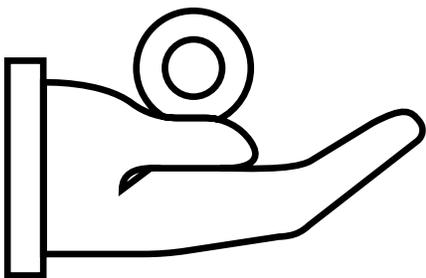
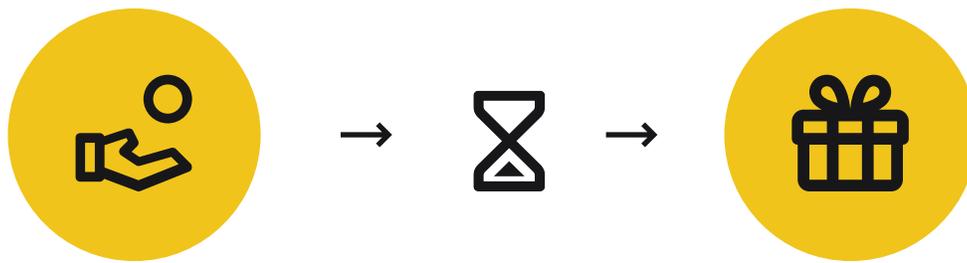


# Examining eCommerce reward redemption rates.



# Are you above or below?

« The average ecommerce redemption rate is 13%. »



As a quick refresher:

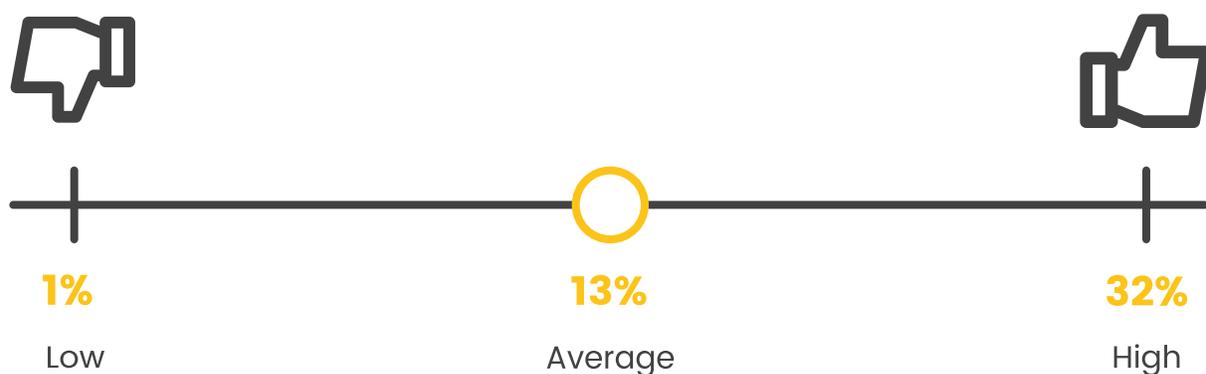
**redemption rate is the number of the points you issue to customers that are actually spent on a reward.**

Generally, it's a good indication of how engaging your rewards program is. If customers are spending points, they are finding your program interesting. If they get points and never return, your program is not all that appealing.

Your industry, revenue level, and geographic location all impact redemption, but the 13% average is a good place to start.

# The best and the worst.

The average ecommerce redemption rate is 13%, but I am sure you want to know what constitutes a “bad” or “good” redemption rate.



The bottom quarter of programs have a redemption rate of 1% or less. The top quarter have a redemption rate of up to 32%.

No matter where your program falls, you should always be striving for a redemption rate of >20%!

# How to improve your redemption rate.

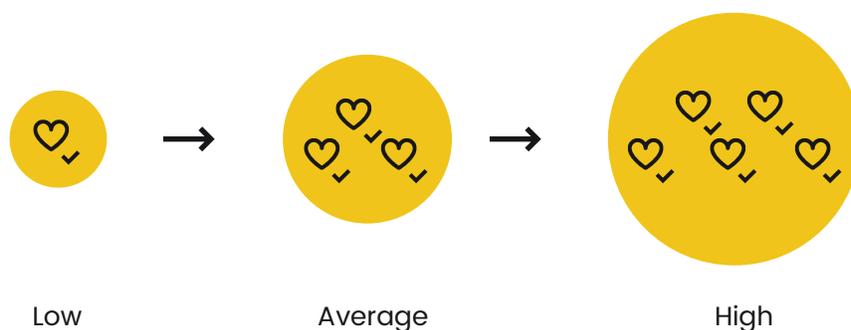
If you have a bad redemption rate there is still hope, and even if you have a great redemption rate there is always room to improve.



**The three best ways to improve your redemption rate are:**

- Offer more ways for your customers to earn points
- Reward for actions that increase your brand exposure
- Offer multiple rewards that can be claimed.

**« Offering more ways for customers to earn points increases a program's redemption rate. »**



An average program rewards for 3 actions, while the top quarter rewards for 5.5 actions.

The average rewards program we evaluated was offering 3 unique ways for customers to earn points. The three most common actions to reward were making a purchase, registering an account, and referring a friend.

Programs with the highest redemption rates are giving points for 5.5 different actions. These additional actions usually focus on increasing brand exposure.

