



The Marketer's Guide to Brand Loyalty

Consumer research illuminates how to add value to the customer relationship, build trust through engagement and personalization, and stand out from the competition.

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INTRODUCTION

Customer loyalty is becoming harder and harder to attain.

With increased competition, brands are continually driving down prices (and margins) to make the sale. Savvy consumers can easily find what they want at the cheapest price with a quick internet search, forcing brands to think outside of the box to keep customers coming back. To add value to the customer relationship, brands must demonstrate they understand what their customers want through personalized and relevant experiences.

Recently, CrowdTwist (acquired by Oracle in October 2019) conducted research into what makes customers loyal, how loyalty programs can help drive better customer experiences, how to create the shopping experiences that consumers want, and how to engage customers beyond their purchases.

This report—the first in a two-part series—provides recommendations for brands based on the general findings from the research, reveals the brands consumers are most loyal to, and delivers insight into what features make the most popular loyalty programs in market today. The second report in the series examines the data through a generational lens to uncover how brands can drive greater loyalty from specific consumer groups.

The survey data provides insight into

- What makes customers loyal.
- How loyalty programs can help drive better customer experiences.
- How to create the shopping experiences that consumers want.
- How to engage customers beyond their purchases.

RESEARCH DEMOGRAPHICS

The research was conducted in July 2019. CrowdTwist invited 1,244 consumers from across the United States to participate in an online survey about consumer attitudes towards loyalty programs, brand engagement, personalization, and shopping experiences.

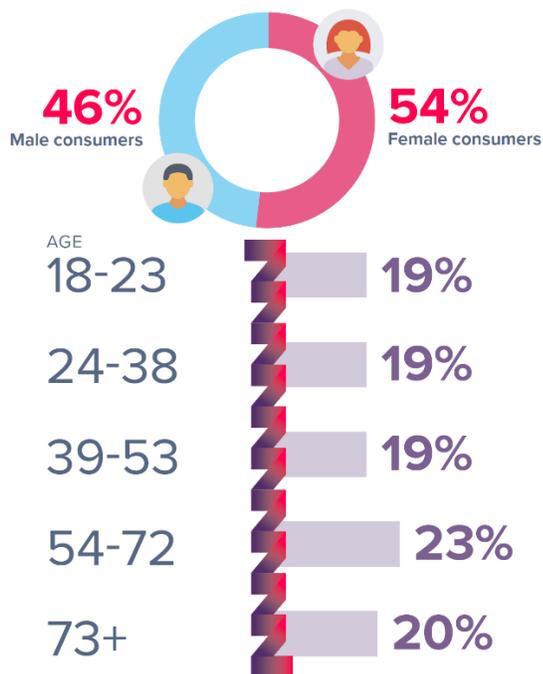


Figure 1. Demographic profile of survey participants

In this report, you will find guidelines rooted in the research that are meant to inform on ways that brands can build impactful loyalty programs that consumers want.

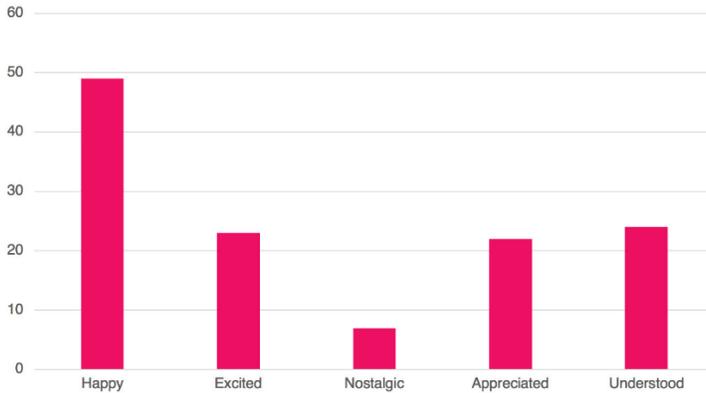
HOW TO DRIVE BRAND LOYALTY

Building brand loyalty transcends mass marketing “feel-good” campaigns and is meant to strike at the hearts and minds of consumers. With increasing competition, both in attention and price, brands are tasked with creating meaningful relationships with their consumers at every interaction. While consumers have an appetite for loyalty programs, creating one that consumers continually engage with both from an earn and a burn perspective is a key indicator of program success.

