



A practical guide to
building a
**POINTS REWARDS
PROGRAM**



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ABOUT THE AUTHORS

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Jignesh Shah

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A practical guide to building a POINTS REWARDS PROGRAM

One of the most critical elements of building a successful business or community is fostering a productive, lasting relationship with your audience.



This poses a challenge though: in a world dominated by so much noise, how do you find your audience and keep them engaged?

Companies are achieving this by building passionate, engaged, productive communities. For example, Harley Davidson has over 1700 local community chapters, SAP and Fitbit have built communities of over a million members who provide problem-solving, create content, run events, and more, Lego empowers their community members to create Lego sets, and HITRECORD has created a community that has had content showcased at Sundance. The list goes on and on.

This all begs a question though. When you have a community of customers, users, and partners, how do you recognize and reward their contributions to the community?

The idea is simpler than you might think: you deliver consistent value and regularly reward them for active participation.

Now, you probably have a good idea of what your value is, but how do you reward people well? Well, one of the most effective ways is to use points-based rewards.



INTRODUCING POINTS-BASED REWARDS

With points-based rewards, when someone does something you consider valuable in your business or community, such as buying products, creating content, making referrals, providing support or something else, they get numerical points assigned to them.

For example, Pandora uses points-to-rewards with their community of their music subscribers to gather feedback on their interests and preferences and reward them for this participation.

Many communities can use points to reward users of their software to provide feedback on new releases.

A community of nurses could be part of a longitudinal study on mental health and be rewarded for staying engaged in the study.

In another example, a community of partners could be rewarded for providing objective feedback on working alongside a particular company over time.

These points are typically distributed and redeemed in a few ways.

Alternatively, you can have your audience accumulate their points over time and they can log in to your portal, view a gallery of available rewards, and redeem their points for desirable rewards. This shopping experience provides a great level of choice for your audience and opens them up to larger and larger rewards if they are patient enough to grow their points balance!

Either way, time and time again points have proven to be a popular and effective model for engaging with audiences, but why?

EXPLORING POINTS FURTHER



Firstly, they provide something akin to a high score. For example, on Reddit, users are commonly judged by how many karma points they have; the higher the score, the greater the level and quality of their participation. This can provide a strong sense of accomplishment.

Secondly, points provide a powerful way to attach rewards to specified points milestones. For example, you could say that when someone hits 300 points, they are eligible to receive a gift.

We see points everywhere: people collect airline miles, trophies in video games, karma on Reddit, and even people getting their coffee cards stamped so they can get their free coffee when they reach ten stamps.

The benefits are clear: people are motivated by clear, unambiguous rewards, and points are a simple and effective way of doing this well.

WHY POINTS-BASED REWARDS WORK WELL

an example



Part of the reason why these kinds of points-based rewards have become so popular is that they have a broad range of benefits built in.

For example, imagine you have a business with an online product. You want to reward two key types of behavior: (1) people joining your online events, and (2) people referring your product to other potential customers. Each time someone joins one of your online webinars or workshops, you award them a pre-defined number of points (e.g. 50 points). For each referral they provide, they also receive points (e.g. 200 points.)

Day by day their total number of points grows, and then when they reach a set number of points (e.g. 500 points), they are invited to go and select a digital reward (such as a book or an online gift card.)

There are a number of benefits to this overall digital rewards approach:



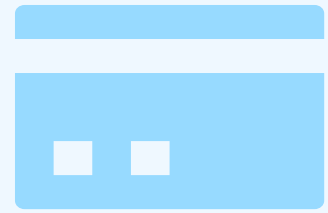
Simple and Efficient. The concept of points is simple for your customers and community members. Points are inherently familiar: we collect points with credit cards, airline miles, video game scores, and more.



Points Empower Your Audience. Points provide clear milestones to empower and enable your audience. If you have 120 points and can get something free if you hit 300 points, you are likely to continue to participate so you can achieve that milestone and get the reward.



Flexible. You can award points in a broad range of scenarios. This could include joining events, creating content, buying products, speaking on webinars, running workshops, and more. You simply adjust the number of points assigned depending on the significance and value of the activity.



Cost Effective. Rewarding your customers with physical goods such as t-shirts, gadgets, water bottles, etc, can get expensive due to not just the items themselves, but also shipping. Digital delivery of rewards is far more cost effective and faster.



