

Buying Into Loyalty: Research Examines Attitudes Toward U.S. Loyalty Programs

By Ed Finkel

TORONTO — Are consumers as loyal to loyalty programs as they are to the brands/companies the programs represent? What drives member satisfaction within loyalty programs? And how do these programs influence consumer behavior?

Answers to these questions and more are emerging from the ongoing research of **Bond Brand Loyalty**, part of **Maritz Holdings**, Fenton, Mo. (In late May, Maritz Loyalty Marketing rebranded itself as Bond Brand Loyalty.)

A North American consulting firm that designs, implements and operates loyalty and customer relationship management programs, Bond Brand Loyalty in June released its fourth annual loyalty marketing report, a survey of 6,000-plus Americans conducted in November 2013 that encompasses more than 150 U.S. consumer loyalty/rewards programs, including various retailer and consumer packaged goods/manufacture programs.

The company conducts the study to “keep our finger on the pulse of this space” and “to get a sense of to what extent consumers are loyal to brands and to what extent shopping programs are influencing behavior so we can build more meaningful experiences for our clients’ customers,” says Scott Robinson, senior director, loyalty consulting.

Shopper Marketing received advance access to various data surrounding select retailer loyalty/rewards programs (see

accompanying chart), and we’re supplementing that information with overall report insights provided by Robinson.

Among the findings related to consumers’ loyalty to the brand and to the program, the study shows that only 29% of consumers who identified themselves as program members said they would not be loyal to a brand/company if not for the program. That does not surprise Robinson: “Brands rely heavily on monetary means of influencing consumer behavior. Many programs don’t look that dissimilar to the next.”

Interestingly, 71% of the survey’s total respondents said programs in general are a part of the relationship with the brand. When asking respondents who identified themselves as a member of a specific program, 52% agreed that the program is part of their relationship with the brand.

Love and Satisfaction

With CPG programs, 44% of members said they love the brand itself, while only 33% said they love the brand’s program.

Among the entire pool of brands/programs, 63% of the 150-plus have a higher percentage of members who said they love the brand than love the loyalty program.

Among the 14 retailer programs included in the chart,

Amazon Prime (43%), Target REDcard (41%), and Walmart Credit Card (36%) rank the highest in getting members to say they “love” the program.

Notably, where Amazon Prime, Safeway Reward Points and Costco Executive Membership are concerned, a higher percentage of non-members said they love the brand than members. Along those lines, Bond Brand Loyalty is investigating whether some programs are doing damage to the brand, Robinson says. “We have more digging to do.”

According to the study, the top five drivers of program satisfaction at retail are:

- the quality of rewards;
- the total earning potential available;
- the ability to reach rewards in a timely manner;
- the ease of redemption; and
- pride in membership.

While overall 68% of program members are satisfied with their programs, both Amazon Prime and Target REDcard received 91% satisfaction ratings. [Editor’s note: Bond Brand Loyalty’s research was conducted before Target’s now-infamous “data breach” in December.] Amazon Prime also received comparatively high marks for:

- likelihood to recommend the program (67%);

- makes me more likely to do business with the company (79%);
- worth the effort of participation (85%);
- trustworthiness (83%); and
- alignment with the company’s values (72%).

Influencing Purchase Decisions

One question in the survey asked, “When thinking about [brand name] overall, to what extent do each of the following aspects influence your decision to make a purchase?” The results – product (20%), customer service (13%), price (30%), communications (6%), location (16%), loyalty program (16%) – show that a brand’s loyalty program is as important as store location, Robinson says.

A typical consumer’s consideration set in making purchases does differ by industry/channel. Retail significantly over-indexes on product and price in terms of considerations, while drug retailers specifically over-index for location, Robinson says.

Among grocery competitors, there are differences in brand love and frequency of shopping trips between Kroger, for example, which scores highly on both, and Safeway, which does not.

“When consumers purchase brands out of habit, those brands are very susceptible to customers going elsewhere if they’re shopping for the discount rather than because they love the brand,” Robinson says. “Cash back and rebates aren’t sustainably differentiating forms of engagement for brands.”