Make customers feel happy and understood.

When asked to describe the emotion they experienced when they think about their favorite brand, almost half of the respondents answered “happy.” The second strongest emotion was “understood.”

How consumers’ favorite brands make them feel



62% of consumers could be persuaded to choose one brand over another due to the presence of a loyalty program.

Deliver a great product range at fair prices.

And what exactly makes a consumer feel happy or valued? Asked what makes them loyal to a specific brand, 72% of respondents answered a good product selection, 67% answered that the products are fairly priced, and 43% said a good shopping experience.

Strongest drivers of brand loyalty



Loyalty programs influence brand selection.

Loyalty programs provide brands with a competitive advantage. 62% of the consumers surveyed answered that they could be persuaded to choose one brand over another due to the presence of a loyalty program.

The survey asked the respondents to name their favorite brand. Here's a list of the most named brands.

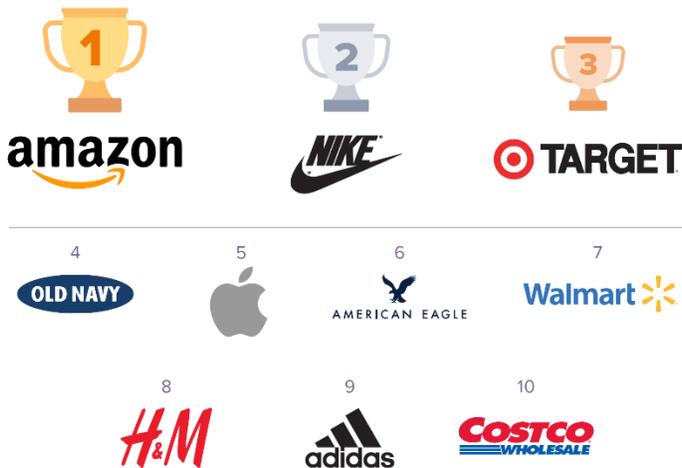


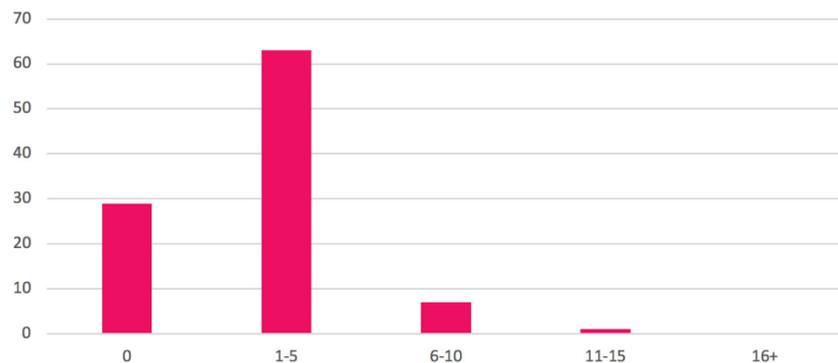
Figure 2. Top 10 loyalty programs from the 2019 survey

Not surprisingly, the top 3 brands on this list have loyalty programs. The research finds that consumers want loyalty programs from their favorite brands. 40% of respondents said their favorite brand has a loyalty program, and they are a member. 20% said their favorite brand doesn't have a loyalty program, but they would join if they did.

Consumers' engagement in loyalty programs is high.

71% of the consumers surveyed are active in at least one to five loyalty programs per month. 56% of respondents have at least one loyalty program app on their phone.

Number of active loyalty program memberships



Reward redemption is also comparatively high. 68% of people redeem rewards at least once a quarter, and 25% of those redeem at least once a month.

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HOW TO DESIGN A SUCCESSFUL LOYALTY PROGRAM

Careful consideration has to go into creating a loyalty program that provides both creative opportunities for consumers to engage with the brand and equally appealing opportunities to redeem points. Loyalty programs must be built to achieve a brands' unique business objectives, yet must not veer from the guiding light of providing value for its consumer.