Enable a Global Audience. Digital rewards also enable you to engage with and reward a global audience and avoid problems with expensive shipping of goods to countries with poor quality shipping/tracking networks (which can result in expensive re-shipping when a package is returned after a failure to deliver).



Provides Rewards Choice. Depending on how your audience redeems rewards for their points, if you use a platform such as Rybbon PointsJoy, they can choose the rewards they prefer themselves (such as a gift card to an online store of their choice). This puts choice in your audience's hands, reduces the risk of having rewards your audience don't care about, and provides valuable data for what your different audience members are motivated by.



Increasing Retention and Lowering Churn. If your audience isn't engaged, they will walk away. Many communities struggle with increased churn and lower engagement rates because there is not enough content, activities, and recognition for them to connect with. Drop off and churn can lead to time and money wasted on replenishing and re-engaging participants. Points are a useful strategy to keep your audience engaged (and rewarded), especially when you are recognizing activities and outcomes that are worthwhile to them (e.g. using your product, providing support in your community, etc.) More engagement means less drop off and churn, and ultimately, less of your time spent on recruiting new participants.

If you are considering how to reward your customers and members in a scalable way, points-based rewards are a great solution.

HOW TO GET STARTED WITH POINTS

OK, so points seem like a good idea, but how do you get started designing your points program? Let's cover this in **four** simple steps.



Step
01

DEFINE YOUR MISSION AND PURPOSE

Step
02

DESIGN YOUR INCENTIVES

Step
03

CALCULATE YOUR POINTS

Step
04

SHARE AND PROMOTE

DEFINE YOUR MISSION AND PURPOSE

Before we start designing which activities get which points, you first want to ensure you are clear in your broader mission. From there you can then decide your target audiences and then ultimately which activities we want to award points and rewards for.

Now, you may already have your mission statement. Many communities and businesses create their mission statement earlier in their formation, but it often gets out of date quickly.

If you don't have your mission, or it is out of date, here is how I recommend you create it.

First, bring the most relevant team members together. Ideally this should include your leadership, key stakeholders, and very passionate individual contributors. You want to broaden the tent with a diverse range of ideas and input to shape your mission.



Second, ask everyone to throw out words that they associate with the broader mission. What are the most relevant, powerful words that should be included? Note them down, similar to a word cloud, with the words that resonate the most highlighted. Discuss the words openly with the group as they are shared, what they mean for the mission, and gradually key themes in the mission will unfold.

Third, sit down with the most popular and relevant words and draft a mission statement. This should be no longer than two sentences that distill the primary goals of your community, company, or organization. For example, this could be:

"To use artificial intelligence to revolutionize the future of accessible, cheap, healthcare."

"To empower a global community that collaborates together to fight Parkinson's disease."

"To deliver powerful, efficient business intelligence platforms that deliver incredible customer delight."



Finally, share the mission statement with your broader team and get input. Specifically invite critical opinions and changes to improve it. This will strengthen your mission.

DESIGN YOUR INCENTIVES

One of the most interesting elements of human behavior is that **whatever you incentivize will change the behavior of that target audience.**

Just take businesses and their employees as an example. For a long time businesses have offered performance-based bonuses in which you get a financial reward if you hit specific performance goals. These bonuses often result in increased performance so that employees can take home their juicy end-of-year bonus for their families (and get that new swimming pool!)

As such, you should first think carefully about (1) who your target audience, customers, and members are, and (2) what kinds of activities you want to see them engage in.

Let's start with your audiences.

Now, there are two different types of audiences you will want to consider.



Major audiences are your general audiences that you want to attract. For example, this could include:

- Consumers or Customers
- Partners, Distributors, Resellers
- Developers
- Product Testers
- Social Media Influencers
- Association Members

Executives and leadership teams are usually very focused on these broader Major audiences. These different audiences typically demand different communities, engagement, and collaboration.

While they work as general audiences, to make points really effective, we need to get more specific and tune the activities you want to reward to a more specialized set of audiences. We call these Minor audiences.

