

# EXPANDING PAYMENTS CHOICE PLAYBOOK

MARCH/APRIL 2022



## ■ FEATURE STORY

How Torrid digitizes its incentives program to help fuel customer loyalty

PAGE 06

## ■ PYMNTS INTELLIGENCE

How digital payments can improve rebates and incentives

PAGE 14



# EXPANDING PAYMENTS CHOICE PLAYBOOK

Read the previous edition



■ JANUARY 2022

Expanding Payments Choice  
Playbook

PYMNTS.com



## ACKNOWLEDGMENT

Expanding Payments Choice Playbook was produced in collaboration with Client's Name, and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://pymnts.com) retains full editorial control over the following findings, methodology and data analysis.

## TABLE OF CONTENTS



### 04 EDITOR'S LETTER

PYMNTS' Thought Leadership Team on recent payments choice developments, including how businesses can better incentivize their customers by digitizing rebates and other disbursements



### 10 Q&A

Insights from Kevin Brown, chief marketing officer at Onbe, on how retailers can digitize rebates and incentives to boost internal efficiency, drive down costs and build customer loyalty



### 18 NEWS AND TRENDS

The latest worldwide payments choice headlines, including why 74% of consumers prefer making digital payments instead of cash or paper checks and how CFOs plan to fast-track payments digitization to improve employee satisfaction



### 06 FEATURE STORY

An interview with Neal Cotter, director of customer advocacy and insights for plus-size clothing retailer Torrid, about how the retailer caters its incentives program for a digital audience to gain loyalty and customer insights



### 14 PYMNTS INTELLIGENCE

An in-depth analysis of the shifting customer preferences toward digital rebates and incentives and how merchants can use these systems to drive customer conversion



### 22 ABOUT

Information on [PYMNTS.com](https://pymnts.com) and Onbe



## EDITOR'S LETTER

---

# EXPANDING PAYMENTS CHOICE

## PLAYBOOK

Incentives are a crucial part of retail advertising, consisting of rebates, loyalty programs and other rewards for making purchases that encourage shoppers to buy more. Coupons for free products **make** customers 98% more likely to buy, for example, while sweepstakes increase the likelihood by just 39% and contests by 43%.

Simply offering a rebate or incentive is not enough to guarantee a sale, however, especially as consumers grow pickier about how they wish to receive disbursements. Customers who know they will not bother with a mail-in rebate due to the perceived length of time it could take to get the check in the mail may forgo the purchase altogether, making the rebate worthless. Instead, businesses must meet customers where they are when it comes to disbursement preferences, and that means going digital.

Onbe's Future of Payments 2022 Report **found** that 74% of consumers prefer to make payments via digital methods, especially individuals from younger generations. More than one-third of consumers between the ages of 18 and 24 said they planned to use paper checks and cash less often or not at all in 2022, and this preference has a significant impact on which businesses they choose to patronize.

These preferences make implementing digital rebates and incentives a key priority for businesses. A recent **study** found that more than 70% of customers prefer to deal with businesses digitally rather than through paper means, so the more online a business can be, the more customers it can attract. Digital rebates can also **offer** businesses quicker, more actionable data on shopping preferences and business revenue.

This edition of the Expanding Payments Choice Playbook, a PYMNTS and Onbe collaboration, delves into how businesses incentivize their customers through rebates and other disbursements. It also examines what drives customers to digital payments and how implementing digital incentives can help businesses maintain a competitive edge in a crowded environment.

Thought Leadership Team

**PYMNTS.com**

# How Torrid Digitizes Its Incentives Program To Help Fuel Customer Loyalty

The competitive world of retail forces every player to pull out all the stops to stand out. Discounts, special offers and buy one, get one free are just a few of the most common tactics. Other methods such as rebates and incentives involve retailers paying customers directly for patronizing their storefronts.

One retailer leveraging these methods is **Torrid**, a plus-size clothing retailer for women with 600 locations and an online storefront. Like many retailers of its type, the company leverages incentives to keep customers coming back for return visits.

“We use our loyalty program to further attract and convert new customers who visit our website and our stores, making it easy for them to enroll during their first visit,” said Neal Cotter, director of customer advocacy and insights at Torrid. “We also make the most out of every new customer we acquire through fun incentives that improve their retention long-term.”

Customers’ demand for digital incentives has grown during the past several years as their shopping activities have moved online. In a recent interview, Cotter offered PYMNTS an inside look at how Torrid is catering its incentives for this growing digital audience.