Other Key Findings

Bond Brand Loyalty’s research measured the limits in consumer mind-space when it comes to loyalty programs. While respondents on average said they had eight loyalty



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cards, further questioning revealed they were members of at least three additional programs. “When we later assisted them with a list of programs, some realized, ‘Oh, yeah, I am a member of that program,’” Robinson says.

Millennials were shown to have a slightly higher incidence (68%) of modifying when and where they shop to take advantage of loyalty programs than all respondents (64%).

Going Forward

Robinson notes that the study’s methodology leverages the “four-drive” model of motivation (acquire, bond, create and defend) developed by Harvard Business School professors. He says that loyalty programs focus heavily on the drive to

acquire and mostly neglect the other three drives.

“Programs that will succeed in engaging consumers going forward will embrace non-monetary drives in influencing consumer behavior,” he says. “There is great evidence to suggest that points and discounts influence behavior, yet their utility decreases over time. The evidence suggests that a longer relationship with a brand, the more meaningful the other drives become.”

For example, Robinson says that while Target REDcard offers a 5% discount, “if another brand offers 5%, there’s no real differentiation for the consumer in terms of their brand experience. You have to look beyond those things and engage consumers in non-monetary ways.”

PERCENTAGE OF RESPONDENTS IN AGREEMENT WITH THE FOLLOWING STATEMENTS ABOUT SPECIFIC LOYALTY/REWARDS PROGRAMS:	All retail programs (approx. 70)	Amazon Prime	Target REDcard	Walmart Credit Card	Meijer mPerks	Costco Executive Membership	Sam’s Plus	BJ’s Rewards	Rite Aid Wellness+	CVS ExtraCare	Walgreens Balance Rewards	Kroger Fuel	Stop & Shop Card	Safeway Reward Points	Albertsons*
I have been satisfied with this program during the past year.	68%	91%	91%	73%	75%	87%	81%	69%	73%	66%	58%	80%	72%	69%	59%
I am likely to recommend this program.	39%	67%	62%	42%	45%	66%	57%	45%	40%	32%	34%	58%	46%	43%	25%
I am fully committed to this program.	30%	55%	51%	36%	35%	53%	30%	33%	27%	30%	25%	57%	38%	36%	14%
This program makes me more likely to continue to do business with the brand/company.	51%	79%	70%	57%	49%	65%	61%	60%	49%	57%	39%	57%	58%	55%	40%
This program is definitely worth the effort of participating.	56%	85%	80%	73%	66%	71%	60%	61%	61%	60%	47%	82%	58%	51%	44%
I modify what brands I buy in order to maximize the points I receive for purchases.	29%	39%	38%	58%	46%	24%	53%	40%	25%	35%	29%	29%	28%	31%	22%
I make as many of my purchases as I can from here so I can earn more benefits.	34%	43%	53%	71%	45%	44%	49%	48%	33%	42%	25%	57%	32%	46%	22%
I spend more with the brand/company now than I did before I was a member of its rewards program.	34%	58%	49%	42%	29%	35%	46%	39%	31%	48%	23%	48%	34%	29%	24%
My experience with the program is the biggest part of my experience with the brand/company overall.	32%	57%	52%	49%	33%	31%	36%	42%	33%	29%	28%	46%	35%	30%	28%
I earn program benefits mostly for purchases I would have made anyway.	70%	66%	80%	78%	75%	75%	67%	85%	69%	63%	68%	85%	69%	63%	72%
The communications I receive from this program are relevant to me.	43%	61%	58%	55%	57%	58%	57%	56%	27%	47%	36%	55%	41%	30%	42%



Notes:

The fourth annual loyalty marketing report from Bond Brand Loyalty (formerly Maritz Loyalty Marketing) is based on a survey of 6,000-plus U.S. consumers that was fielded in November 2013. The complete report analyzes more than 150 loyalty/rewards programs, including retailer, CPG, travel, etc.

* Albertsons was included in the study although it dropped its loyalty card program in June 2013. “It will be interesting to see if they can maintain or increase loyalty to their brand without a program,” Bond Brand Loyalty says.