Minor audiences are more specialized audiences within a Major audience. For example, let's say you are a music subscription service targeting Consumers, your Minor audiences could include:

- Freemium Subscribers
- Individual Paid Subscribers
- Family Plan Paid Subscribers

So, to get started, first choose which 1 or 2 Major audiences you want to reward and then identify how they can be subdivided into Minor audiences. While it may be tempting to try to make points rewards available to all the different audiences you engage with, I recommend you only choose the most critical audiences right now.

To do this we are going to use the following worksheet:

AUDIENCE SEGMENT	ACTIVITIES	PRIORITY <div><div></div><div></div><div></div></div>
AUDIENCE SEGMENT	ACTIVITIES	PRIORITY <div><div></div><div></div><div></div></div>
AUDIENCE SEGMENT	ACTIVITIES	PRIORITY <div><div></div><div></div><div></div></div>

Firstly, in the left column map out the different Minor audiences that you want to reward with points.

As such, don't choose more than three audiences. Let's get those rewards up and running and successful first before you expand to other audiences.

Now, in the right column, brainstorm the different types of activities you would like to see that audience participate in. This could include:

- Customer referrals
- Completing Feedback Surveys
- Contributing to discussions in community forums
- Creating social media content and posts
- Participating in product testing

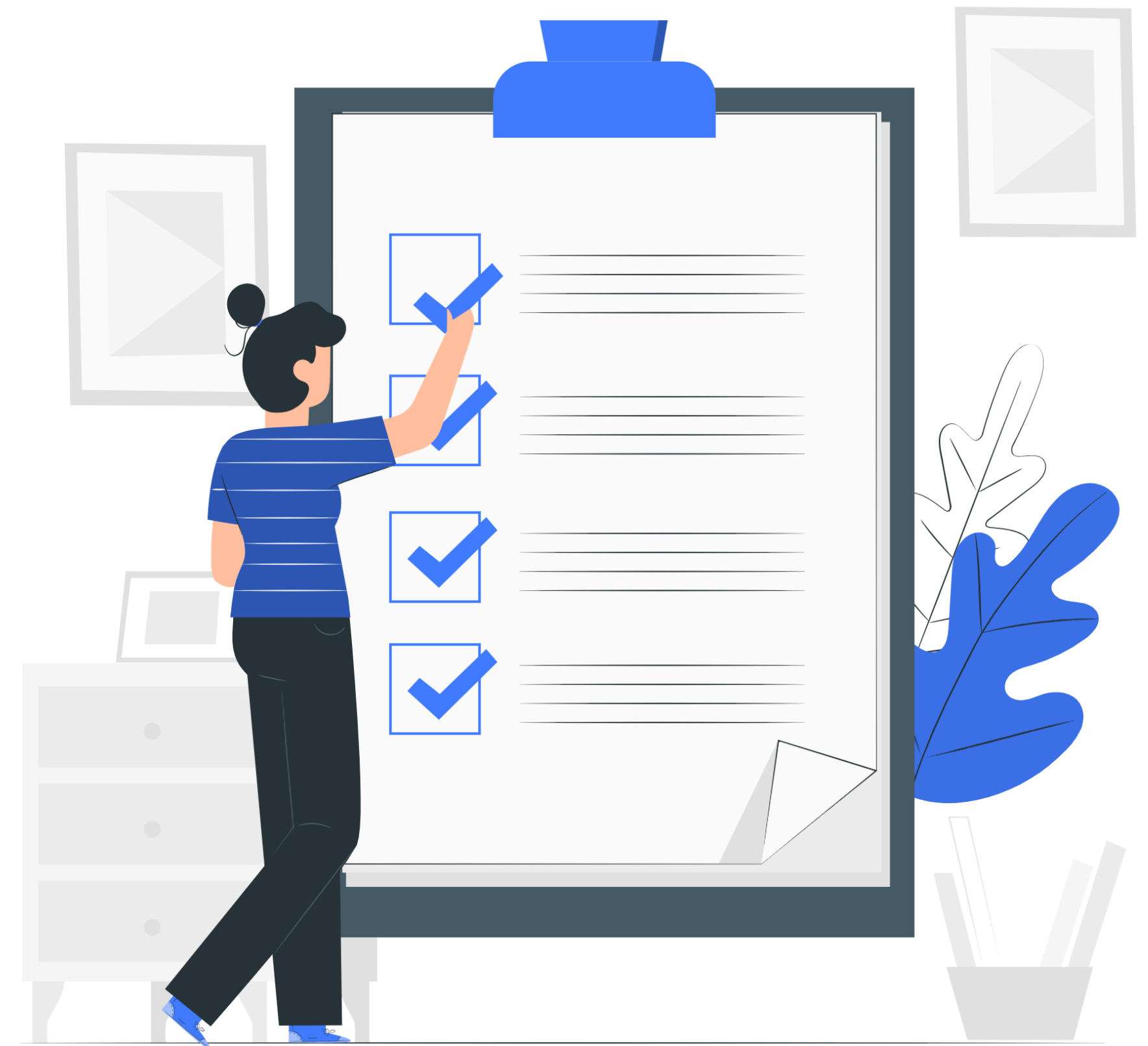
Consider which activities are most important to you and add them to the worksheet. For example:

