takes to be invited.

Why referral programs work



Social proof is extremely valuable

Individuals like to be the ones to discover new products and brands before any of their friends. This allows them to become an expert, elevating their sense of importance in their social circles. The problem is that very few people are actually comfortable doing things they haven't seen others do before.

“ ” **Social Proof: assuming the actions of others in an attempt to reflect their behavior in a given situation.**

This fear is rooted in what's known as social proof — or more accurately the lack of it. Social proof can come in many forms: product reviews, social media posts, or customer referrals. Regardless of what it looks like, it acts as a recommendation or confirmation that the people we trust the most — our friends and family — believe a product or brand is reliable and trustworthy. Once we're convinced that this is true, we're willing to explore a new brand or product ourselves in the hopes of pioneering it for the rest of our peers.

Since word-of-mouth marketing is the most powerful acquisition strategy out there, a referral program is the best way to build unbreakable social proof. When your best friends are part of a group it's only natural to want to be part of it, too! This perfectly complements your customers' need to belong and ignites a desire to be the first to share your incredible brand community with others.



Customers will create content as a way of sharing their experiences with your brand with their social networks.



User-generated content is a powerful community building tool.

Luckily, there's a number of quick and easy ways to leverage this incredible (and free!) marketing content for your brand.

[LEARN MORE](#)

Consistency forms long-term commitments

When you tell people you will do something, chances are you'll actually follow through with it. For example, if you tell others you're going to start a diet you'll be more likely to stick to it because you have others holding you accountable. This idea of presenting a consistent, truthful image of ourselves is known as the principle of consistency and commitment.

This is incredibly powerful in the context of referral programs. When customers engage with your referral program and publicly share their alignment with your brand, they are more likely to return and buy again because they have declared an allegiance to your brand.

The need for consistency gets amplified by both public or private referrals.



Public referrals

Publicly announcing that they are part of your brand community puts their endorsement in front of a larger number of people, enforcing each member's commitment to your brand. This also increases the likelihood that they'll continue advocating for your community.

Private referrals



Private referrals are just as powerful because they come across as a personal recommendation. Email and direct message referrals project a level of intimacy that carries a strong need to stay aligned with your brand community. With their reputation on the line, customers will only make referrals to those who respect their opinions and will do whatever it takes to maintain that reputation with each successive referral.



Customers will continue to make referrals and engage with your brand in order to protect and maintain their reputation.

Reciprocity creates a value loop

Almost everyone has heard the phrase “do to others as you would have them do to you.” This mentality is at the heart of the reciprocity principle, which motivates us to pay back what we receive from others. In other words, when someone does something nice for you, you automatically want to return the favor.

“ ” **Reciprocity: paying back what we receive from others.**

When it comes to building a brand community, this is incredibly easy with referrals. When you issue rewards through a referral program, you are thanking your members for referring new customers to your community. Receiving that reward encourages them to complete the action again, closing that value loop and placing the desire to reciprocate on your customers. This cycle keeps them engaged in your brand community over time, improving both the strength and growth of your community.



