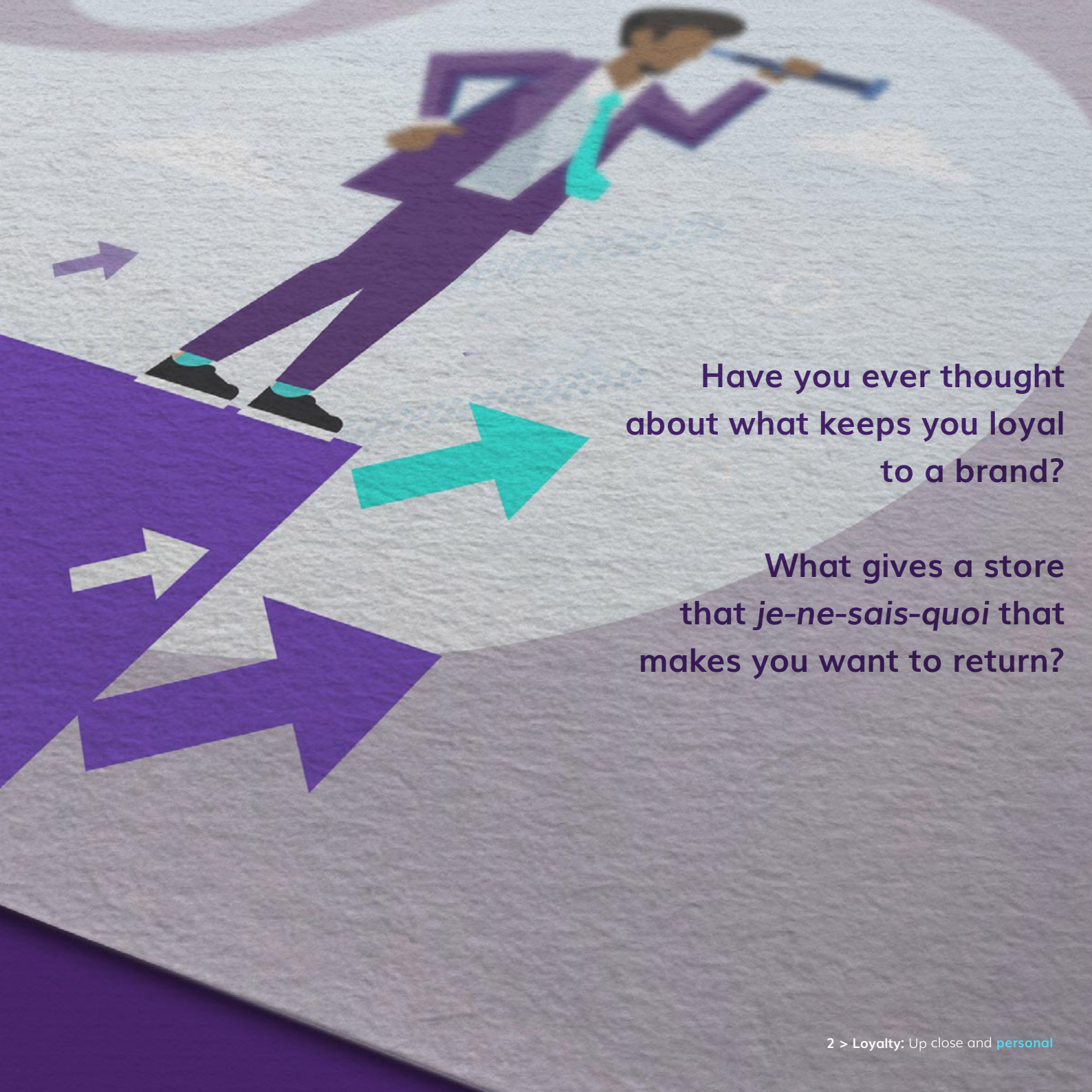


Loyalty

Up close and **personal**

What drives customer loyalty?





Have you ever thought
about what keeps you loyal
to a brand?

What gives a store
that *je-ne-sais-quoi* that
makes you want to return?

Personal introduction

If you cast your mind back to a world before ecommerce existed, you may have said: price, product, location and maybe even your relationship with the store assistant were all things that inspired your loyalty.

Today, the landscape is a little different. Competition is forcing retailers to slash prices to stay afloat. You have access to an endless choice of products from millions of stores across all corners of the globe. Plus, more and more of your conversations will be with chatbots, rather than customer service representatives.

With the state of retail shifting, it's no surprise that the motivators of customer loyalty have also changed.

As consumers become more tech-savvy, they expect flawless customer experiences. As they become more careful with their hard-earned cash, they expect more value from retailers. And, as they become more sensitive to global issues and news agendas, they buy exclusively from brands that share their values.

Now that the classic motivators of loyalty are history, you need to understand what makes a shopper loyal right now. We asked 2,000 of your potential customers what made them return, love and shout about a brand.



Personal revelations

What did we find out?


That there are five key drivers of loyalty:

1. A feeling of **trust**
2. A need for **aspiration** and **exclusivity**
3. Receiving **personalised** interactions
4. The rise of **identity-led** loyalty
5. And, an enjoyable **customer experience**

Keep reading to find out what ecommerce customers want in return for their loyalty today.