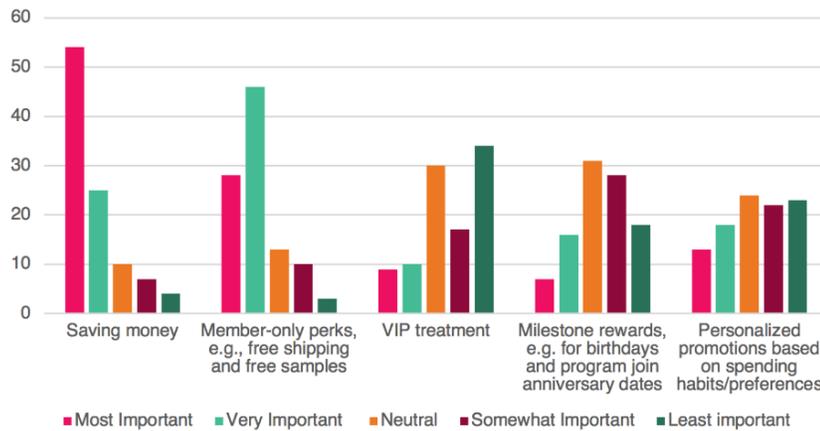
Create programs that are relevant and easy to participate in.

The main reasons consumers abandon loyalty programs are because the rewards aren't compelling or relevant enough (27%), or it takes too long to earn points (27%).

Attract members with perks and discounts.

54% of consumers said the number one reason they join a loyalty program is to save money. The second biggest reason consumers join is for member-only perks such as free shipping and free samples.

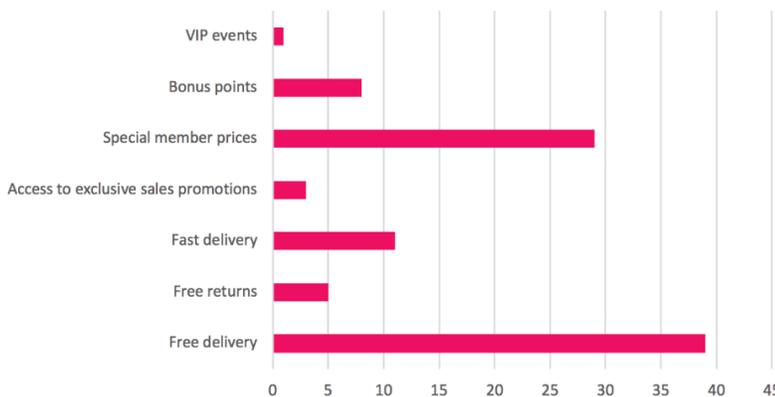
Why consumers join loyalty programs



Keep members engaged with desirable member-only perks.

The research found that 39% of consumers want free delivery and 29% want special member prices and perks as a loyalty program member. Consumers are less interested in VIP events or access to exclusive sales promotions. This may be indicative of the fact that many brands have yet to personalize their loyalty experiences to be inclusive of geotargeting their rewards.

Desirable loyalty program perks



59% of people are willing to pay for a loyalty program with valuable perks such as free shipping.

Reward brand advocates for their reviews and referrals.

Reviews and surveys provide brands with valuable feedback about their products and services and can help steer business strategy.

The research found that consumers want to be rewarded for recommending or endorsing a brand. For example, 72% of consumers answered that they would write reviews or refer their friends to earn points. In addition, 87% of respondents answered that they would refer friends and family to their favorite brand.