## WHY REBATES ARE A VALUABLE LOYALTY TOOL

Retailers have several different incentive options available to them, ranging from discounts to rebates to loyalty programs. Cotter noted that different incentives serve different functions: Some are better at gaining new customers, while others are better at encouraging return visits.

“While traditional discounts encourage new customers to try our brand, the experience of earning and redeeming rewards goes far beyond the monetary value they receive,” he said. “Our loyalty program today focuses on forming stronger, more meaningful connections with our customers, incentivizing them to engage in the brand and keep coming back.”



Torrid offers multiple channels, each with a different objective. Its rebates and incentives approach appears to have worked so far, judging by the number of customers who have taken advantage of it.

“On our Q4 earnings call, we shared that our loyalty program has grown to 3.5 million members, representing 95% of our customers today and continuing to grow as we introduce and test new features to further personalize the program,” Cotter said.

Loyalty incentives only work if customers are pleased with how they are distributed, however. It is crucial for retailers to meet customers where they are, which is increasingly online.

---

### **DIGITIZING REBATES AND INCENTIVES**

Customers conduct their shopping in various channels, and they want their incentives available through the same channels. Online avenues have quickly become the most popular, so digital incentives make the most sense for many retailers to offer.

“We’re looking for an omnichannel experience across e-commerce, mobile and our stores: offering multiple payment options; rolling out our buy online, pickup in-store services; and launching a mobile app that allows customers to conveniently manage their rewards and payment options all in one place,” said Cotter. “We’ve seen more frequent engagement, larger purchases and higher overall long-term value.”

Shifting to online incentive channels also provides retailers valuable data about when and how customers leverage said incentives. Torrid uses the data gained through this digitization to help drive customer loyalty and conversion.

“Our digital rewards have been a valuable asset in how they support our strategic communications,” said Cotter. “We have connected our loyalty program with more personalized messages, allowing us to better inform our members of key moments throughout their rewards journey and highlighting the next steps they can take to continue gaining value from the program. Through continuous A/B testing, we have refined everything from our copy to our creative to maximize the impact of our digital rewards.”

This multi-pronged approach is likely the most effective way to make the most out of rebates and other rewards. Digital will need to be a key part of that approach for retailers to have the most effective strategy.

“On our Q4 earnings call, we shared that our loyalty program has grown to 3.5 million members, representing 95% of our customers today and continuing to grow as we introduce and test new features to further personalize the program,” Cotter said.



# Q&A

**KEVIN BROWN**  
Chief marketing officer



**Studies have found that rebates make customers 75% more likely to make a purchase. How can retailers design and manage their incentive and loyalty programs efficiently and cost-effectively while ensuring an optimal customer experience?**

“Retailers can get the most out of their rebate programs by taking steps to lower program costs and delivering a rebate experience engineered to drive spendback. To achieve the first, retailers should consider using a managed disbursement platform to provide rebate recipients with a cost-effective mix of payment choices. Digital payment modalities, such as virtual cards, don’t come with the steep processing costs that paper checks incur, and retailers can stay in control from the beginning by designing a rebate program with the right parameters in place to drive profitability. With a digital-first approach, retailers can also guide their customers to special offers that encourage rebate spendback on additional products, services or accessories. [When] done right, a rebate program can unlock new revenue streams and drive long-term customer loyalty. By working with the right managed disbursement provider, retailers can enjoy more predictability and less financial risk while maximizing rebate program success. That’s exactly why Onbe helps companies provide digital payment choices, so they can quickly, efficiently and safely disburse payments and deliver on their customers’ expectations.”

**How does digitizing rebate and incentive programs help retailers extend and optimize the customer experience?**

“Consumers value instant gratification whenever and however they transact. On the payment acceptance side, most retailers have already perfected a fast, convenient checkout experience. Extending that same experience to customers who are owed a rebate or incentive is just as important. According to a recent Onbe [survey](#), consumers strongly prefer digital payment forms over traditional payment forms, such as cash or check. Due to this, retailers should consider offering a digital-first rebate or incentive experience featuring faster payment options — including free and/or fee-based selections such as same-day ACH, push payments and virtual cards. Each modality has unique benefits. For instance, push payments enable recipients to instantly receive money to a checking account, while virtual cards don’t require recipients to have a bank account to immediately access and spend their funds. Given the diversity of consumer preferences, offering multiple digital payment options to accommodate any choice makes sense for retailers looking to get on board with the shift to faster payments.”