AUDIENCE SEGMENT	ACTIVITIES	PRIORITY
Customers	Referring customers	<input type="radio"/>
	Attending our online events	<input type="radio"/>
	Creating a blog post	<input type="radio"/>



- 👉 Now we need to prioritize these activities. This is important so we can determine how many points are applied later on.
- 👉 To do this, rank each of the activities you have written down in priority order from 1 (least important) to **10** (most important). Scribble this number into the priority circles.
- 👉 Importantly, this ranking should cover all your audience segments and activities - you should only see a priority number written down once on the worksheet.
- 👉 It can be tempting to give some activities the same priority number, but resist the temptation. It is important to consider what are the most important activities to encourage. We can expand them later.

Now, choose the **top three highest rated behaviors** and continue onto the next step. We can come back to our other priorities once we get these first three successfully up and running in our rewards program.



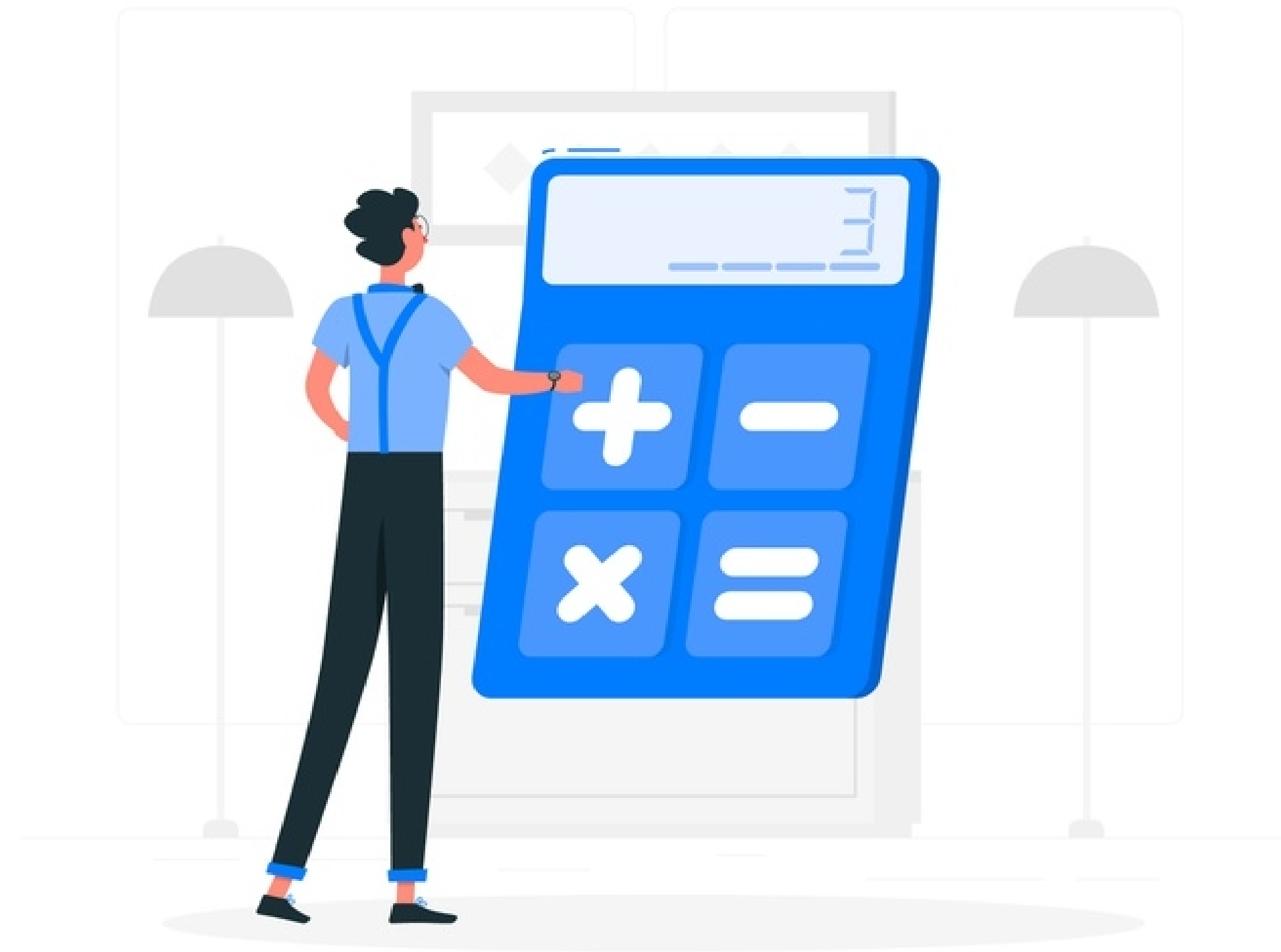
CALCULATE YOUR POINTS

With our target audiences and behaviors defined, we now need to identify how many points to distribute for each activity.

Firstly, choose your budget. As an example, let's assume our budget is **\$1,000/month**. We want all activities and rewards to sit within this overall budget.

Secondly, evaluate how many points per dollar you award within our budget. For example, this could be 10 points per dollar, thus creating a monthly budget of 10,000 points for the \$1,000 budget.

You can increase the number of points per dollar if you prefer (such as 100 points per dollar), which can be helpful when you want to track lots of smaller activities where you want to award a more granular set of points (e.g. logging into and using your product.)



Now, let’s calculate the points per activity. To do this we will use this worksheet:

PRIORITY	VALUE	QUANTITY	POINTS	ACTIVITY
<input type="radio"/>	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<hr/>
<input type="radio"/>	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<hr/>
<input type="radio"/>	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<hr/>
<input type="radio"/>	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<hr/>
<input type="radio"/>	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<hr/>