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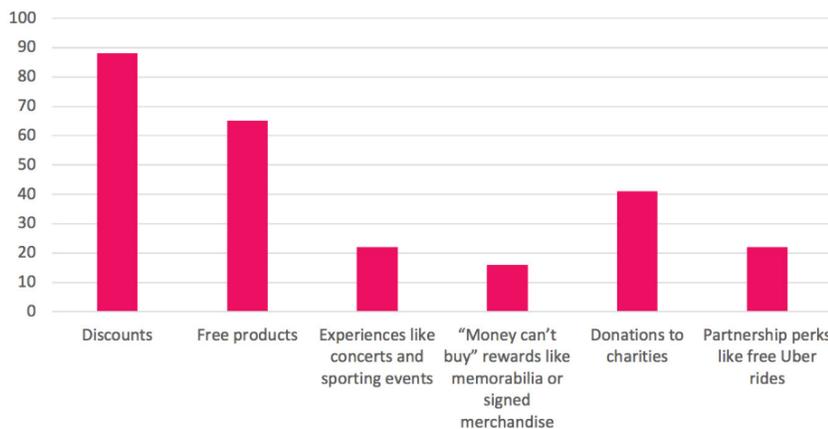
Charge members a fee for premium perks.

People understand the value of loyalty programs and are willing to pay for them. 59% of people are willing to pay for a loyalty program with valuable perks such as free shipping (for example, Amazon Prime).

Design a compelling rewards strategy.

Survey participants were asked to select all of the rewards that appeal most to them. 88% of the respondents want discounts and cash back rewards, 65% want free products, and 41% want to be able to redeem for charitable donations.

Most valuable rewards



HOW TO CREATE BETTER SHOPPING EXPERIENCES

Loyalty programs enable brands to recognize their members where and how they shop and create experiences that reflect those affinities. Creating a program that recognizes the shopping behaviors of consumers and unlocks a seamless experience is a largely undervalued benefit of many loyalty programs.

By understanding frustrations and barriers, brands can reward their most loyal consumers with low-cost incentives such as free-shipping or expedited check-out.

Provide flexible, omnichannel shopping options.

Survey participants selected the shopping methods that appealed most to them. 64% of consumers prefer to shop online and have the items shipped to their homes. It's also important to note that 48% of consumers also enjoy shopping in-store, demonstrating that brands must invest in connecting the omnichannel consumer across all interactions with a brand. 20% of consumers are also interested in payless shopping experiences.

Preferred shopping methods



64% of consumers prefer to shop online and 48% of consumers also enjoy shopping in-store.

Make it easy for customers to make purchases in-store.

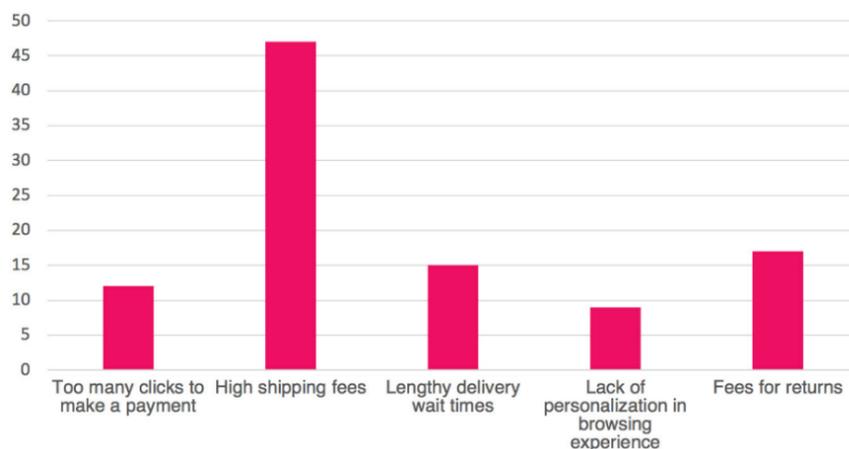
41% of consumers still enjoy trying and buying in-store, however 40% of consumers stated that long checkout lines are their biggest in-store shopping frustration.

Not having access to store inventory and not being able to find what they want is the second biggest frustration, yet only 37% of respondents are willing to download an app to help them navigate a store and check inventory. The research also found that 64% of consumers prefer to be left alone when browsing in-store.

Reduce shipping fees for online shoppers.

Over half of the surveyed consumers cited high shipping fees as their biggest online shopping frustration, followed by fees for returns and lengthy delivery wait times.

