

THE POINTS INDEX:

**MAKING POINTS
GO FURTHER**

AN ANNUAL REPORT FROM VIRGIN RED - VIRGIN'S GROUP-WIDE REWARDS CLUB



INTRODUCTION

To quote the Greek philosopher Heraclitus, “the only constant in life is change.”

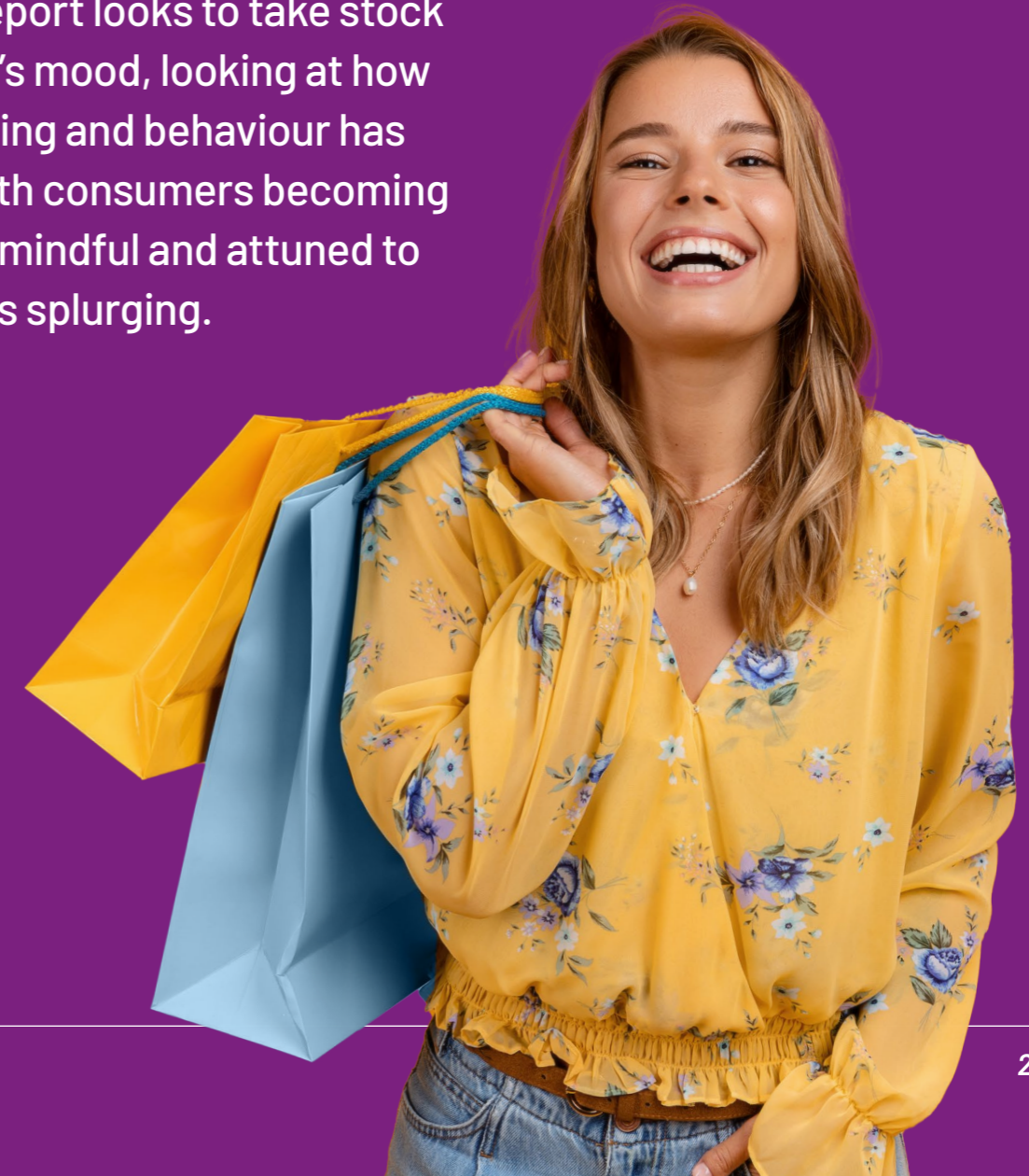
The second annual report by Virgin Red explores how we adjusted as a nation to 2023’s turbulent economic climate, and **the role that loyalty programmes played in our spending behaviour**, adapting post-pandemic.