First, take your prioritized list of activities and evaluate how many occurrences of that activity are likely to occur each month. Fill this into the sheet in the Quantity boxes.

Now, calculate the dollar value of each activity to come under your monthly budget and write these into the Value boxes.

For example, here is the previous list of activities from our earlier example:

PRIORITY	VALUE	QUANTITY	POINTS	ACTIVITY
10	\$ 50	10		Referring customers
9	\$ 4	100		Attending our online events
8	\$ 20	5		Creating a blog post
	\$			
	\$			

As you are doing this, you will need to play with the numbers to make sure everything adds up to your total budget (in this case \$1,000/month). The easiest way to do this is to play with the numbers in a spreadsheet.

As you are choosing these dollar values, consider the following:

- **What is the average quantity throughout the year?** As you are considering the quantity for each activity, there will be some months where you will have fewer activities and more. Consider these slower and busier months when evaluating average monthly quantities.
- **Are you baking in overages?** Sometimes you may have a significant uptick in participation and it may send you over-budget. You should include this into your figures. For example, if you are expecting 7 customer referrals a month, allocate a quantity of 10, just in case.
- **How are the costs of the activity covered?** If you have activities that are closely linked to generating revenue, it can be easier to justify them. Using the example above, if we know that attending an event will result in sales, attaching a \$4 value is fine as it will be covered by the sales (thus making a profit.)



Now you can calculate the number of points per activity.

Using our previous decision of assigning 10 points per dollar, we can simply multiply the dollar value by 10. Write this into the Points boxes.

Now our completed list of activities now looks like this:

PRIORITY	VALUE	QUANTITY	POINTS	ACTIVITY
10	\$ 50	10		Referring customers
9	\$ 4	100		Attending our online events
8	\$ 20	5		Creating a blog post
	\$			
	\$			

You now have a clear set of activities, appropriate budgets, estimated quantities (with a buffer baked in), and a clear points-per-dollar value. Importantly, if you decide to add additional activities into your rewards program and within your budget, make sure you adjust the numbers as appropriate.