Online shoppers' biggest frustrations



HOW TO CREATE A MEANINGFUL BRAND EXPERIENCE

Data is the most valuable by product of a loyalty program. Through incentives, a brand is capable of providing point-earning opportunities for valuable, first-party data. The key is to actually do something meaningful with the data and respect that a consumer has provided that data in exchange for a more personalized experience.

Build trust by applying customer data appropriately.

While 45% of the respondents said they were willing to share their data in exchange for personalized experiences, there is a massive opportunity for brands to build trust with consumers and overcome their concerns about data collection and use.

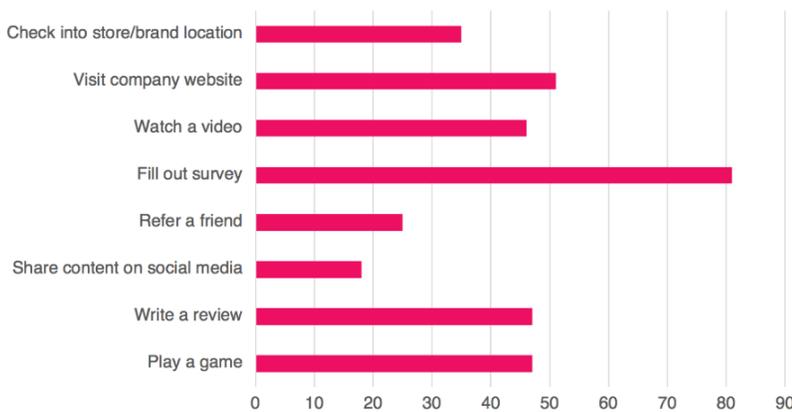
Brands can achieve this by providing enriching, valuable experiences for consumers that compel them to opt in and keep coming back.

By implementing loyalty programs with features and benefits that consumers want, brands have the ability to collect rich, opt-in consumer data. Not only will this data tell you about what customers want from your brand and why they purchase and engage with you, but the insight gained from a loyalty program is more relevant and accurate than a third-party data source. It can better inform your company about where to invest time and money, and how to tweak strategies to grow the business.

Leverage your loyalty program to capture rich consumer insights.

Brands have the opportunity to create loyalty programs that incent consumers to provide valuable data. By creating a program that is inclusive of point-earning activities that extract data, brands can dually benefit from an engaged consumer and unique first-party data. Invest in technology that can capture and apply customer data to create relevant promotions, communications, and brand experiences.

The research indicates that consumers have a high propensity to complete surveys, visit a company's website, write a review, and play a game. By incorporating these activities into your loyalty program, you will have access to rich actionable data on your customers.

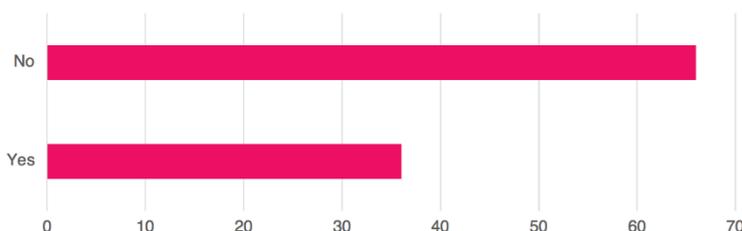


Scale personalization efforts.

Consumers want a personalized experience, but that's not always what they receive. Of the consumers surveyed, 55% want to receive personalized recommendations, however, only 37% have purchased something that was recommended to them by a brand in the past six months. Bad personalization is worse than no personalization.

Brands should invest in collecting and activating the data that customers are willing to share. Only 12% of the consumers surveyed said their favorite brand successfully personalizes for them.

Percentage of consumers who purchased a product recommended to them in the past six months



Only 45% of consumers are willing to share their data in exchange for personalized experiences.

Only 37% have purchased something that was recommended to them by a brand in the past six months.

MOST POPULAR LOYALTY PROGRAMS IN THE UNITED STATES

As part of the survey, participants were asked to name the loyalty programs they are currently most active in and explain what drives that participation. The results provide interesting insight into the types of industries, brand names, perks, and values that resonate with consumers in the United States.