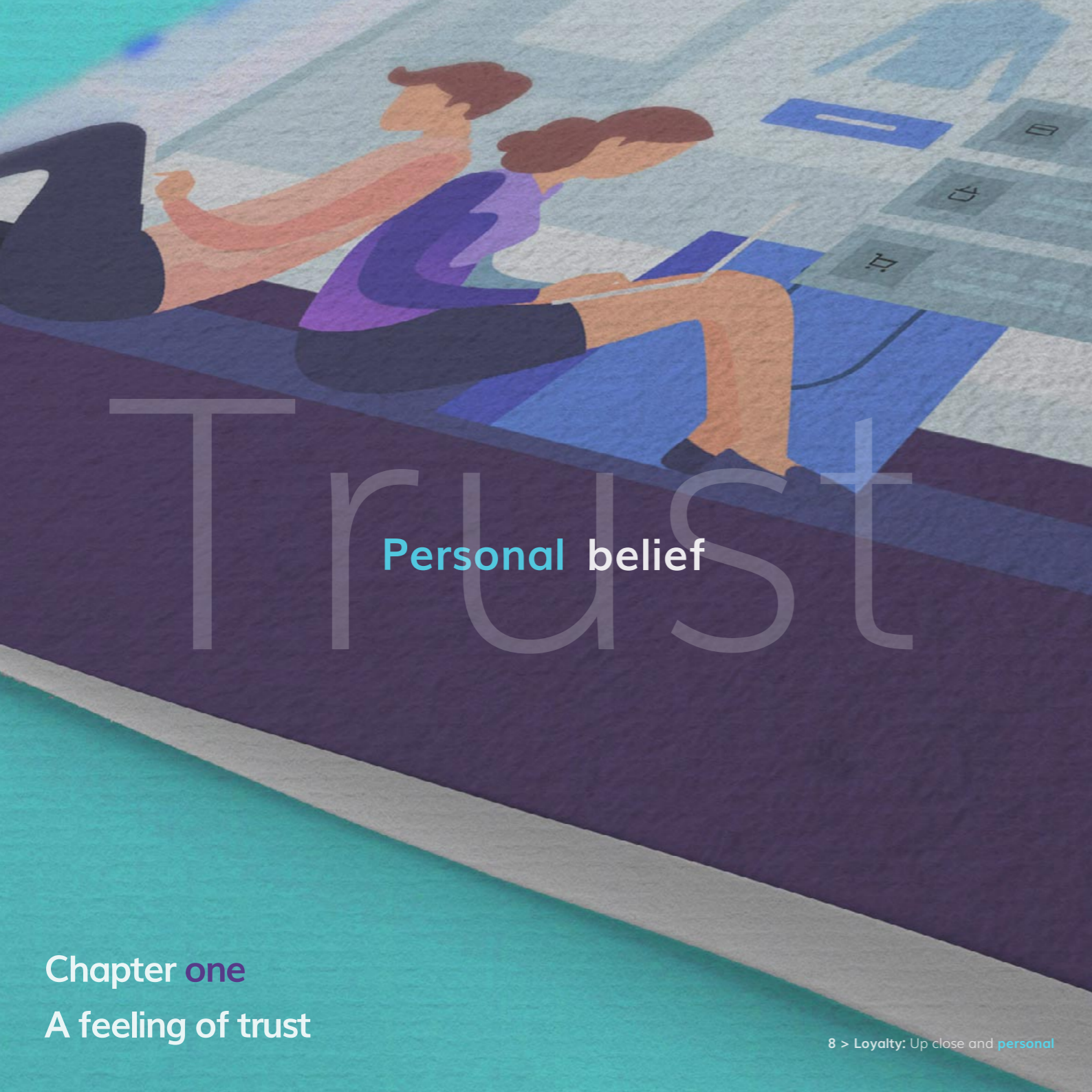


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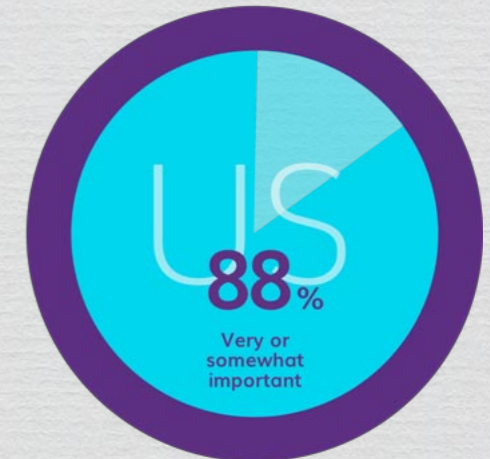
Personal belief

Chapter one
A feeling of trust

Trust me, I'm a brand

For **80%** of customers, feeling they can trust a brand to use their data in a helpful way is important to securing their loyalty.


Feeling that a brand can use my data in a helpful way is important to securing my loyalty



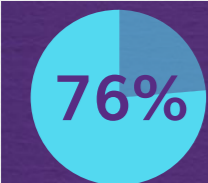
Sharing the trust

Trust has always been a key element in retail, but it's even more important for ecommerce merchants. Unlike brick-and-mortar, ecommerce relies solely on trust being created and maintained digitally.

And today's consumers only want to share information and experiences with brands that they believe act sincerely.

 According to Edelman, **81%** of consumers say that trust is an important part of their purchasing decisions. Yet, only one-third of the same consumer set said they trust the brands they buy from.

At the same time, customers are wising up to "trust-washing" – when companies behave inauthentically and with-hold information in an effort to drive sales.




76% of customers feel that in order for them to be loyal to a brand, they need to trust that if they recommended it to a friend, they would have a good experience.

Trustworthy is trustworthwhile

Providing a trustworthy experience that your customers want to recommend to others is not only beneficial for your reputation but also your revenue.

Referred customers are more predisposed to trust your brand as they have been recommended by someone they know.

 As a result, these customers spend **200%** more than customers acquired through other means.

The value of trust

Loyalty data can help you identify the following segments so you can target them in the right way:

- It can help identify your most **loyal customers** who have a high lifetime value and engage with you often
- You'll also be able to see the tell-tale signs that your customers are **at-risk** and close to shopping with the competition
- And, you'll be able to identify **churned customers** who haven't returned to your store to engage or re-purchase.

With most brands failing to meet customer expectations, here's how you can set your store apart by showing why you're worth trusting.



■ Individual trust

Create a single customer view: start by using your loyalty program for data capture so you can build deeper customer profiles. Incentivise customers to become a member of your program with sign-up perks (such as points they can redeem against their first purchase). Or, reward them with loyalty points for completing a survey.

Build a clear customer view of where your customers engage with your program so you can focus on where to build trust. For example, if your customers follow you on social media as a way to earn points, they probably want to hear from you while browsing their news feeds.

Encourage them to return and engage by adding a new rule that gives them points for using your brand hashtag on Instagram.

■ Group trust

Build out deeper customer segmentation: to deepen this trust, you need to show your customers that you're using their data to drive value. Show your loyal shoppers that you value them on an individual basis by serving up an experience that's unique to them.

Give them a loyalty point bonus on their anniversary of being a member of your store or if they visit you a certain number of times.

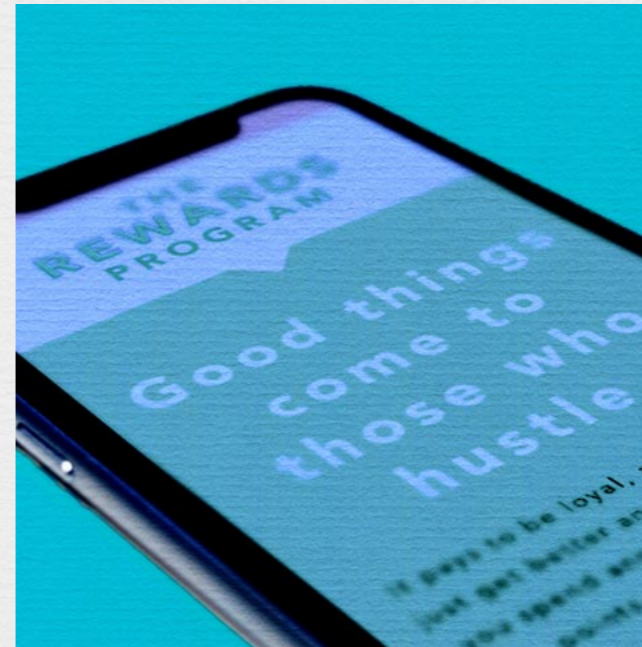
For your at-risk customers, run a surprise and delight campaign that makes them feel valued again. Move them into a hidden tier in your loyalty program where they can get rewards not available to other customers.

Finally, remind your churned customers that you're using their data responsibly with a hyper-targeted campaign that reminds them why they trusted you in the first place. This could be a double point event around a seasonal event, such as Christmas or Black Friday.

LIVELY

Up close and **personal** with Lively

Case study 1: Lively



Underwear brand, Lively, uses their loyalty data to filter customers into three loyalty segments.

This allows them to enhance their email marketing strategy, serve up more relevant content and deliver unique, one-to-one experiences.

They send their loyal customers emails that encourage them to refer other friends.

These shoppers already know and love the brand, so encouraging them to act as advocates demonstrates to new customers that they are worth trusting.

Real trust

To prevent at-risk customers from disengaging further, Lively sends out personalised points balance reminders.

These emails include the customer's point balance, and reminds them of the different ways they can earn points.

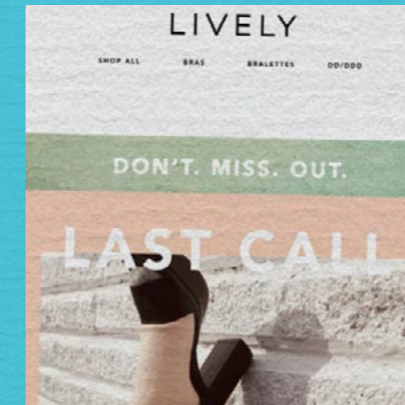
The emails show shoppers that they trusted the brand previously, and gives them a reason to return and engage.

For customers who haven't returned in a while and need winning back, Lively sends loyalty emails around seasonal events – such as Black Friday – showing these customers why they should return.

The brand's Black Friday email this year showed off the free gifts the customer will get if they return and make a purchase during the sales event.

They also used these emails to showcase their BFCM double point event where customers could get double the points per dollar spent.

Trust pays



By using their customer segments to deliver highly personalised experiences that build consumer trust, Lively generated a **36%** increase in customer spend.