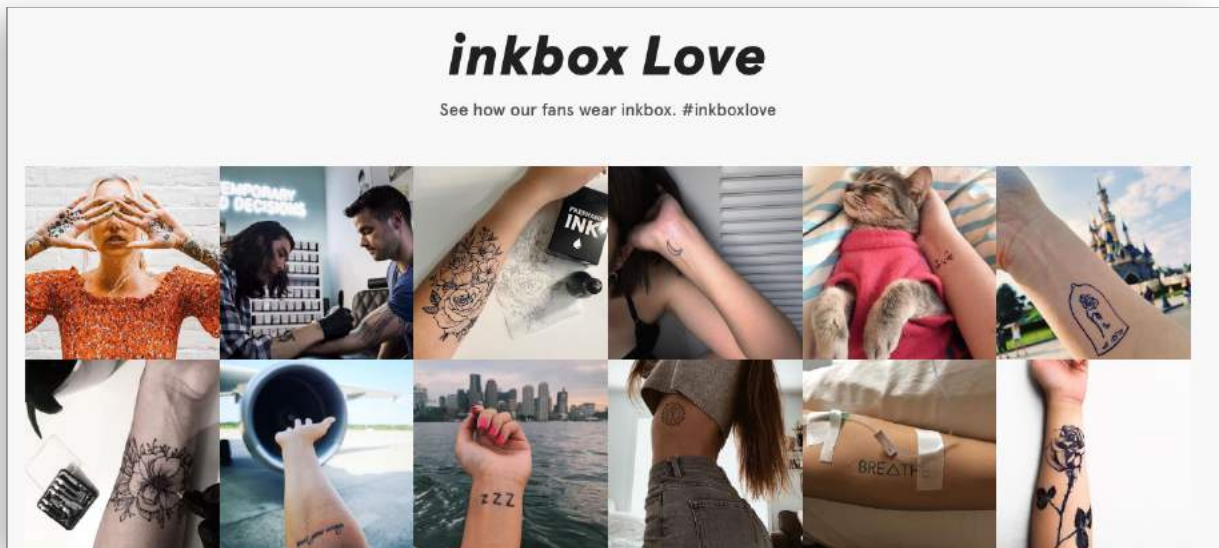
Customers will make referrals as a way of repaying the generosity of your program's rewards.

How to apply referral psychology to your brand community

Encourage public commitment to your brand

Social media has made it possible for customers to visibly and easily align themselves with your brand in a number of public places. This is key to the growth of your community, since customers who align themselves with your brand online are more likely to continue purchasing. As a result, rewarding them for their commitment is super valuable.

inkbox understands that these public commitments are extremely valuable for their brand, which is why they created their own branded hashtag: #inkboxlove. This small but powerful social tool makes it easier for customers to show off their purchases and join in the conversation with other inkbox customers.