PURPOSE OF THE REPORT

Virgin Red’s first Points Index report – issued in January 2023, ‘The True Value of Loyalty’ – focused on the impact that the cost-of-living-crisis was having on the nation, and the influence loyalty programmes had on customers.

This latest report looks to take stock of the nation’s mood, looking at how public spending and behaviour has adapted – with consumers becoming increasingly mindful and attuned to saving versus splurging.



01

THE UK'S RELATIONSHIP WITH LOYALTY POINTS AND PROGRAMMES

Loyalty points and programmes are on the up. Fast. So much so, that in 2023 Virgin Red saw a 50% increase in signups.

If the research tells us anything, it confirms these programmes are ingrained in consumers' everyday lives more than ever, with the typical loyalty member averaging eight years of membership, and more than half (51%) going 10+ years.

STAYING LOYAL

Currently, 92% of people are a member of at least one loyalty programme.

AN INCREASE OF
17%

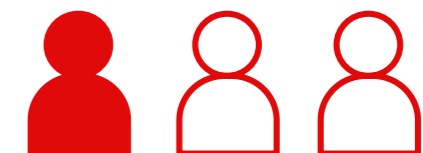


MORE THAN
1/4

Three is the average number of loyalty programmes people subscribe to, with more than a quarter (26%) being a member of five or more schemes.

One in three people (35%) have revealed they have collected more loyalty points in the past 12 months than ever before.

ONE IN THREE PEOPLE



WHAT'S THE POINT?

SINCE 2022, CONSUMER PRIORITIES HAVE CHANGED, AND SPENDING MENTALITY HAS SHIFTED.

People are looking to upgrade their lives, using loyalty programmes as a vehicle to make 'future them' happy, vs the here and now. A far cry from 2020's state of the nation.



(82%) intend to use their loyalty points to make things cheaper in the future (up 24% since 2022).



Plan to use their loyalty points to get rewards and experiences that they would not usually be able to afford, such as holidays and flights.

Three in four (75%) of those who are part of a loyalty programme **actively enjoy the process of collecting points**. And almost three quarters (72%) admit collecting loyalty points has become part of their daily routine, with more than half (51%) stating they are essential to them.

Whilst for some people, collecting loyalty points is rooted in getting freebies, for others, loyalty programmes are a way for people to save money – with Virgin Red research revealing **almost three quarters (74%) use them to supplement their income**.

WHY DO WE COLLECT LOYALTY POINTS?

Helps me save money



Nice to get incentives / rewards



When I cash in rewards it feels like I am getting something for free



Sense of achievement



Helps me be more considered when making purchases



02

MINDFUL SPENDING: HOW CONSUMERS HAVE ADAPTED SINCE THE COST-OF-LIVING CRISIS

With the UK now in its third year of the cost-of-living crisis, it would be remiss to ignore it.



IS THE NATION SPENDING AGAIN?

Financial pressures are still at the forefront of the nation's mind, with more than half surveyed (52%) admitting to feeling guilty when spending money on something indulgent, knowing others are struggling financially.



However, behaviour is starting to change and although purse strings were originally tightened, the latest research shows that spending is slowly rising again - with **one in 10 (10%) feeling more confident with the state of the economy compared with this time last year.**

SHOPPING IS NOT DROPPING

57%

57% have been on a shopping spree in the past 12 months (up 11% since 2022) but are now **more considered with their choices** – arguably, people are buying better.

A BASKET HALF FULL

43%

Spending is up by 43% since last year, with the average person spending **£190 on a typical shopping spree.**

INTERNAL VIRGIN RED DATA REVEALS NOVEMBER SAW THE HIGHEST NUMBER OF REDEMPTION SPENDS, CLOSELY FOLLOWED BY DECEMBER.

Items such as flights, train tickets with Virgin Trains Ticketing, wine and gift cards **indicate the spike was possibly driven by last-minute travel and gift buying ahead of the festive period** – highlighting how people are making their money work harder by using points for gifts or reducing the cost of their train travel home.