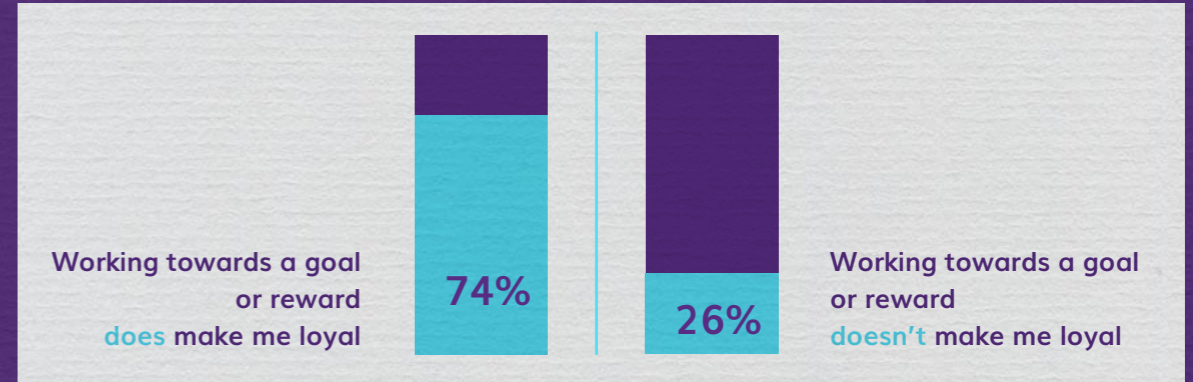


Personal best

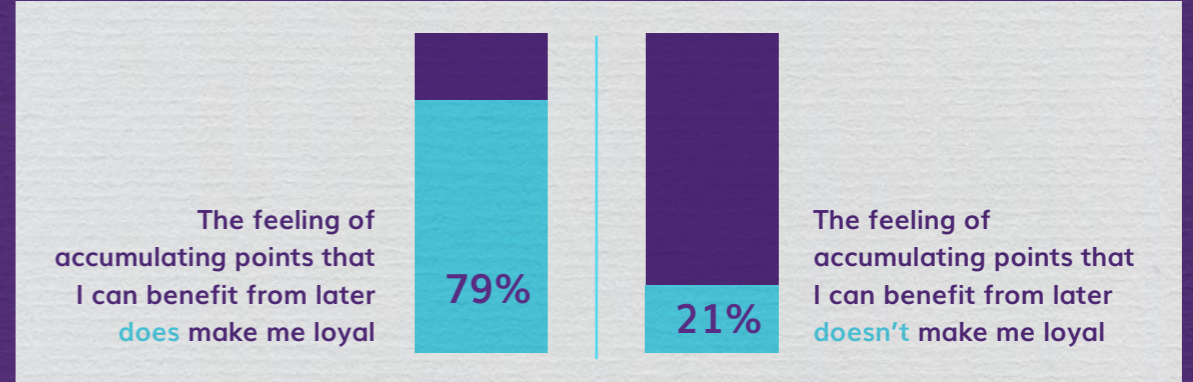
Chapter two A need for aspiration and exclusivity

News exclusive

When asked what made customers loyal, **74%** feel they are motivated by working towards a goal or reward.



And, **79%** feel they are motivated by the feeling of accumulating points that they can benefit from at a later date.




Why are customers motivated by feeling they're working towards a goal?

Because as humans, we're always striving to satisfy the mantra:

"better, faster, stronger".

And, appealing to this emotional motivator will encourage your customers to stay devoted to your brand.

 At the same time, the **goal gradient effect** comes into play.

As we get closer to achieving a result, we accelerate our behaviour to reach our goals.

Exclusive club

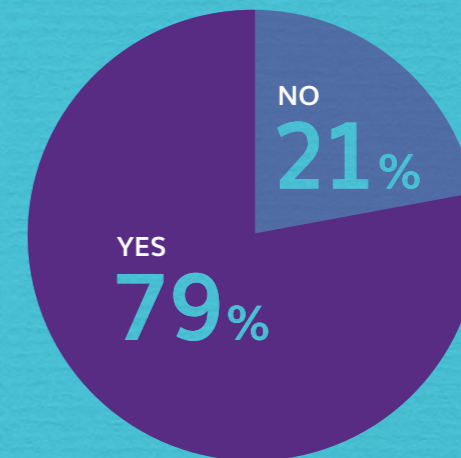
Today's customers are goal orientated and want to feel valued.

By using a loyalty program effectively, you'll give them the motivation to keep spending and returning to you for a superior experience they can't find elsewhere.

Exclusive revelation

With **79%** of customers feeling that they are loyal to a brand if they can unlock exclusive benefits, it's clear that the membership mentally is also important to consumers.

Does being able to unlock exclusive benefits make me loyal?




Exclusively yours

In the age of Amazon Prime, customers expect VIP treatment from the brands they give their loyalty to.

This is because, for many, “exclusivity” creates a feeling of status as they’ll gain a “first-look” at things that others don’t have.

This need for exclusivity can be the key to building an emotional connection between you and your customers.

They’ll see that you’re treating them as valued individuals and will show their appreciation with loyalty.

 Emotionally connected customers **spend twice as much** as customers who are just satisfied with your brand. Implementing limited-edition experiences can also help you drive revenue with urgency.

Customers will be driven to access exclusive rewards and experiences before the opportunity passes. To build a loyalty program that emanates exclusivity, you need to understand the kinds of rewards that motivate customers to sign up.



While it’s clear that saving money is important, customers are also likely to engage with experience-based rewards.

Shoppers are giving their loyalty and engaging with brands who put the time and energy into elevating the customer experience. As a result, the new stars in ecommerce are the ones that use their loyalty programs to create experiences that customers can connect with.

So how can you close the gap and give customers an aspirational and exclusive experience they won’t get anywhere else?



Start by giving your most profitable customers celebrity status with exclusive rewards through your loyalty program. Learn what they enjoy and what will make them think fondly of you.

■ Exclusive access

If your customers flock to your site when you launch new products or kick off a seasonal sale, give them early access to these events and make it clear that it's for members only.

■ Exclusive gifts

If your customers only return to you once or twice within in a certain time frame, gift them with a free product on their birthday so they're encouraged to return to you even when they aren't planning to shop.