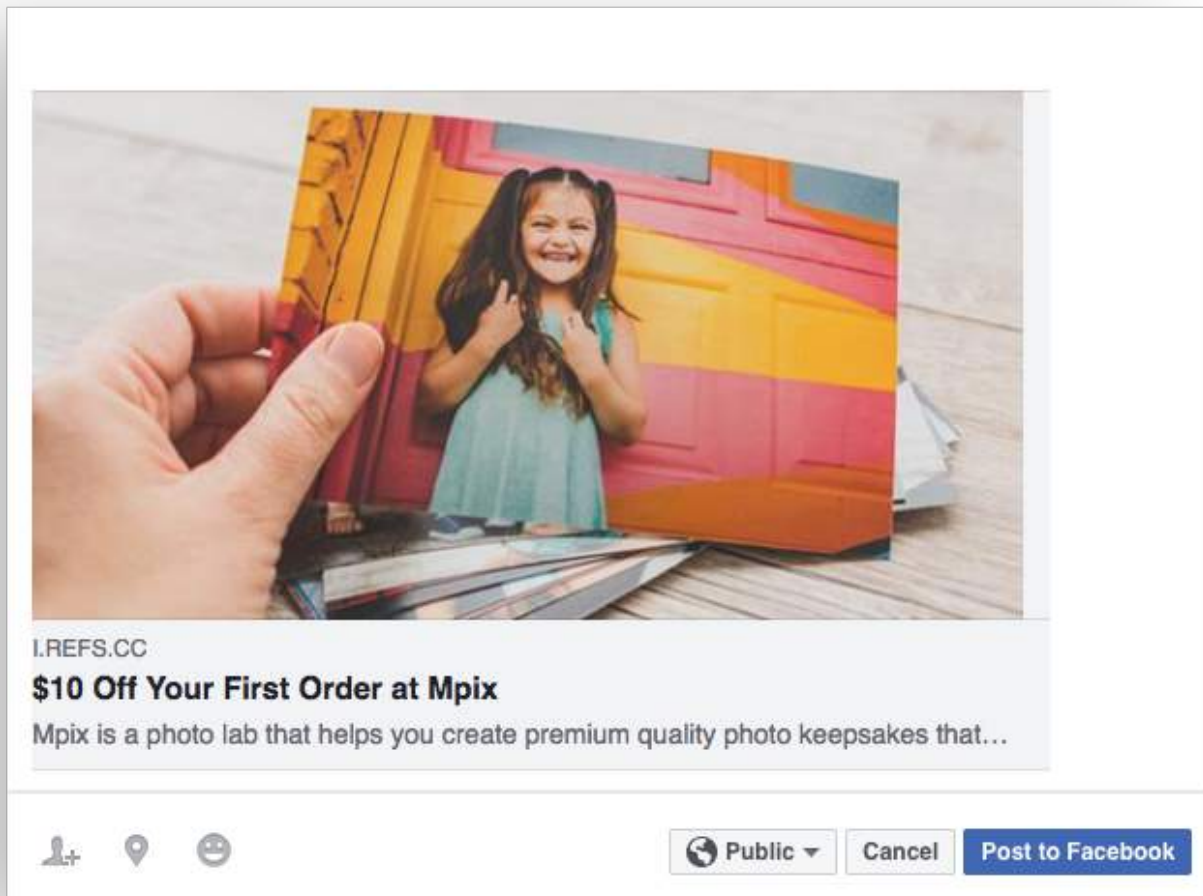


These public endorsements tap into their desire to present a consistent public profile. Rewarding them for each of these one-to-many referrals will encourage this ongoing behavior, influencing their desire to make repeat purchases and stay engaged.

Design branded referral messages

Since the majority of your potential customers are on social media, the way your referral messages look plays a huge role in how likely your customers are to share them. Visual platforms like Facebook and Twitter are particularly important, as your members are extremely careful about how their personal feeds appear to others.

You can increase their desire to share your messages by including your branding in each of the messages customers can share. Things like colors, logos, and photography are all features that helped attract your customers to your community in the first place, which means they'll have the same effect on new and prospective members.



As a home decor and photography brand, Mpix understands this better than most. With high quality photos and catchy copy, Mpix is giving their members the tools they need to help build lasting social proof for their brand.

These referrals immediately give new customers a sense of what the company values and what their brand experience is like, enticing them to click through, explore, and ultimately join the community.

Reward both parties in a referral

In order to truly close the reciprocity loop, you need to consider the experience for both the new and returning customer. Since your existing community members are doing the work of referring, it wouldn't be fair not to reward them for their efforts. Similarly, no one wants to reap the benefits if their friends can't, which means a program that only rewards the Sender is also not likely to succeed.

The solution, then, is to provide value to both sides of a referral! When both the Sender and Receiver are given value, it closes the value loop and gets them both excited to either make their first purchase or come back in the future.



This is especially impactful if the value for both parties is easy to see and understand. Vegetable and Butcher has done a great job of this, both in their program panel and on their explainer page, they've clearly described the value up for grabs and encourage their existing customers to share their exciting community with their friends and family.

Putting it all together

A complete rewards strategy that includes points, VIP tiers, and referrals is primed to not only improve your business but also to help you build a vibrant community around your brand.



Points



- Invite customers to **join** your community by leveraging expectancy theory with points



- Condition members to **engage** in your community by rewarding behaviors like social engagement and referrals



VIP



- Get new members to **join** your community with VIP tiers that promise a sense of belonging



- Use experiential rewards to **engage** with your members on an emotional level



Referrals



- Encourage public commitment to your brand through sharing that establishes a strong connection to your brand with the Consistency Principle



- Use reciprocity to reward both sides of sharing actions to build a

Drawing on a number of different psychological principles, these tools give you everything you need to encourage valuable customer behavior while delivering an incredible community experience.

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