**Nearly three-quarters of consumers prefer to make and receive payments via digital methods. What are some of the benefits of digital payments that these consumers enjoy?**

Whether making or receiving payments, consumers trust digital payment methods and value their convenience. A recent Onbe [study](#) revealed that most consumers find digital payments to be the most secure option compared to cash and checks. Digital payments are also faster and inherently flexible — they can be spent easily online or in person, as well as added to mobile wallets and peer-to-peer apps. This makes them a natural choice for today’s on-the-go, digitally-enabled lifestyles. Beyond meeting consumer preferences, digital payments also offer myriad business benefits, including a reduction in cost and labor compared to legacy payment methods, as well as the security necessary to manage risk when making disbursements at scale. Having a mix of payment methods that includes digital modalities also empowers businesses with the right option for every situation — including paying across borders and offering more accessible payment choices for under-banked consumers. These advantages are shaping the digital future of commerce and leading to better payment experiences for all.



# How Digital Payments Are Improving Rebates And Incentives

## REBATES, INCENTIVES AND OTHER REWARDS ARE KEY TOOLS IN RETAILERS' ARSENAL FOR DRIVING CONVERSIONS AND MAINTAINING A COMPETITIVE EDGE IN A CROWDED MARKETPLACE.

**Studies** have found that rebates make customers 75% more likely to make a purchase, far outstripping promotions such as contests or sweepstakes. For retailers, the key to success is finding a way to manage the disbursement process end-to-end without layering on incremental cost and complexity, all while delivering on modern consumer expectations.

Customers have become pickier about which rebates and incentives are worth it, as their disbursement preferences have grown more specific. Digital disbursements are quickly becoming the norm, and a customer is less likely to make a purchase if a rebate payment is made by check. This desire for digital payouts has grown even stronger during the pandemic as consumers have become accustomed to digital shopping and expect their payments to be delivered in the same way.

The following PYMNTS Intelligence explores the shifting customer preferences toward digital rebates and incentives and discusses how merchants can use these systems to drive customer conversion.

### WHAT CUSTOMERS LOOK FOR IN REBATES

Customers' rebate preferences mirror their other desires regarding payments: They want speed and convenience, both of which are inherent in the digital format. Onbe's Future of Payments 2022 Report **found** that 74% of consumers prefer to make payments via digital methods, with 65% believing that these payments are the most secure. Younger generations are particularly keen to make and receive digital payments, with consumers between the ages of 18 and 44 much more interested in using technology such as peer-to-peer (P2P) payment apps for transactions. Conversely, more than one-third of consumers between the ages of 18 and 24 said they planned to use paper checks and cash less often or not at all in 2022.

Choice and flexibility in rebate options are also important for customers, especially for lower-income individuals who quickly need the money. Consumers who live paycheck to paycheck and struggle to pay their bills are used to selecting how they prefer to be paid, with 75% saying they were given two or more options for how to receive at least one payment in June 2021. Even those in better financial situations are likely to be accustomed to this choice, with 57% of those not living paycheck to paycheck saying they had two or more options for how to receive a payment during the same month.

Businesses offering rebates would do well to listen to customer preferences, as the share of consumers receiving income and product purchase disbursements has roughly tripled since last year. Those that do not could risk missing out on significant revenue streams.

