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20 Brands Consumers Can't Live Without



How to Earn Customer Loyalty in 2020

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INTRODUCTION

What makes customers loyal in 2020? What are brands doing to stand out from the competition and win the hearts and share of wallet of consumers? Which brands are leading the pack?

CrowdTwist (acquired by Oracle in October 2019) surveyed more than 200 consumers asking them to name the brands they're most loyal to. Figure 1 below reveals the brands that rank #20 through to #6.

20 	19 SAMSUNG	18 <i>allbirds</i>	17 	16 
15 	14 	13 patagonia	12 	11 
10 	9 SEPHORA	8 	7 Google	6 TRADER JOE'S

Figure 1. Brands that ranked #6 through #20 in CrowdTwist's survey of consumers.

This white paper presents the top five brands from the survey and takes an in-depth look into why customers are so loyal to them. Find out how these companies are innovating the customer experience and how you can learn from their success to earn brand love in 2020.

#5. TARGET

Coming in at #5 is Target, which isn't surprising: this brand consistently ranks very well with millennials and also ranked #6 on the Top 10 Loved Retail Brands on Social Media in 2018.

Target piloted a new loyalty program in Q2 2018, which offered customers cashback and discounts on delivery. The program, Target Circle, launched last April in Dallas. Due to its success in member acquisition and increasing sales, the company rolled out the program to additional cities in 2019. Unlike Target's existing store card REDcard, Target Circle does not require customers to sign up for a credit card to access benefits. This enables the company to unlock data on about the 75% of its customers who don't purchase with REDcard. With access to data on more of its customers, you can expect Target to extend its personalized experiences and promotions and continue to build upon the emotional connections it has already formed with customers.

Why Customers Love Them

One Stop Shopping

Target achieves this "one-stop shop" brilliance with its private-label strategy. Target has continued to stand out from an Amazon-dominated marketplace by creating 20 private labels over the past two years mostly across the home goods and apparel categories.

In Q4 2018, Target launched a line of inexpensive toiletries and cosmetics with private label Smartly, most costing under \$2 each. This strategy deters Target shoppers from needing to purchase from discount stores, increases the cart size of existing customers, and building in the convenience of a "one-stop shop" presence.

Upscale Presence at a Discount Price

Target collaborates with higher end brands—such as Lilly Pulitzer, Missoni, Alexander McQueen, and Jean Paul Gaultier—to create and offer items that are true to high-end designer style but available at a much lower price point. These brand partnerships enable Target to continue to offer affordable items, while differentiating and diversifying its offering for a broader audience.

Target has rolled out more than 175 of these partnerships since the debut of its Michael Graves Design Collection in 1999, and since then has often been referred to as "Tarjay" for its vast offering of luxe lines. The buzz Target generates around these collaborations draws customers into stores, and once in stores, they're likely to make a purchase.

Emotional Connections and Brand Purpose

Target is top of mind for many consumers with a range of needs: busy moms who want to pick up everyday necessities, millennials looking for an affordable fashion fix, or college students who want to decorate their dorm without breaking the bank. The Target appeal is so powerful, even celebrities frequent the stores. It's a brand consumers grow up with.

In addition, the stores create a happy environment to browse in. The unmistakable red, bright lights, and organized aisles are so appealing that consumers spend more time in stores and more money than they had intended, which is famously known as the Target Effect. Add to all of this the fact that Target is a socially conscious brand that gives back to the community; it's not hard to see why customers have forged an emotional connection to the brand.

#4. NORDSTROM

Nordstrom was a popular choice for survey respondents, making it to number four on the list of the most loved brands.

Nordstrom is one brand that's flourishing amidst the retail apocalypse. In fact, the brand increased revenue from about US\$10 billion to US\$16 billion between 2010 and 2018. Customer satisfaction rates are also high; Nordstrom tied for third place in the 2018-2019 American Customer Satisfaction Index (ACSI) for retail stores.

Positive customer sentiment could be tied to its successful loyalty program, Nordy Club, which was revamped in October 2018 to reward customers for purchases made with or without the store credit card. As of late 2018, the brand boasted more than 10 million members, an almost 20% increase over 2017. According to Nordstrom's Chief Marketing Officer, Scott Meden, loyalty members spend four times more and shop with the brand three times more than non-members.