CHANGES TO SHOPPING SPREE APPROACH SINCE THE COST-OF-LIVING CRISIS

2022 VS 2023

Fewer shopping trips

47%

Putting more thought into what I buy / less likely to buy items on a whim

39%

Shopping at stores which offer lower cost items

37%

Only opting into shopping sprees when I can splurge in the sales

35%

Budgeting for shopping sprees in advance

31%

Seeking items which come with incentives such as loyalty points or cashback rewards

25%

Shopping second-hand or pre-loved

25%

03

PACKING POINTS: HOW THE NATION IS USING LOYALTY PROGRAMMES TO TRAVEL

When asked to consider what we are most likely to spend our loyalty points on, the responses range from everyday essentials, to big ticket items that we might treat ourselves to only on rare occasions.



OF THOSE WHO PARTICIPATE IN LOYALTY PROGRAMMES, GROCERY REDEMPTION HAS RISEN BY 10% SINCE 2022

2/3

WITH TWO IN THREE (66%) OPTING TO REDUCE THEIR SHOPPING BILLS BY USING POINTS TO COVER THE WEEKLY FOOD SHOP COSTS.

- | | | | |
|---|------------------------|----|--------------------|
| 1 | 66%
GROCERIES | 6 | 11%
HEALTHCARE |
| 2 | 20%
BEAUTY PRODUCTS | 7 | 10%
HOLIDAYS |
| 3 | 17%
CLOTHES | 8 | 9%
WINE & BOOKS |
| 4 | 16%
DRINKS | 9 | 8%
CINEMA TRIPS |
| 5 | 14%
SNACKS | 10 | 8%
FLIGHTS |

HIGHFLYERS

THE WORLD REALLY IS YOUR OYSTER...

During tough times it can be hard to believe in the possibility of rewards. Virgin Red research found that the belief in 'high-end' rewards being genuinely attainable is shrinking, **with only a quarter (27%) of people believing that they can really use points for big ticket items such as flights or theatre tickets** – down 15% from 2022.

But for those already in the know, Virgin Red internal data shows consumers are taking advantage of their points, with redemptions for higher reward items skyrocketing. The top five most popular spends in 2023 were on big ticket travel items, **with a Virgin Voyage being the 12th highest redemption partner.**

↑ 226%

IN SPENDS SINCE 2022



TOP FIVE MOST REDEEMED REWARDS ON VIRGIN RED

2022 VS 2023

- 1 Virgin Atlantic flight ↑ 153%
- 2 Delta Airlines flight ↑ 335%
- 3 Virgin Atlantic points plus money reward ↑ 53%
- 4 Virgin Atlantic VAA reward credit card - companion reward ↑ 217%
- 5 Air France flight ↑ 112%

With travel dominating the top five most redeemed rewards, consumers are using loyalty points to treat themselves to a travel experience they wouldn't previously have considered.

When asked what has previously stopped consumers from 'upgrading' or 'treating themselves' to something they want, playing it safe with money (48%) came out as the top reason. Yet, more than half (58%) admitted they would be more likely to upgrade or treat themselves if they were using reward points, and it incurred a small (or zero) extra cost.

THE TOP 10 DESTINATIONS FOR VIRGIN ATLANTIC REWARD SEAT BOOKINGS

- | | |
|---------------|-----------------|
| 1 NEW YORK | 6 AMSTERDAM |
| 2 ORLANDO | 7 TOKYO |
| 3 LOS ANGELES | 8 SAN FRANCISCO |
| 4 ATLANTA | 9 MIAMI |
| 5 PARIS | 10 SEATTLE |

Far flung destinations might not float everyone's boat, but consumers are still looking to grab an indulgence where they can with **Virgin Red seeing a redemption increase of 23% across Virgin Experience Days experiences vs 2022**. The top five experiences included British Inn Breaks, Boutique Hotel Escapes, Fortnum & Mason Champagne Afternoon Tea, Brasserie Blanc three-course meal and Indulgent Spa Day's at Bannatyne Health Clubs.