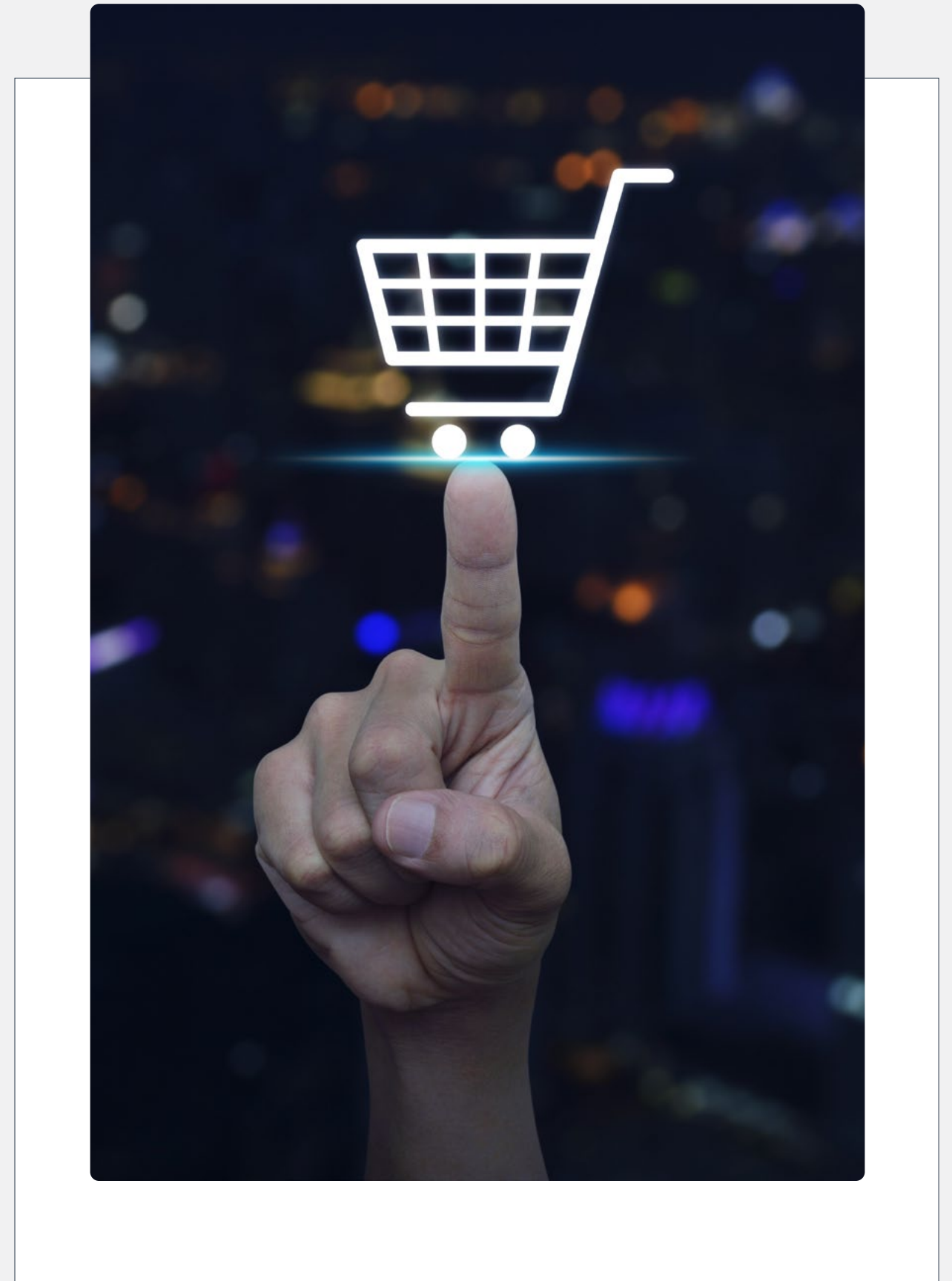
## DIGITIZING INCENTIVES

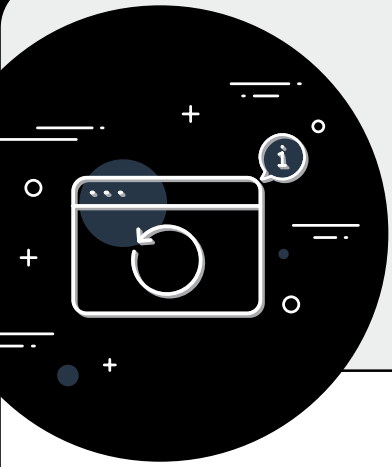
Rebate, incentive and other disbursement digitization could pay substantial dividends to companies, driving new business from customers looking for digital incentive options and reducing overhead for manual incentive issuing. Manually claiming a rebate takes an industry average of 60 days, for example, but a digital solution can accomplish the same process in just two weeks. Customers are also quickly becoming more used to shopping online and prefer to keep the entire process digital rather than deal with a mail-in rebate. A recent study found

that more than 70% of customers prefer to deal with businesses digitally rather than via paper, meaning the more online a business can be, the more likely a customer will patronize it.

Digital rebates can also offer businesses quicker, more actionable data on shopping preferences and business revenue. The slow processing time of mail-in rebates means that any data on customers' purchases and product interests will be months out of date by the time rebates are processed, not an ideal turnaround in a business world that operates faster than ever. Quicker turnaround times will also keep the business top-of-mind for customers, as they will receive their rebates soon after their purchases rather than months later, when their interest in the business may be on the wane.

Businesses have been slow to implement incentive digitization, because they are not sure where to start or fear it could be too complex. This is where a managed disbursement provider can help simplify the process. Companies can also ease in a little at a time — for example, a mail-in rebate form with the payment sent digitally. Either way, it is important for businesses to reevaluate their strategy. The quicker businesses can lean into digital rebates, the faster they can gain a competitive edge in a crowded, swiftly moving market.