■ Exclusive experiences

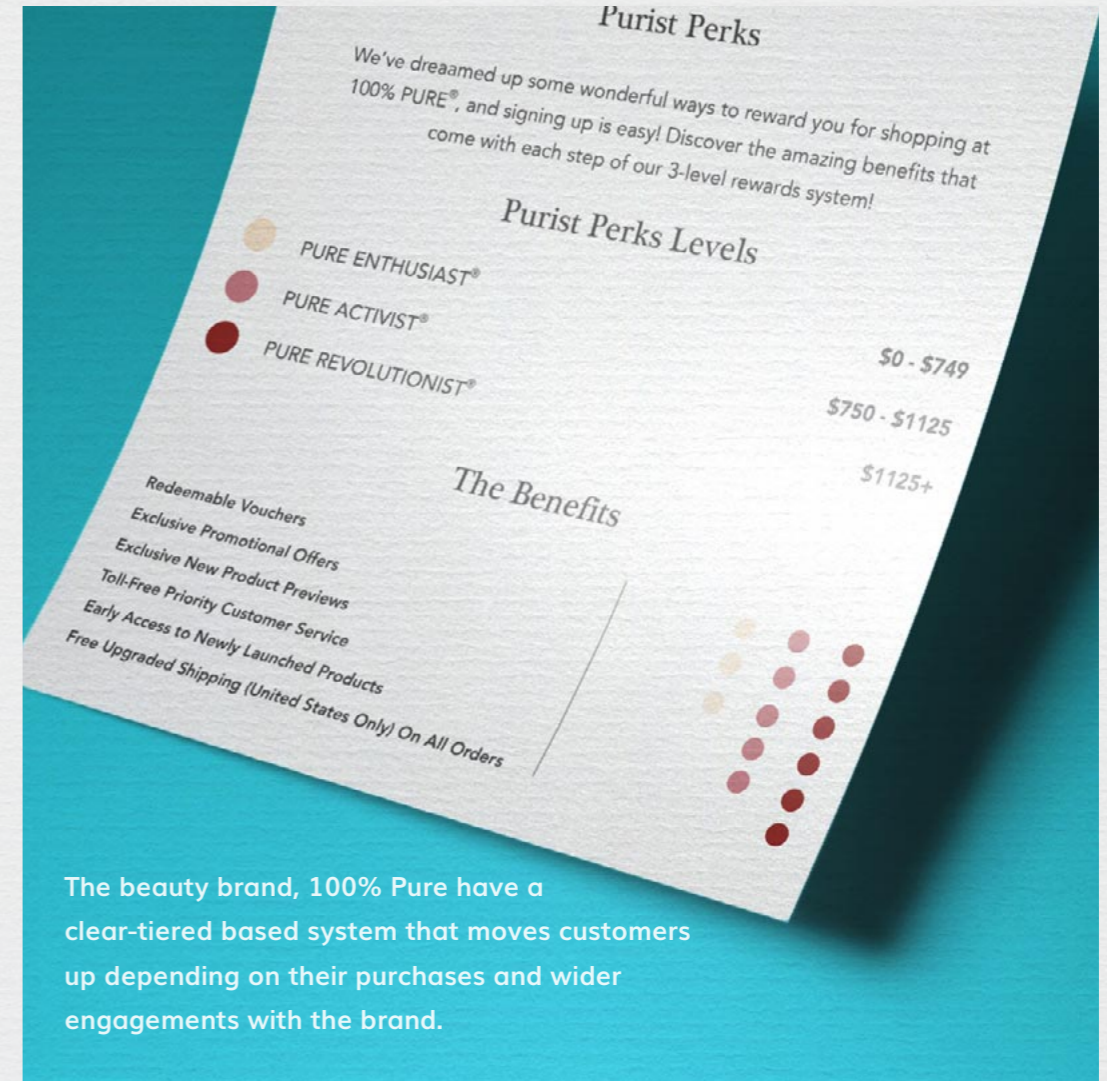
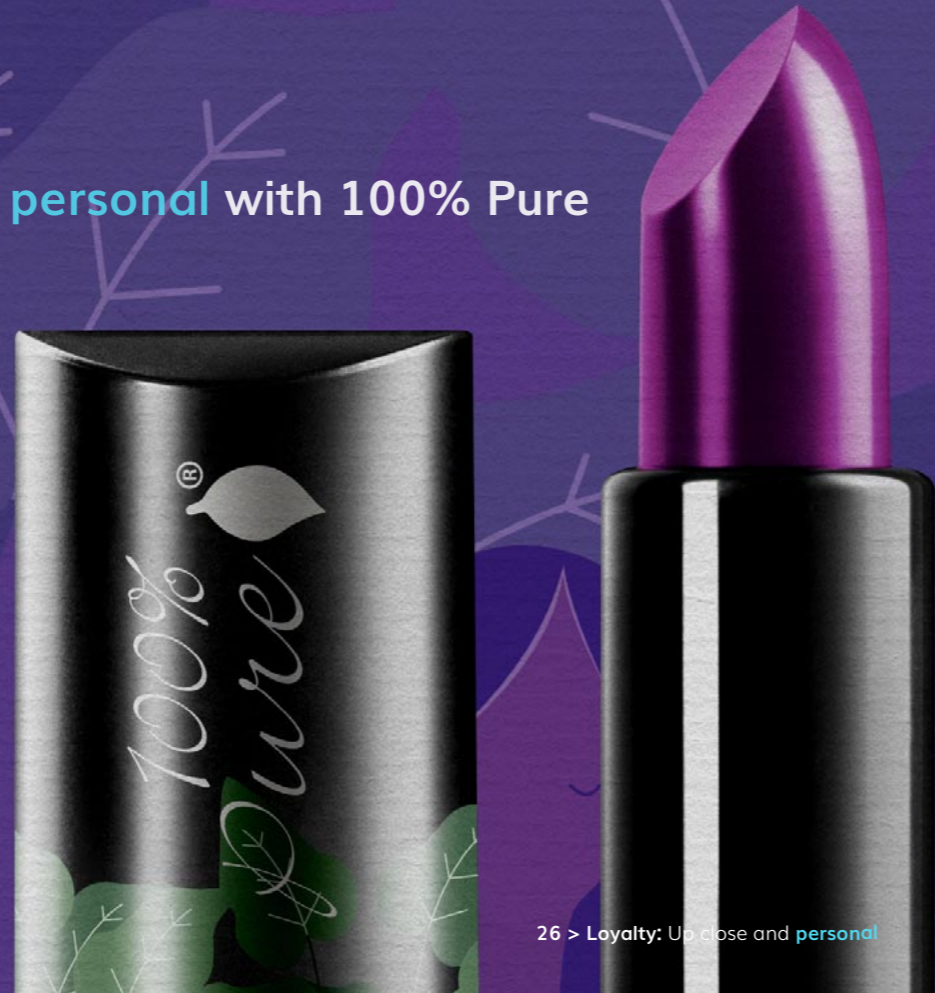
If your customers enjoy experiences over things, enter them into a raffle where they could win one-off tickets to your next brand event.

■ Exclusive levels

Loyalty tiers also give your customers something to aspire to, always showing them more exclusive rewards on the horizon. Allowing shoppers to unlock elite perks at higher levels, encourages them to engage more frequently so that they meet the points threshold.

Experiential rewards like this will automatically show your customers that they're special to you. As a result, they'll keep returning, become advocates on your behalf and to contribute to positive conversations about your store.