Using our current example, if you add a fourth activity, you will still likely have the same **quantity** of other activities, but you may need to dilute the **point values** to make room for the additional fourth activity.

For example, you could reduce the ‘Referring customers’ activity to \$40 down from \$50, thus freeing up \$100 each month, and use this for your fourth activity.

For example, if we were to reward people who answer questions on our community forum, and estimate around 50 answers each a month, we could value this at \$2 per answer ($\$2 \times 50 = \100 .)

This would change our rewards plan to:

PRIORITY	VALUE	QUANTITY	POINTS	ACTIVITY
10	\$ 50	10	500	Referring customers
9	\$ 4	100	40	Attending our online events
8	\$ 20	5	200	Creating a blog post
	\$ 2	50	20	Answering question on forum
	\$			



Now you have your points ready to go, you should make a decision about how you want to distribute your rewards.

As I mentioned earlier, there are two primary options:

- **AutoRewards** - this is when you automatically deliver a reward when your audience meets a particular threshold. This is the most simple and easiest way to distribute your rewards.
- **Points balance** - this is when you allow your audience to aggregate points and then choose their rewards from a reward gallery based on how many points they have. This can be a great way to provide choice and enables larger and larger rewards for your more ambitious audience members who want to keep building up their points.

Now you have your points strategy in place, it is time to start promoting them.

SHARE AND PROMOTE

An amazing points system is only useful if your customers, members, and users know about it. As such, it is essential to raise awareness of your points program across a variety of media.

Focus on the following:

Integrate into your website. Ensure you have your points program integrated into your company/community website. Your users will need to have a simple way to register an account, see their points balance, browse potential rewards, and cash their points in for rewards. Again, this is where a platform such as [Rybbon PointsJoy](#) can enormously simplify and streamline delivering this experience.

Events. In both in-person and online meetups, conferences, workshops, and more, be sure to regularly refer to your points program. Include it in decks, promotional materials, in presentations, and more. Share how many points people will get when they join events, speak at them, and more.