Why Customers Love Them

The Loyalty Program is Fresh and Relevant

When the revamped loyalty program, Nordy Club, launched last year, the company also launched an in-app feature—the Nordy Portrait—that allows members to create user profiles, customize their style profiles, access their loyalty points data, and get insight into how much they need to spend to reach the next level. At the highest tier, members even have access to an in-home personal stylist.

With this engaging loyalty program, members are rewarded for each purchase, no matter where the transaction takes place. This provides members with a convenient way to shop and be rewarded for their purchases.

Upscale Presence at a Discount Price

In stores, Nordstrom sends personalized notifications to alert in-store shoppers when items from their carts are back in stock nearby. Sales associates have access to customer browsing data enabling them to make personalized, relevant recommendations to shoppers.

By using sensors and Wi-Fi signals, the company tracks who comes to its stores, how long they spend, and which parts of the store they visit. Nordstrom has also installed interactive touchscreens in changing rooms in select stores to allow customers to order products and view stock online.

Emotional Connections and Brand Purpose

Nordstrom constantly innovates the in-store experience to delight customers and create memorable experiences.

When Nordstrom opened its first men's store in Manhattan in April 2018 it set new retail standards for customer service and brand experiences. While browsing the suit selection, shoppers can enjoy a cocktail at the Clubhouse Bar overlooking Central Park and Columbus Circle or enjoy coffee and a pastry while checking out the footwear. Similarly, last year Nordstrom opened the first Nordstrom Local in Los Angeles, a small store that holds no inventory on-site. The store has a nail salon, a bar, fitting rooms, and even a seamstress on hand. Shoppers can place online orders and have them shipped to the store to try on and pick up.

The focus of these new stores is to provide unique and exceptional brand experiences. The company plans to open more locations throughout the U.S. this year.

#3. STARBUCKS

Starbucks ranked #3 with survey respondents.

Customer love for the brand can be directly attributed to its widely successful loyalty program, Starbucks Rewards. According to the recent Q1 2019 earnings call, the program boasts a membership of 16.3 million. In the US, active members of this program contribute to 40% of sales.

In addition, the Starbucks' mobile app was ranked the most popular among several well-known restaurant loyalty rewards apps, according to a recent survey from The Manifest.

Why Customers Love Them

Ordering and Paying is Seamless and Convenient

The mobile experience for rewards members is unmatched. Not only are members able to browse the menu and order ahead via the Mobile Order and Pay in-app feature, but the Starbucks point-of-sale (POS) system is also integrated with the loyalty program so members' transaction and order preference data is captured and members are rewarded for every purchase they make.

Starbucks continues to remove barriers to purchase by introducing new features such as the ability to order via Amazon's Alexa. In-store payments can also be processed through the app, which means customers can load gift cards onto the app, reload, or combine balances. The flexibility and convenience provided by the Starbucks app is what helps keep the brand top of mind for coffee lovers on the go.

Relevant Perks and Rewards

Customers also love Starbucks and its rewards program because of the many freebies and perks the brand rewards its most loyal customers with.

Loyalty members fall into one of two tiers: green and gold. Green members, at the entry-level status, receive a free birthday reward, the ability to order ahead, free in-store refills, access to member events, and the ability to pay by phone. Gold status, however, delivers those perks as well as monthly double-star days, a personalized gold card, and a reward for every 125 stars. In addition to free food and drinks, the program also offers free access to music and games.

These desirable perks persuade customers to choose this brand over its competitors and incorporate rewards that extend beyond the product offerings of the brand.

Consistently Good Customer Experiences

Each Starbucks location has the unmistakable coffee aroma, familiar interiors, and friendly green-aproned baristas who already know your name and order. Starbucks has not only built an extremely loyal following, but also a sense of community among its customers.

The brand's mobile app has not only helped optimize the ordering experience, but mobile orders have also helped to shorten the in-store wait lines dramatically. Mobile order customers are able to order ahead, walk in, pick up, and go. For those who choose to wait in line, the wait is much less than what one would expect from the country's busiest coffee chain. Starbucks baristas are known to go above and beyond to create memorable experiences to keep customers coming back. For example, baristas are empowered to surprise and delight customers with gift cards if they determine the customer experience is anything less than exceptional.

#2. AMAZON

Amazon ranked #2 with the consumers surveyed. The company also ranked #1 in the online retail category of the Brand Keys Customer Loyalty Leaders List 2018.