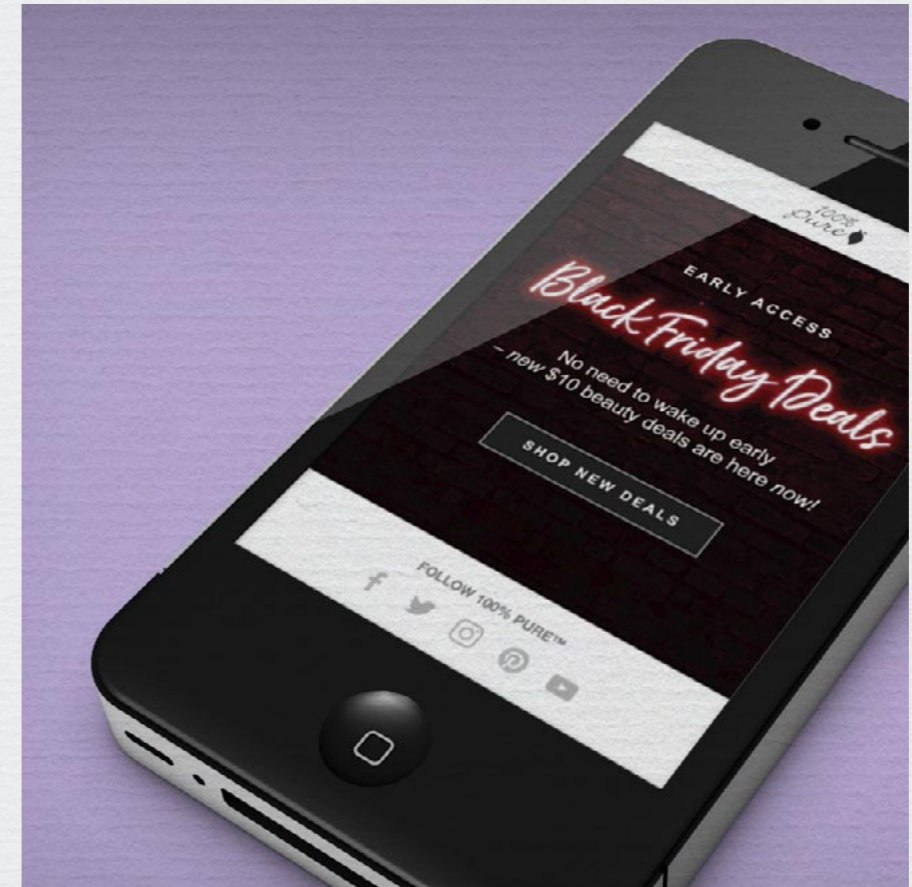
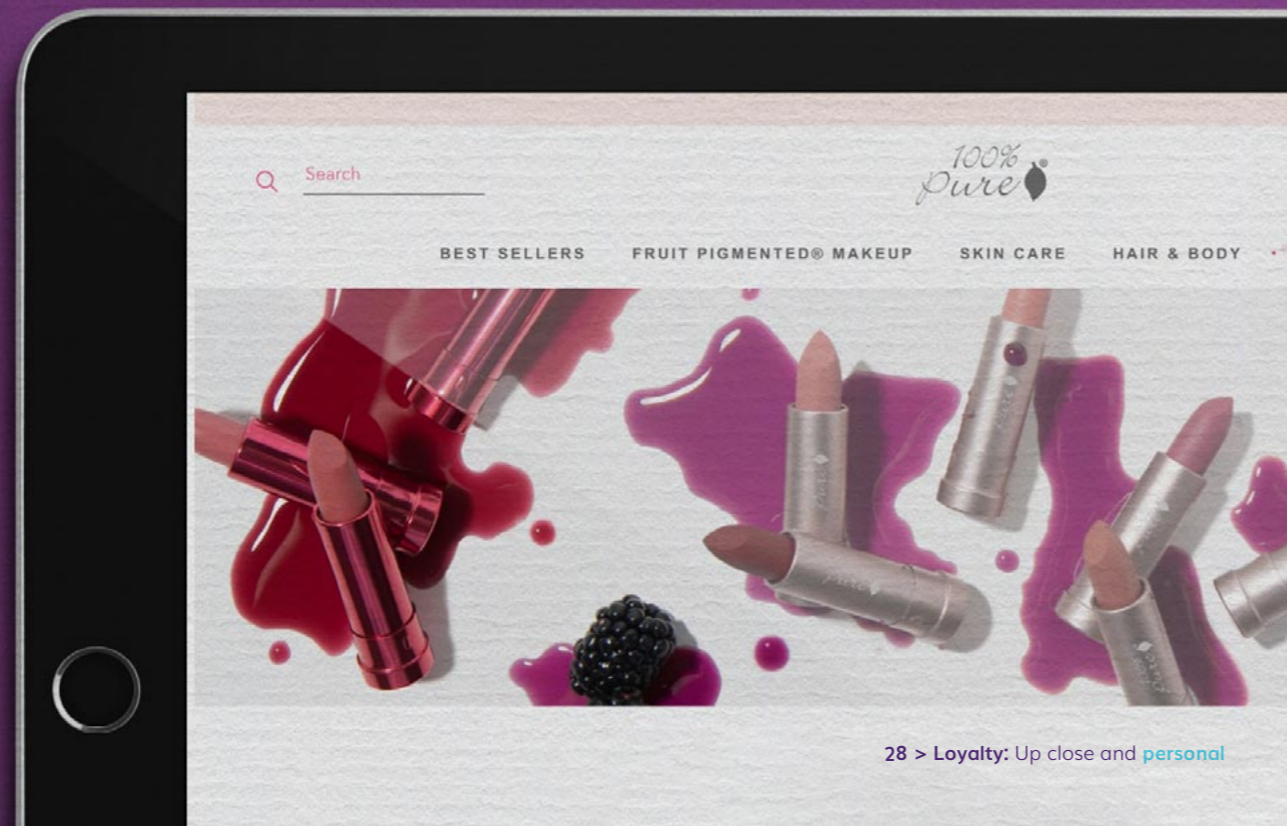
Up close and **personal** with 100% Pure



The beauty brand, 100% Pure have a clear-tiered based system that moves customers up depending on their purchases and wider engagements with the brand.

As customers move up the tiers, they gain access to more exclusive, experiential and personalised rewards. For example, "Pure Revolutionist" members get early access to new products and free shipping.

These premier benefits tempt customers into repeat purchasing and spending more to move up into the top-tier.



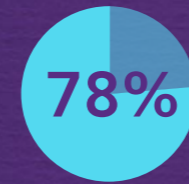
Beyond their loyalty tiers, 100% Pure also treats members to experiential rewards not available to non-members. They send emails showing their members that they have access to seasonal sales before anyone else.



Personal preferences

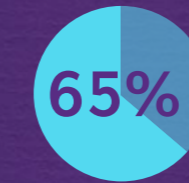
Some are concerned that ecommerce can't deliver the same personal touches that brick-and-mortar can.

This is worrying, considering that when asked what motivated a customer to be loyal to a brand.

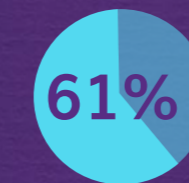


said they would want to be individually recognised and rewarded for their loyalty.

Shoppers want to engage in one-to-one conversations with the brands they shop from. And, when asked more about the level of personalisation customers want:

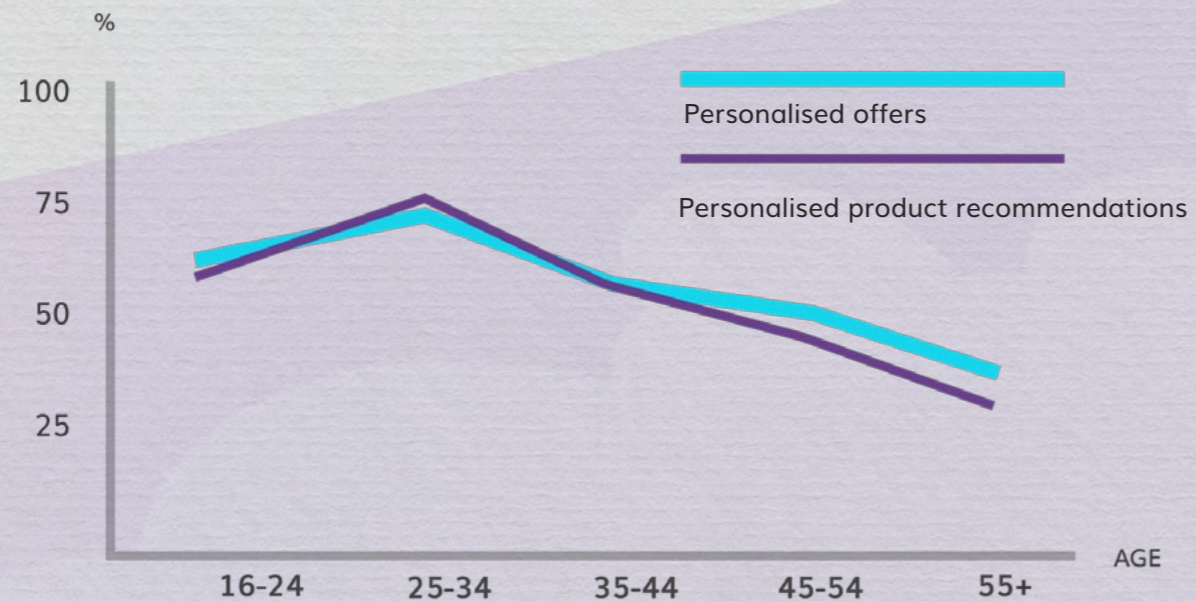


said they were motivated by receiving personalised offers.



by personalised product recommendations.

Personal choice




Personal beliefs


In today's competitive landscape, it's the stores that make customers feel individually valued that succeed.

This is because customers are no longer satisfied with a one size fits all approach.

They want to shop from and, more importantly, be loyal to the brands that show that they know them.

Personalisation is the gateway to greater engagement.

 50% of marketers argue that tailored messages are one of the most effective methods of delivering unique experiences.

 But 42% still don't send them.

A loyalty program provides an unparalleled opportunity to deliver personalised interactions and customised content that will encourage shoppers to choose you over other stores that lack the personal touch.

Deeper insight

For customers in the 55+ age bracket, personalisation is less of a loyalty driver.

■ Only **57%** felt that personalised offers affected who they were loyal to

■ And, **51%** said their loyalty would be swayed by personalised product recommendations.



This chimes with the fact that Millennials and Gen Z are 47% more trusting than their baby boomer counterparts.

Younger generations have grown up knowing that they need to hand over their personal data in exchange for more relevant experiences.



If your customer base is slightly older, try running campaigns that educate them on the advantages of handing over their personal data and the perks of your program.