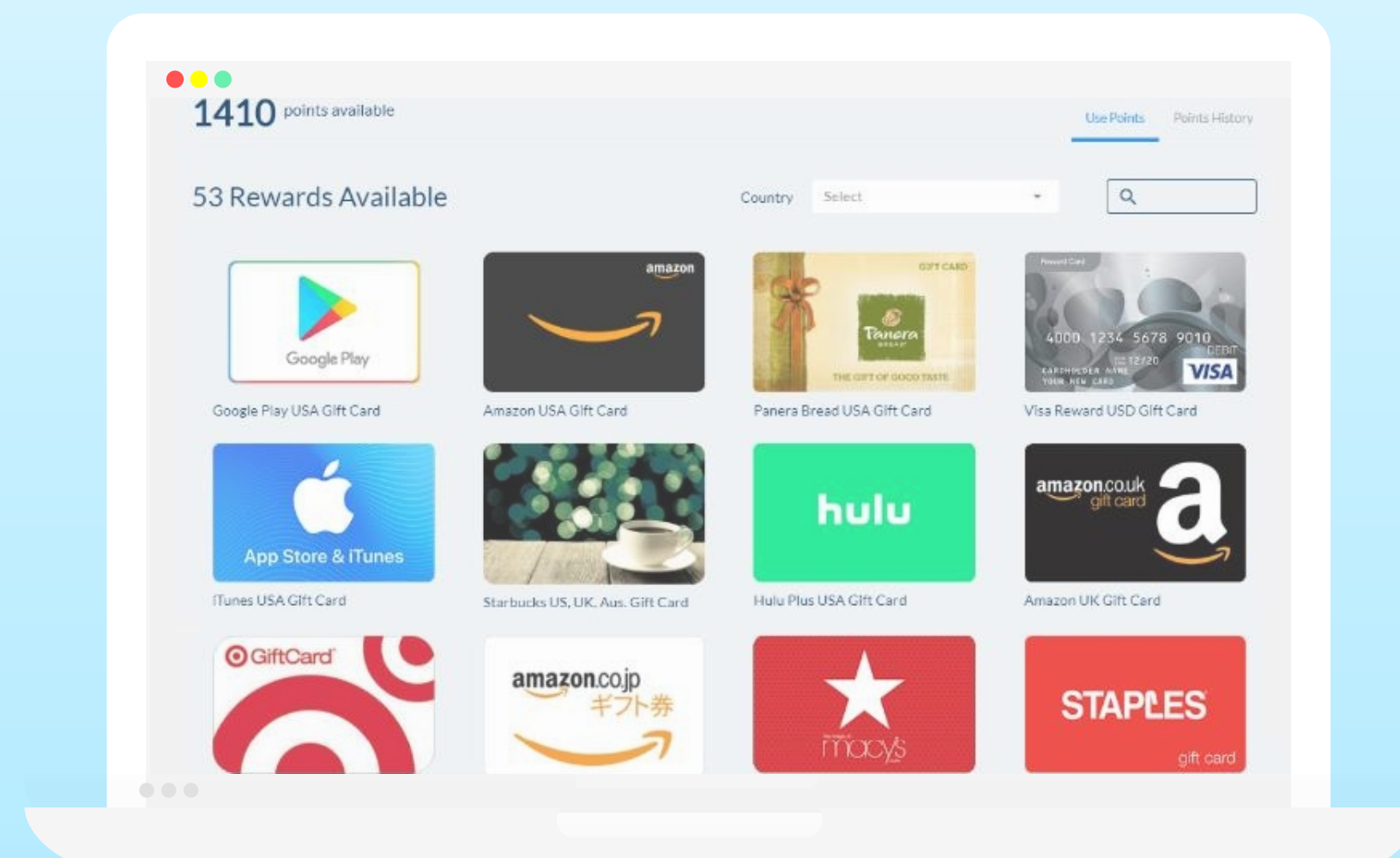


Social Media. Social media is a powerful tool, not just for promoting your points program, but also sharing success stories. Get permission from your customers and users and share their stories of earning points on social media. Peloton does something similar with their customers and how many rides they have taken: it provides key social proof.

GET UP AND RUNNING QUICKLY WITH RYBBON POINTSJOY

I hope you found this quickstart guide to creating a points-based rewards program useful. It should get you started with a clear set of activities and next steps for you and your audiences.

I mentioned this a few times throughout this piece, but Rybbon PointsJoy is a fantastic solution for making points programs far easier to deliver. It enables you to deliver the shopping cart style rewards experience we covered earlier.



16 points available

[Use Points](#)

[Points History](#)

58 Rewards Available

Country

Select



Amazon USA Gift Card



Starbucks US, UK, Aus. Gift Card



Panera Bread USA Gift Card



Macy's USA Gift Card



Nordstrom USA Gift Card



Best Buy USA Gift Card



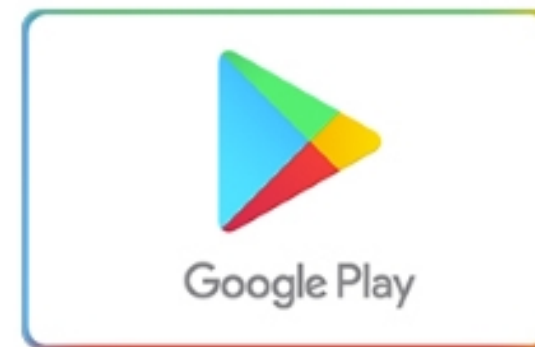
Staples USA Gift Card



NFL Shop USA Gift Card



Nike USA Gift Card



Google Play USA Gift Card



Hulu Plus USA Gift Card



AMC USA Gift Card



Regal Entertainment USA Gift Card



Cineplex Odeon Canada Gift Card



Hotels.com USA Gift Card



The Home Depot USA, Canada Gift Card

PointsJoy enables you to:

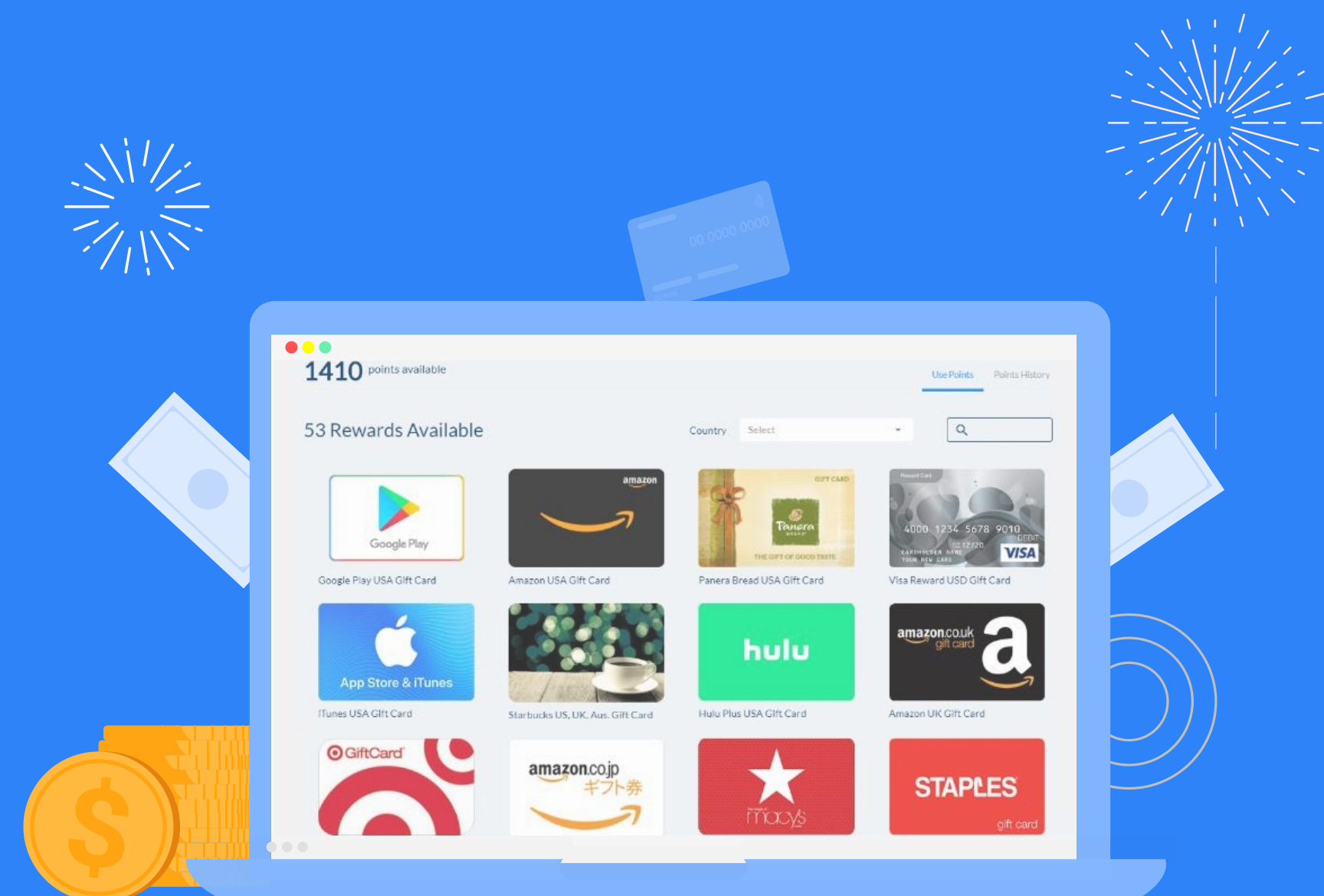
- Start a new points program and simplify how your customers and users register and get involved.
- Embed a complete rewards platform into your website. Everything from changing account details, viewing points balances, browsing rewards, and redeeming multiple rewards is simple to integrate.
- Take our worksheet of activities from earlier and implement them quickly and easily, all within your budget.
- Select from a huge range of online rewards (including Amazon.com, iTunes, Visa, Mastercard, and DoorDash) and enable your customers and users to redeem them easily. You don't have to worry about engaging with the providers: it is all taken care of for you in PointsJoy.
- Customize the colors and theme the entire experience to look and feel just like your brand.

You can [find out more about Rybbon PointsJoy here.](#)

Alternatively, if you want to deliver rewards directly (as discussed earlier too), Rybbon also offers tools for [delivering this too.](#)

Request a PointsJoy demo to learn how to build a points-to-rewards program that works for your community.

[Click Here](#)



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