# NEWS & TRENDS

## CONSUMERS' DIGITAL PAYMENT PREFERENCES

### CONSUMERS EXPRESS STRONG DEMAND FOR DIGITAL PAYMENT OPTIONS, SURVEY FINDS

Consumers' payment preferences are constantly evolving, but digital has quickly come to the forefront. A recent [survey](#) from Onbe found that 74% of consumers prefer making digital payments to those via cash or paper checks, and 65% thought digital payments were more secure than their traditional counterparts. Nearly one-third of respondents said they plan to use cash less frequently or abandon it altogether in 2022, with just 8% planning to spend more cash.

These feelings were even more pronounced among younger consumers, with 37% of respondents between the ages of 18 and 24 saying they plan to use less cash in the coming year. Younger consumers were also more accepting of alternative payment methods such as cryptocurrency, with 45% of those between the ages of 35 and 44 using the digital currency compared to just 17% of consumers aged 45 to 64.



### CRYPTOCURRENCY HAS A GROWING INFLUENCE ON LOYALTY AND REWARDS PREFERENCES, STUDY FINDS

Loyalty and rewards programs are a tried-and-true method of encouraging repeat purchases, but customers are looking for new ways to earn these rewards, especially when it comes to cryptocurrency. A recent [study](#) found that 72% of customers who purchased cryptocurrency in the past six months would likely redeem rewards points for more cryptocurrency. Half of respondents said they would prefer their rewards to be issued in cryptocurrency to begin with. Cryptocurrency is a key desire even among consumers who do not own any, with 58% of consumers earning more than \$100,000 annually saying they would redeem rewards points for cryptocurrency.

Cryptocurrency owners are also more likely to use rewards programs in the first place, with buyers being more likely to report enrollment in more than 10 different loyalty programs. More than 64% of cryptocurrency owners surveyed were more familiar with loyalty and rewards points conversion than the average United States consumer.



## DIGITAL DISBURSEMENT TRENDS

---

### HALF OF LARGE UK CONSTRUCTION FIRMS ARE PAYING WORKERS WITHIN 30 DAYS

Digital payments are also growing more popular with businesses as they leverage them to pay their workers more quickly. A recent [study](#) found that approximately 50% of large construction firms in the United Kingdom now pay their subcontractors in 30 days or less, with the average pay period improving by four days in the past six months. Pay periods have improved by 15 days since the survey was first conducted in 2018.

Late payments have historically been a problem for small to mid-sized businesses (SMBs) in Britain, the report noted, resulting in cash flow issues that complicate vendor and worker relationships. Maintaining a healthier payroll is more important than ever as inflation continues to rise, as longer payment delays mean that checks are ultimately worth less.

---

### CFOs PLAN TO FAST-TRACK PAYMENTS DIGITIZATION TO IMPROVE EMPLOYEE SATISFACTION

Payments digitization is rapidly becoming a priority for companies across the globe. A recent PYMNTS [study](#) found that 59% of chief financial officers (CFOs) across five industries consider payments digitization to be “very” or “extremely” important to improving their balance sheets, with the highest consensus on this opinion coming from the finance and insurance industries at 71%.

Digital disbursements mean workers can get paid more quickly and accurately, and employee satisfaction was a key driver of payments digitization for 86% of CFOs in finance and insurance, 85% of those in healthcare and retail, 79% of industrial and manufacturing CFOs and 74% in travel and transportation. Employee satisfaction was the benefit cited by the most significant percentage of CFOs, ahead of working capital, data security and fraud reduction.

# EXPANDING PAYMENTS CHOICE

## PLAYBOOK

### PYMNTS.com

PYMNTS.com is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

### onbe

With more than 25 years of industry experience and offices in Chicago, Philadelphia and London, Onbe is a FinTech that manages and modernizes customer and workforce payouts for corporate clients ranging from mid-market to the Fortune 500. Onbe’s team of experts and technology platform offers clients a turnkey solution to offload their entire B2C disbursement operations, relieving them of the cost, complexity and risk that come with orchestrating these payments in-house — all while delivering on today’s consumer expectations to instantly receive digital payments with ease. To learn more, visit [www.onbe.com](http://www.onbe.com).

## ABOUT

---

### DISCLAIMER ■

Expanding Payments Choice Playbook may be updated periodically. While reasonable efforts are made to keep the content accurate and up to date, PYMNTS.COM: MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED “AS IS” AND ON AN “AS AVAILABLE” BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS.COM SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS.COM RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS.COM SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS.COM HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS.COM AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS.COM is the property of PYMNTS.COM and cannot be reproduced without its prior written permission.

Tracker® is a registered trademark of What’s Next Media & Analytics, LLC (“PYMNTS.com”)

We are interested in your feedback on this report. If you have questions or comments, or if you would like to subscribe to this report, please email us at [feedback@pymnts.com](mailto:feedback@pymnts.com).