You should also use your loyalty program FAQ page to be explicit about the ways you're planning to use your customers' data.

■ Personal gain

Personalised offers. A loyalty program allows you to use your customers' loyalty data to see the rewards they have redeemed and how they have engaged with your program.

Use this data to send personalised loyalty emails that include rewards related to your existing customers' engagements with your store.

■ Personal achievement

Maybe they've made it into the next tier of your program. Send them a celebratory surprise – such as a percentage off their next purchase.

■ Personal gift

Or, maybe they purchased a piece from your "new in" section. Gift them a free product that's new to your store that complements their previous purchase.

■ Personal thanks

If a customer purchases from one of your collections often, give them double points for every ongoing purchase they make from the same collection.

This way, you're showing that you know what they love and want to make it easy for them to buy more of the same.

■ Personal points

Point summaries. Another way to create a unique experience for each customer is to send personalised reward available reminders.

These should include the customer's points balance, the rewards currently available to them and the tier they're currently in.

You could also let them know how far away they are from moving into the next tier.

■ Personal behaviour

These emails could be monthly or triggered when a customer gets close to a reward threshold. These personalised emails show that you're keeping an eye on your customers' individual purchasing behaviours.


■ Personal revelations

Dive into your customers' purchasing behaviour to see what they have bought previously.

Then, when you send out your monthly point updates, include product recommendations that are related to what your customers have bought before.

If you also show them how close they are to their next reward, they may be encouraged to add your recommendation to their basket and spend more.

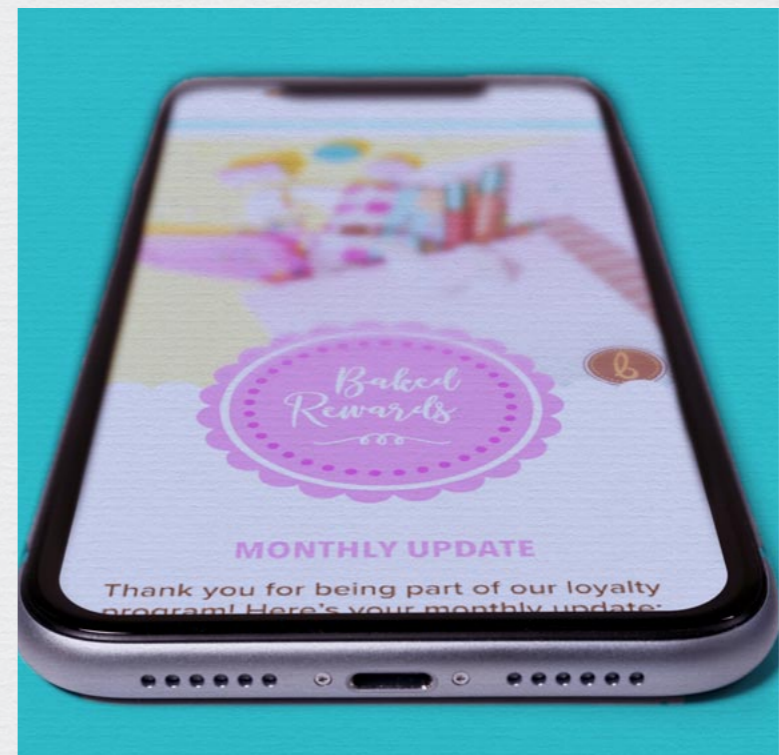
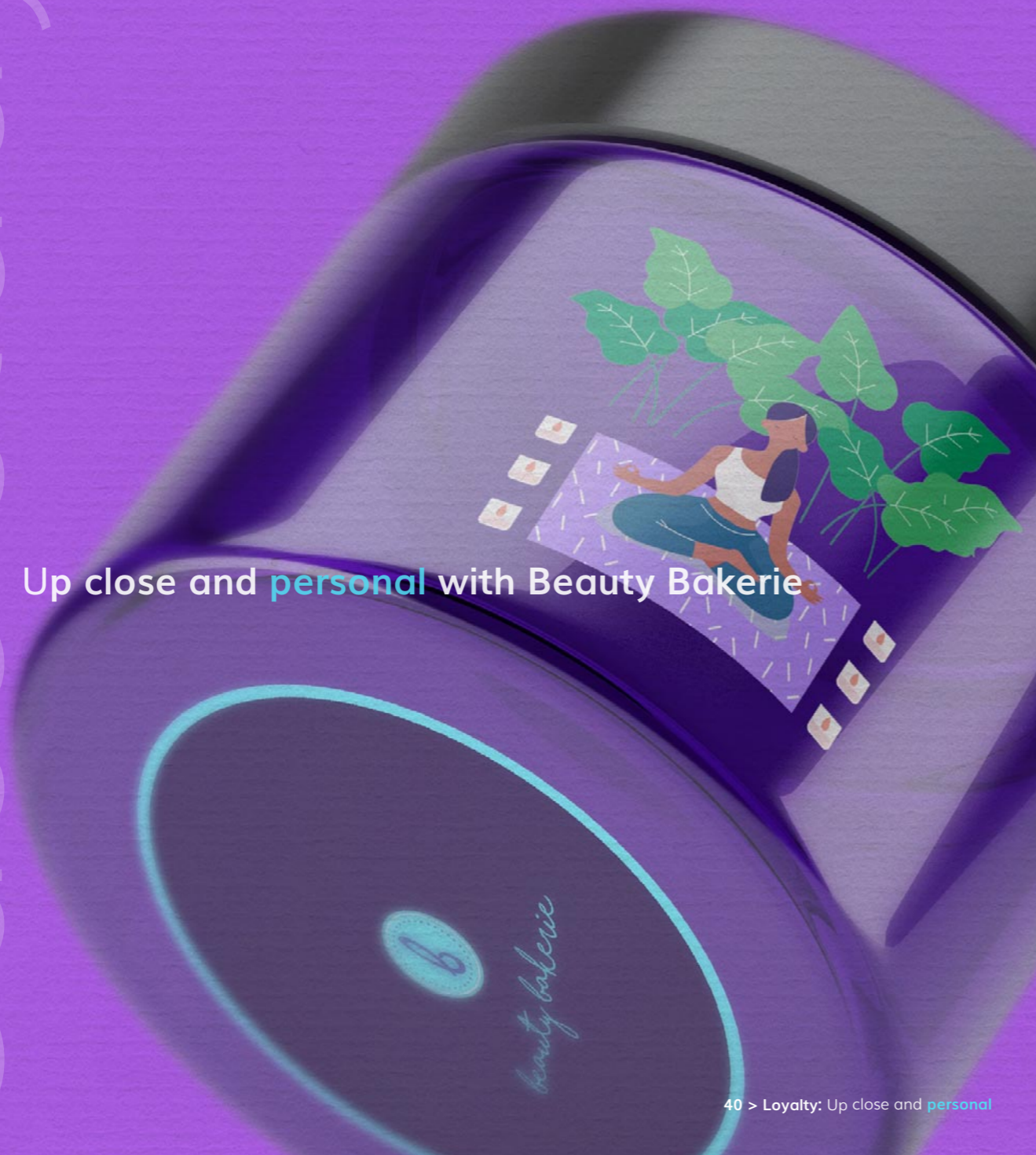
■ Personal recommendations

 According to McKinsey, 35% of Amazon's total sales come from product recommendations.