Amazon is expected to generate US\$258.22 billion in United States retail sales this year, according to eMarketer. In addition, Amazon Prime memberships are reported to have a 94% retention rate after the first year, and 98% of those users stay on for a third year. The company's impressive retention rates will likely remain high thanks to its self-service loyalty marketing tool called Amazon Moments that enables companies to reward customers with Amazon-branded products or products sold by other retailers when customers complete certain actions such as renewing a subscription.

Why Customers Love Them

The Price is Right

Price is a major driver in purchasing decisions. 65% of Amazon customers ranked lower prices as the main factor they consider when deciding to purchase on Amazon. Other factors they considered included free shipping (56%) and positive reviews (50%) according to a survey by Feedvisor.

Free 2-Day, 1-Day, and Now Shipping

Amazon Prime offers free 2-day shipping on many products, regardless of price. Furthermore, Prime members in more than 8,000 cities and towns can get delivery as fast as the same day for more than a million items with qualifying orders over \$35.

Modern consumers love the convenience of being able to make a purchase online and having items delivered directly to their door or a nearby pick up spot quickly at no extra cost. Knowing free shipping is a major draw for Amazon customers, the company won over many holiday shoppers in December 2018 when it extended free shipping for a limited period to non-Prime members.

One-Click Purchases

Amazon makes it easy for customers to make purchases. Amazon patented 1-Click Ordering as a simple way to set a default payment method and address for orders. Customers aren't required to fill in their information and confirm each time they make a purchase. This saves the customer time and makes it easy for them to complete a transaction. It also helps alleviate issues around cart abandonment due to lengthy form fills.

#1. APPLE

The surveyed consumers designated Apple as the brand that inspires the most loyalty.

This should come as no surprise. In late 2018, when Forbes published its annual study on the world's most valuable brands, Apple topped the list for the eighth year running, with a brand value totaling US\$182.8 billion—up 8% from the previous year. Research by Consumer Intelligence Research Partners of 500 US smartphone users who have activated a new smartphone each quarter, over the past four years, found that Apple hit its highest loyalty rate of 89% in Q3 of 2018.

Why Customers Love Them

Product Design and Usability

Apple is usually the first choice for first-time smartphone buyers. Apple products are famously easy to use. Everyone from older generations to teens, from early tech adopters to the less techy purchase Apple products. Apple products are also simple to buy and return and are fully supported by Apple's customer service.

Once they purchase their first product, loyal Apple customers will most likely buy into the entire family of products. Apple's sleek aesthetic, its operating system, and connected devices—including mobile phones, watches, televisions, computers, and iPads—encourage customers to buy into the elite Apple lifestyle and ecosystem.

Exclusivity and Identity

Apple offers a sense of exclusivity. Apple products are notoriously expensive, with an estimated price increase of 20% year over year. Apple also creates a lot of hype and buzz around its product launches by keeping the details under wraps. All of these tactics create a sense of community, identity, and esteem among its customers. Each product release generates anticipation and excitement for the company's most loyal fans.

Customer Experience

The brand is renowned for providing exceptional customer service. Apple's Genius Bar helps customers fix problems with their devices and adds a high level of personalization to their service, enabling customers to schedule appointments ahead of time and indicate exactly what they need assistance with.

Fun fact: Apple Store associates are trained to walk customers through five distinct service steps that spells out the acronym APPLE.

- A:** Approach customers with a personalized, warm welcome.
- P:** Probe politely to understand the customer's needs.
- P:** Present a solution for the customer to take home today.
- L:** Listen for and resolve issues or concerns.
- E:** End with a fond farewell and an invitation to return.

CONCLUSION

Only the most forward-thinking and conscientious brands will earn customer love and loyalty in 2020, but not without a thoughtful strategy and approach.

The brands featured on this list all have one thing in common: they keep their customers at the core of everything they do. More and more brands innovate the way that they market to and cater to their best customers.

Multichannel loyalty programs are a proven and effective way to provide better customer experiences across all touchpoints and engage and reward them in meaningful ways at every brand interaction. As consumer expectations continue to increase, building this additional value at every opportunity can help your brand stand out from the crowd and increase consumer retention and sales.

Learn More

Oracle CrowdTwist customer loyalty platform enables brands to unlock unique insights and incremental value through omnichannel engagement. A flexible SaaS solution, Oracle CrowdTwist leverages AI technology and predictive analytics to deepen brand-customer relationships and build emotional bonds. Forrester recognized the platform as a Leader in “The Forrester Wave: Loyalty Technology Platforms, Q2 2019.”

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