THE TOP FIVE DREAM DESTINATIONS TO VISIT IF YOU COULD UPGRADE USING POINTS

- | | |
|----------------------|---------------------|
| 1 THE MALDIVES | 4 SYDNEY, AUSTRALIA |
| 2 TOKYO, JAPAN | 5 HAWAII, USA |
| 3 NEW YORK CITY, USA | |



A TREAT A DAY KEEPS THE BLUES AWAY

It's not always the big-ticket items which give us our kicks, as more than a third (36%) intend to be nicer to themselves in 2024 with small but frequent self-gifts and upgrades on a day-to-day basis.

This is where loyalty programmes and the breadth of rewards they offer, come in handy.

Internal figures from Virgin Red reveal a bite to eat from Greggs, followed by a trip to the cinema is the key to many of our hearts.

Vue cinema ticket redemption up

↑ 91%
vs 2022

6-bottle red wine case redemption up

↑ 65%
vs 2022

Keen not to miss out on the blockbusters of the year, Barbenheimer fever meant Cineworld redemptions were 2.4x higher in July than the monthly average in 2023.

TREATS IN STORE FOR 2024: HOW CONSUMERS INTEND TO TREAT THEMSELVES IN THE NEXT YEAR*

36%

Being nicer to myself on a day-to-day basis – small, but frequent upgrades on things (e.g. package delivery, better coffee etc).

28%

Spend my money on one big thing / treat (e.g. a holiday).

20%

Go big on a couple of things in the year, within my budget (e.g. city break or expensive piece of jewellery).

9%

Upgrade my seats or go big for a particular event (e.g. VIP at a music concert).

* COMPARED WITH 2022 RESEARCH





THE TOP 10 VIRGIN RED REWARDS FOR 5,000 POINTS OR FEWER IN 2023

- 1 GREGGS SAVOURY ITEMS
- 2 GREGGS SAUSAGE ROLL
- 3 GREGGS BREAKFAST DEAL
- 4 VUE FILM TICKET
- 5 GREGGS SANDWICH

THE TOP 10 VIRGIN RED REWARDS BETWEEN 5,000-10,000 POINTS IN 2023

- 1 **£30 NIKE DIGITAL GIFT CARD**
- 2 **£50 VIRGIN EXPERIENCE DAYS GIFT CARD**
- 3 **£50 VIRGIN WINES GIFT VOUCHER**
- 4 **VIRGIN WINES CLASSIC SIX BOTTLE RED WINE CASE**
- 5 **£30 MILLER & CARTER DIGITAL GIFT CARD**



TOP 10 REWARDS BETWEEN 10,000-20,000 POINTS IN 2023

- 1 **VIRGIN HOLIDAYS**
- 2 **VIRGIN WINES PROSECCO SIX PACK**
- 3 **£100 VIRGIN EXPERIENCE DAYS GIFT CARD**
- 4 **VIRGIN WINES CLASSIC 12 BOTTLE MIXED WINE CASE**
- 5 **VIRGIN WINES CLASSIC 12 BOTTLE RED WINE CASE**

CONCLUSION

“Loyalty programmes and points are by no means a substitute to cash. They are however continuing to shape consumers’ behaviours towards purchasing, with a more mindful and considered approach to shopping.”

“The economy, whilst still struggling in its third year of the cost-of-living crisis, is showing more promise, with the nation revealing they have more confidence compared with last year.

“For some, reward points offer a way to supplement increasing day-to-day costs, such as grocery bills. But for others it’s a positive way to treat themselves, be those day-to-day small wins or holding out for a big-ticket item such as international travel. Experiences, and in particular travel, are a clear focus for 2024, so it’s great to see people are turning to loyalty points to prioritise this, whilst being mindful of the existing economic pressures.

“Although Virgin Red does not offer crystal balls to see what is in store for 2024 – its loyalty programme offers a tool which consumers use to make a difference to their upcoming year. This report helps facilitate an understanding around loyalty programmes, and how you use them to make funds go further is up to you.”

ANDREA BURCHETT
Chief Loyalty Officer and Managing Director



THANK YOU

THE RESEARCH OF 2,000 ADULTS (NATIONALLY REPRESENTATIVE SAMPLE) WAS CARRIED OUT THROUGH ONEPOLL
INTERNAL DATA EXTRACTED ON 10 JANUARY 2024, COVERING 1 JANUARY - 31 DECEMBER 2023, AND COMPARING TO 1 JANUARY - 31 DECEMBER 2022