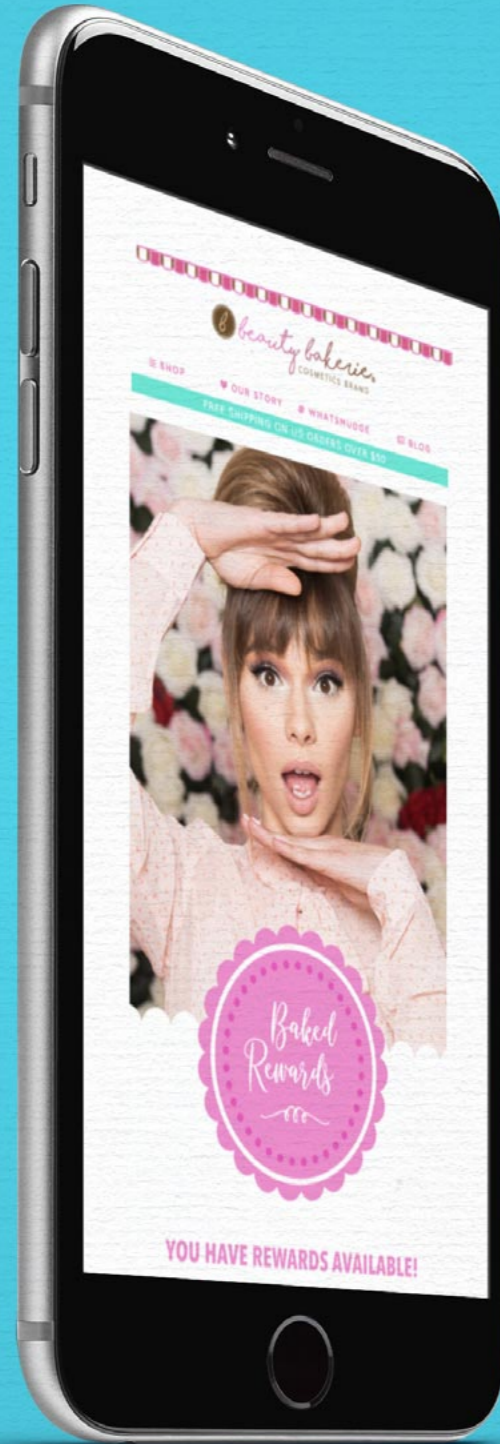


Personalised product recommendations will help you to upsell and cross-sell more products to your existing customers.

Up close and **personal** with Beauty Bakerie

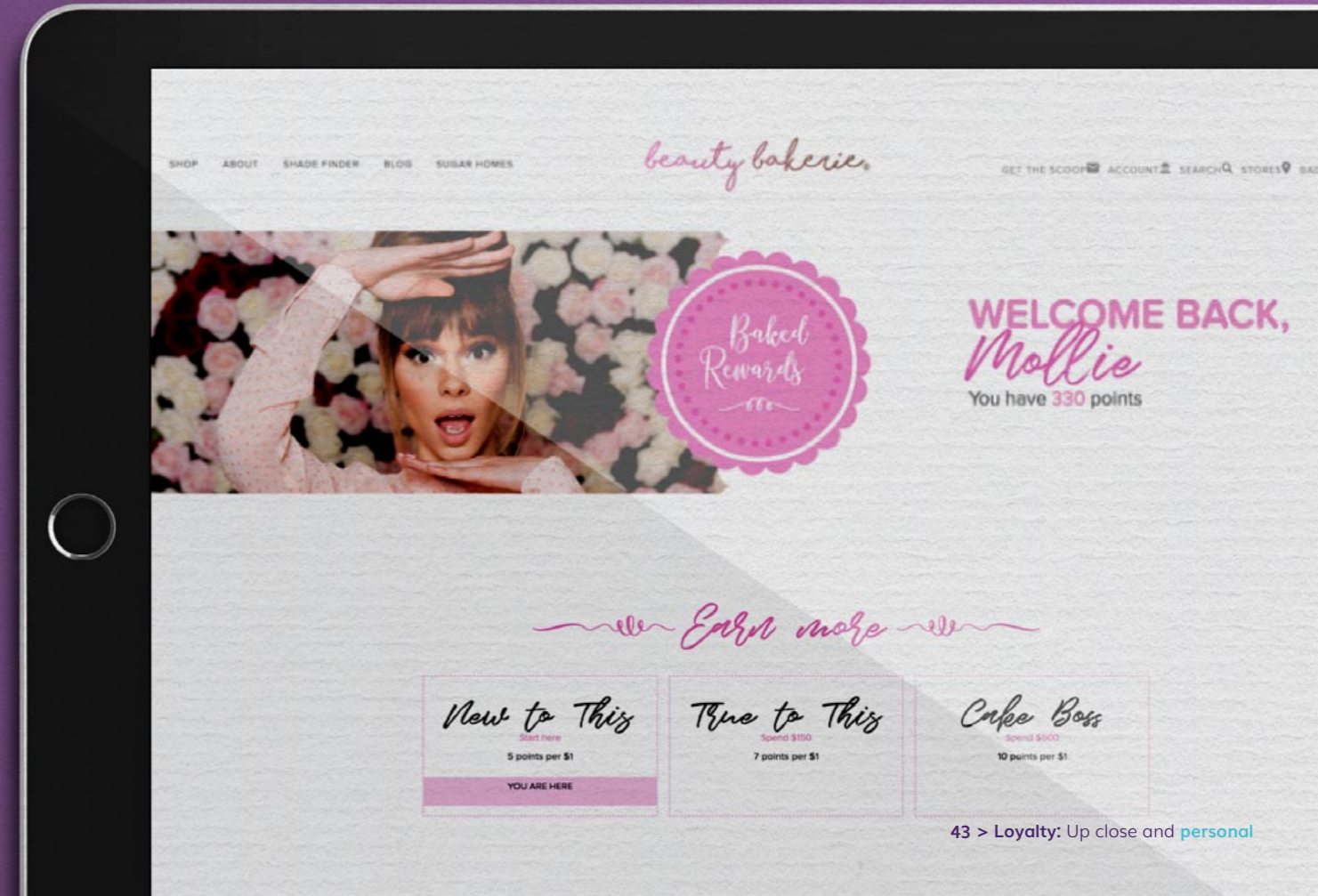


When it comes to applying the personal touch through loyalty, Beauty Bakerie is a great example.



To show that they are paying attention to each customer, the beauty brand sends loyalty emails that display the individual's points balance, the loyalty tier they're in and the rewards they're close to redeeming.

Beyond emails, Beauty Bakerie also tailors their online loyalty experience to each individual. When customers log in to their account, they are welcomed with their name and current points balance in the banner. The customer is also shown which tier they're currently in.



Personal values

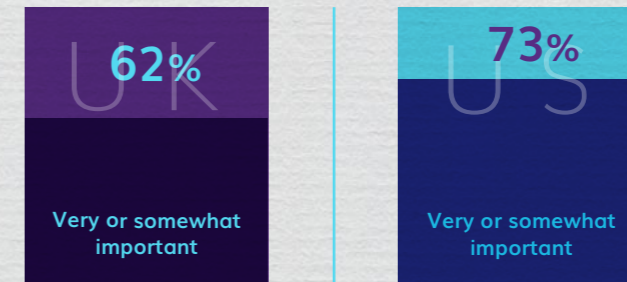
Chapter four The rise of identity-led loyalty

Values added

Beyond great products and excellent service, customers stay loyal to brands that encourage them to be the best version of themselves.

68% said they are motivated by knowing that a brand shares the same values as them.

How important is it for you that a brand shares your values



And, **66%** said they would be motivated to join a loyalty program to create ongoing relationships with the brands they like.

Customers expect the same things from brands as they do their friends and family – reliability, authenticity and a feeling that a retailer “gets” them and what’s important in their lives.

Another key driver of loyalty is that customers want to **put their money where their hearts are.**

In fact, **62%** of consumers, feel that they would join a loyalty program if they knew that the rewards had a positive social impact on the causes they care about.

Deeper insight

A brand's positioning on a social cause is most important for younger shoppers.

71% of 16-24-year-olds say that they feel strongly or very strongly about corporate social responsibility.

73% of millennials, despite growing up in an economically challenging time, will spend more with stores that practise environmental stewardship or who are socially conscious.

To win their loyalty long-term, show these young consumers how you're aligned to them.

Social values

There is a clear relationship between positive psychological dispositions and a customer's emotions towards a brand – especially when it has an impact on social challenges.

89% of shoppers would switch to a brand that is associated with a good cause, given similar price and quality.

Whilst showing your customers how you're aligned with them is all well and good, you also need to show them that you are building an active and engaged community too.