**« Actions that encourage a member to engage with a brand's social accounts have a larger impact on average redemption rates than any other action. »**



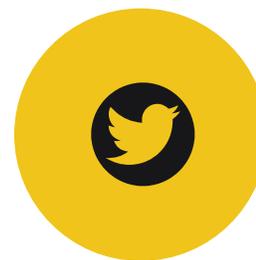
**+7.76%**

Redemption Rate  
for Rewarding for  
Instagram Follows



**+12.26%**

Redemption Rate  
for Rewarding for  
Facebook Likes



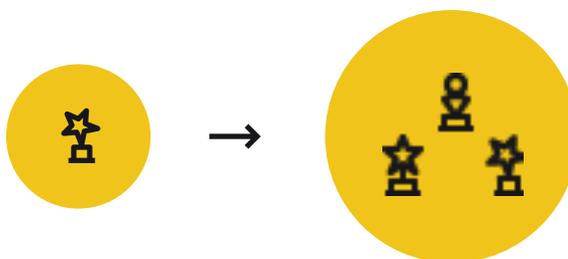
**+16.39%**

Redemption Rate  
for Rewarding for  
Twitter Follows

Programs that are rewarding for Instagram follows have a redemption rate that is 7.76% higher than average. Programs that reward for Facebook likes are 12.26% higher than an average program, and ones that reward for Twitter follows are 16.39% higher than the average rate.

**This is likely due to increased brand exposure.**

**« Offering more ways for your members to redeem their points increases average redemption rates.»**



Not everyone is motivated by the same thing. Some of us are strongly motivated by financial rewards, and some of us are more motivated by experiences or praise. When you offer multiple things that members can redeem points for you are increasing the likelihood that they value your reward.

Allowing members to earn discounts is the gold standard of rewards programs, and that is because it is easy to communicate and effective for most people. You can add in other rewards like free shipping, store credit, and even experiences (like a Skype session with the CEO) to further boost your redemption rate.

# Redemption rates are influenced by more than just how you structure your rewards program.

In our research we looked at how other influencers impact a program's redemption rate. These included the average redemption rates for programs based in different countries and the average redemption rates for programs of different ages.

# Redemption rates in different countries.

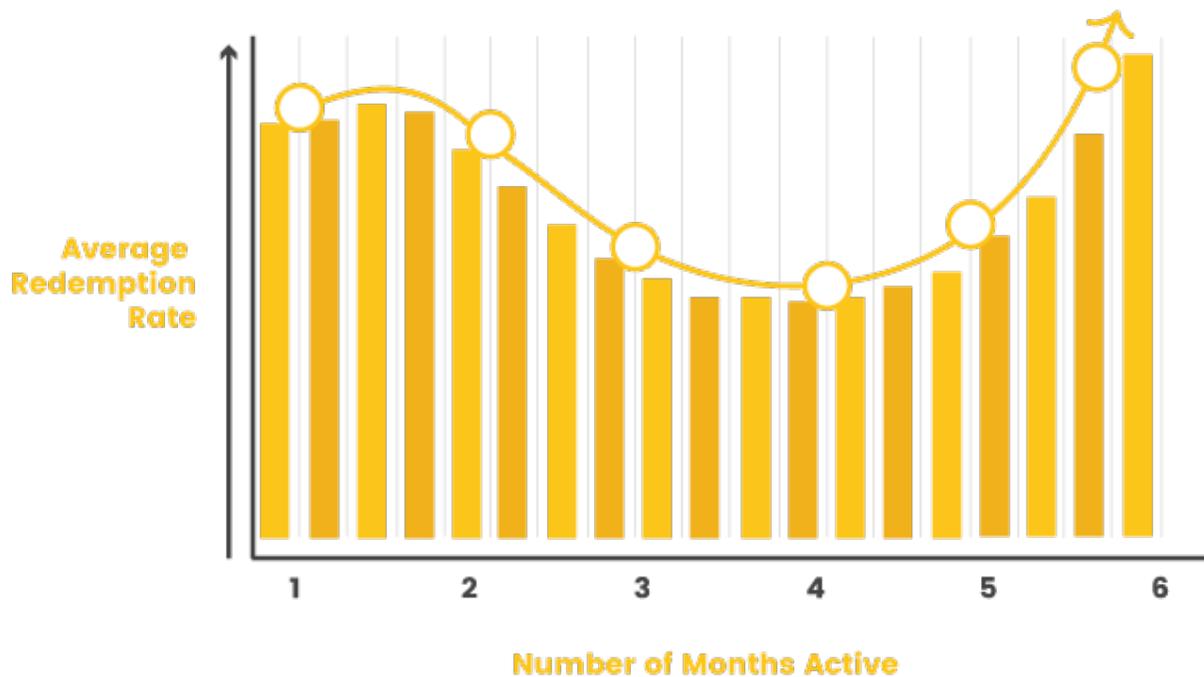


**Average Redemption Rate: 13.67%**

Smile.io has clients from all over the world, so we decided to take a look at average redemption rates around the globe. Of the countries we analyzed, Singapore has the highest average redemption rate and Indonesia has the lowest.

**Where does your home base fall on the spectrum?**

# Give your program 6 months.



We looked at the average redemption rate of rewards programs of various ages to see if programs that had more time to develop had higher rates.

While redemption rates do not appear to improve with just time alone, we did notice that brand new programs (launched in the last 2 months) have higher than average redemption rates. These high rates are followed by a brief dip before coming back up at the 6 month mark.

**Based on these results, you should give your program at least 6 months before trying to evaluate your redemption rate.**

# A rewards program is not a “set it and forget it” tool.

Your redemption rate is an indication of how well your program is doing. If you want to succeed with a rewards program, you need your members to get the positive emotions and excitement that come along with earning a reward. That is what motivates them to come back again and again.

**Remember to keep an eye on your redemption rate to see how engaging your program is.**

**All research was done using Smile.io merchant data.**

# Contact Information.

sales@smile.io

1-855-699-9322

Visit us at [smile.io](https://smile.io)