Figure 3 lists the top 10 programs named in the research.

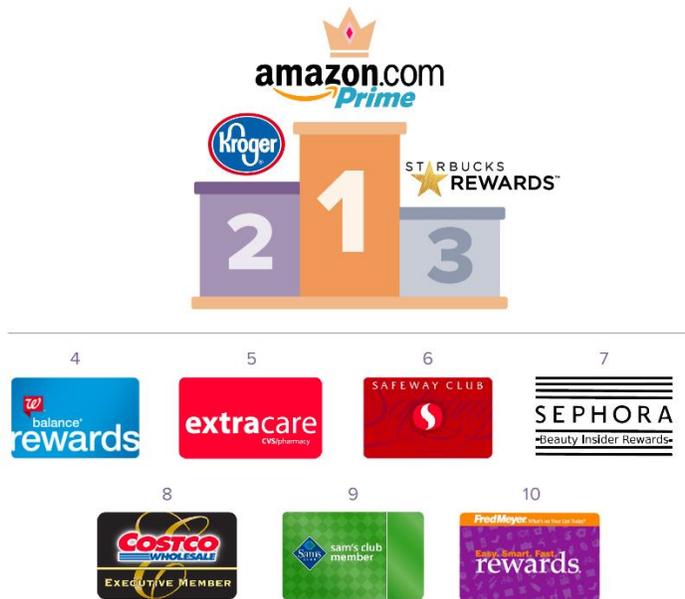


Figure 3. Top 10 loyalty programs identified by the 2019 survey

A closer look at the top three loyalty programs shows that they apply many of the principles for building brand loyalty.

Amazon Prime

The largest majority of respondents named Amazon Prime the program they were most active in. It's not surprising, considering the paid subscription program boasts an impressive membership of more than one hundred million. The benefits of being an Amazon Prime member are perks such as two-day free shipping, same day delivery, unlimited streaming of movies and TV shows, and access to Kindle books—all for a monthly fee of \$12.99 or \$119 for a year's membership. While convenience is the driving force for its perks, it has resonated well with the new (and old) generation of shoppers.

Respondents chose Amazon Prime for the product selection, free shipping, no hassle returns, and access to product reviews.

Kroger Plus

The Kroger Plus reward program was the second most popular selection across the board. It's not surprising given the participation in this loyalty program. Nine out of ten of Kroger purchases are made using its loyalty card. Earlier this year the company launched Kroger Pay mobile payment solution which is integrated with the program and speeds up checkout time.

Respondents cite personalized coupons, discounts on food and gas, and a good app experience as the main drivers of their participation.

The top three loyalty programs apply many of the principles for building brand loyalty.

Starbucks

Third on the list is Starbucks. Starbucks Rewards saw a 14% jump in U.S. membership to 16.3 million during its fiscal first quarter of 2019 compared with the prior quarter. CEO Kevin Johnson said greater adoption of mobile order and pay, enhanced personalization features, greater digital reach, and a more seamless customer onboarding experience contributed to the rise in membership and boosted sales.

In addition, Starbucks revamped their loyalty program earlier this year to enable members to earn and redeem Stars for Rewards upon immediately joining the program. Members can now earn 2 Stars for every \$1 spent.

Respondents cited free drink rewards and how easy it is to earn points as the reasons they love the program.

Thoughtful loyalty programs will engage, excite, and reward their most valuable consumers.

CONCLUSION

This research report is indicative of consumers' appetite for loyalty programs and provides valuable data that brands can leverage to create thoughtful loyalty programs that engage, excite, and reward their most valuable consumers. Brands can use this research to optimize loyalty offerings, drive participation and continued engagement, and collect rich, actionable first-party data on their customers. The ability to collect and activate meaningful data is particularly important, given that personalization efforts are still missing the mark for many consumers, leading to disappointing experiences that compromise their level of trust in brands.

Investing in loyalty strategies and solutions provides brands with the opportunity to add more value to the customer relationship, build trust through engagement and personalization, and retain their most valuable consumers even against the rising tides of competition.

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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