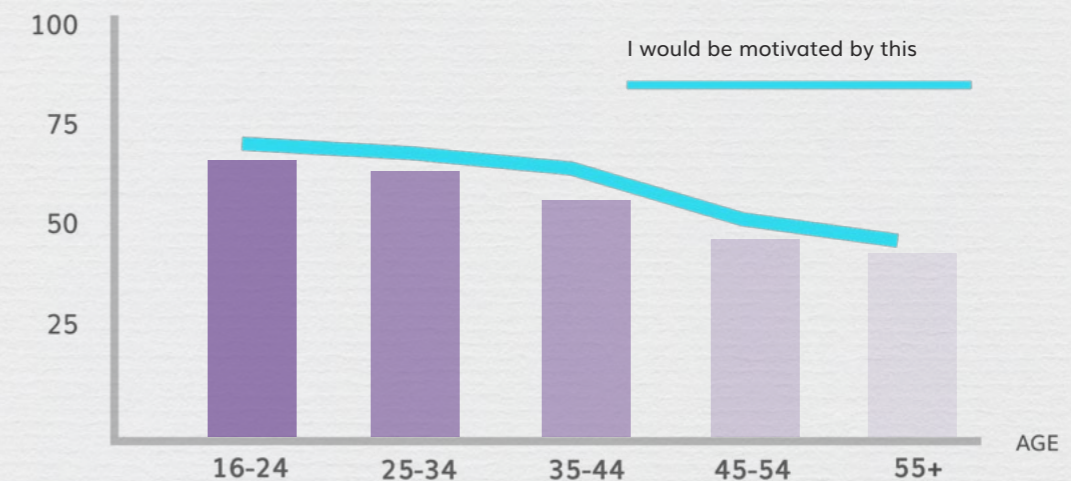
47% of customers we asked said they are motivated to be loyal by becoming part of a community of like-minded people.

Shared values

In Maslow's hierarchy of needs, a sense of belonging is considered one of the most important wants of an individual – above safety and security.

As humans, we crave the feeling of being part of something bigger and hold kinship in high regard. This is incredibly important with the rise of online social spaces where consumers can share passions and learn from like-minded individuals.

If you were asked if you would like to join a store's loyalty program, would you be motivated by the opportunity to choose rewards that have a positive social impact?



To show your customers how you're aligned with them, tell them about your position on "big-picture" problems.



■ Meaningful values

Demonstrate that you understand the difference between rallying behind a cause and standing for a purpose. While it's easy to pick a side to stay on-trend, customers can spot inauthenticity a mile off and aren't scared to ditch you in pursuit of a more honest brand.

■ Same values

Welcome emails can communicate to new customers early on how you're aligned with them, painting you in a positive light from the outset. You could also use them as a way to educate your members on the social causes your brand backs.

■ Human values

If you believe in fair working conditions and wages, use your welcome emails to celebrate the "makers" behind your products and showcase their processes.

■ Living values

If your products are cruelty-free, send welcome emails showing customers that if they shop with you, they're supporting an animal-friendly brand.

■ Strong values

By communicating how you're aligned with your customers, you'll be able to build relationships with micro-influencers that stand for similar values. These customers can then act as patrons of your brand and subsequently encourage others to become a member of your program.

■ Social values

Shoppers use social media to inspire themselves and others. Some also use it as a short-cut to building relationships with communities, influencers and brands. Individuals curate their news feeds based on what they want to see and what they want to become.

■ Special values

By rewarding your existing customers with loyalty points for following and engaging with you on social media, you'll appear on these customers' news feeds more often. And they'll be encouraged to like or comment on your posts.

■ Similar values


With more engagements, customers who are similar to your loyalty program members will be recommended your brand and enticed to check you out – fast-tracking your progress towards building a community of like-minded shoppers.

■ Positive values

Your most loyal customers already care about your brand and are active in your community. Use them as a way to share positive messages about your products or customer service as a way to influence others.

■ Real values

Reward these customers with loyalty points for leaving a review of your store. This feedback can help new and curious shoppers make a purchasing decision faster as they can see your products living and breathing on real people.


 In fact, most customers read between **one and ten reviews** online before making a purchase.

■ Community values

You could also use reviews throughout your site and on social media to show new customers the types of people who enjoy your brand.

If they see that your customers are just like them, they'll be encouraged to sign up.

■ Trusted values

 **Research shows** that customers are four times more likely to buy when referred by a friend. This is because they trust the recommendation as it has come from someone they already know has similar interests.

■ Recognising values


You could also use automated emails to thank customers that leave you a three-star (or higher) review and let them know that they can unlock a reward if they refer a friend to your store. This will motivate them to act as advocates on your behalf.

■ Rewarding values

By rewarding loyalty points for referrals, more customers who already love and trust you will actively seek out others who they think will feel the same way – appealing to the desire to belong.

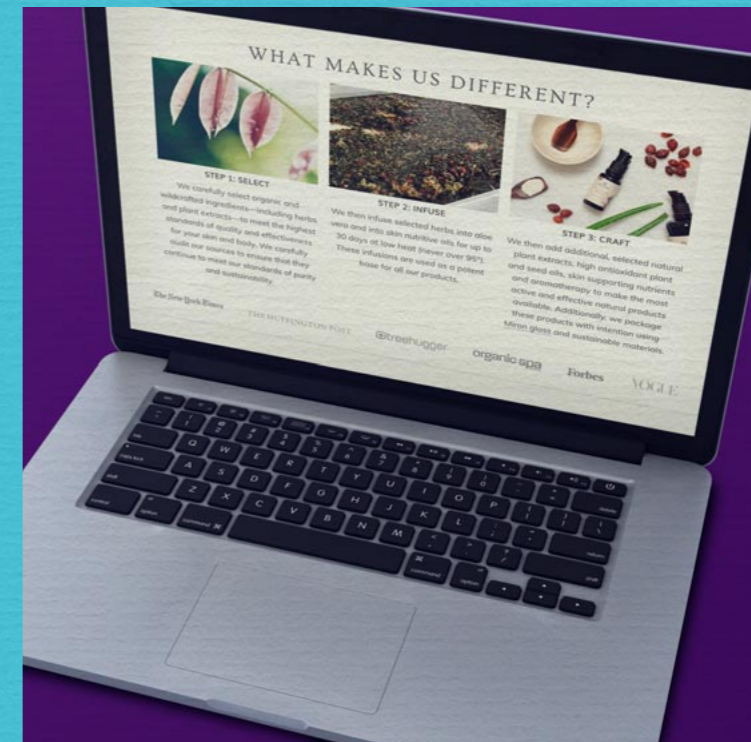


This will generate more qualified traffic to your site and drive revenue in the longer term –

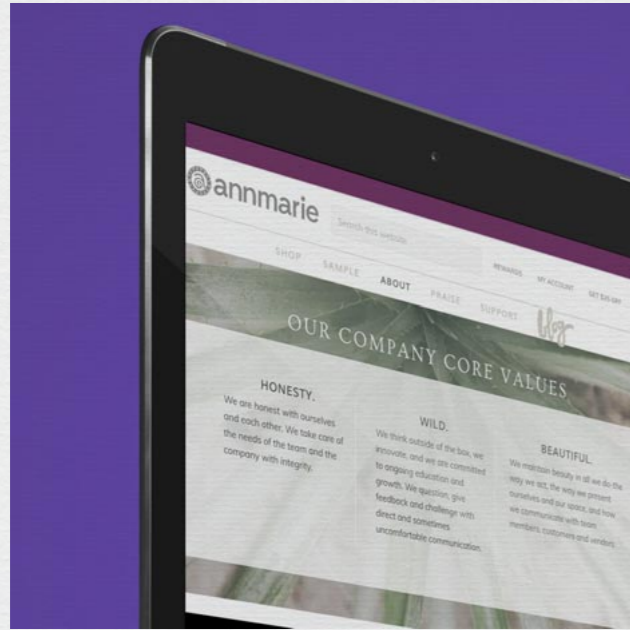
 Referred customers have a **16% higher lifetime value** than those acquired by other means.



Up close and **personal** with Annmarie Skin Care



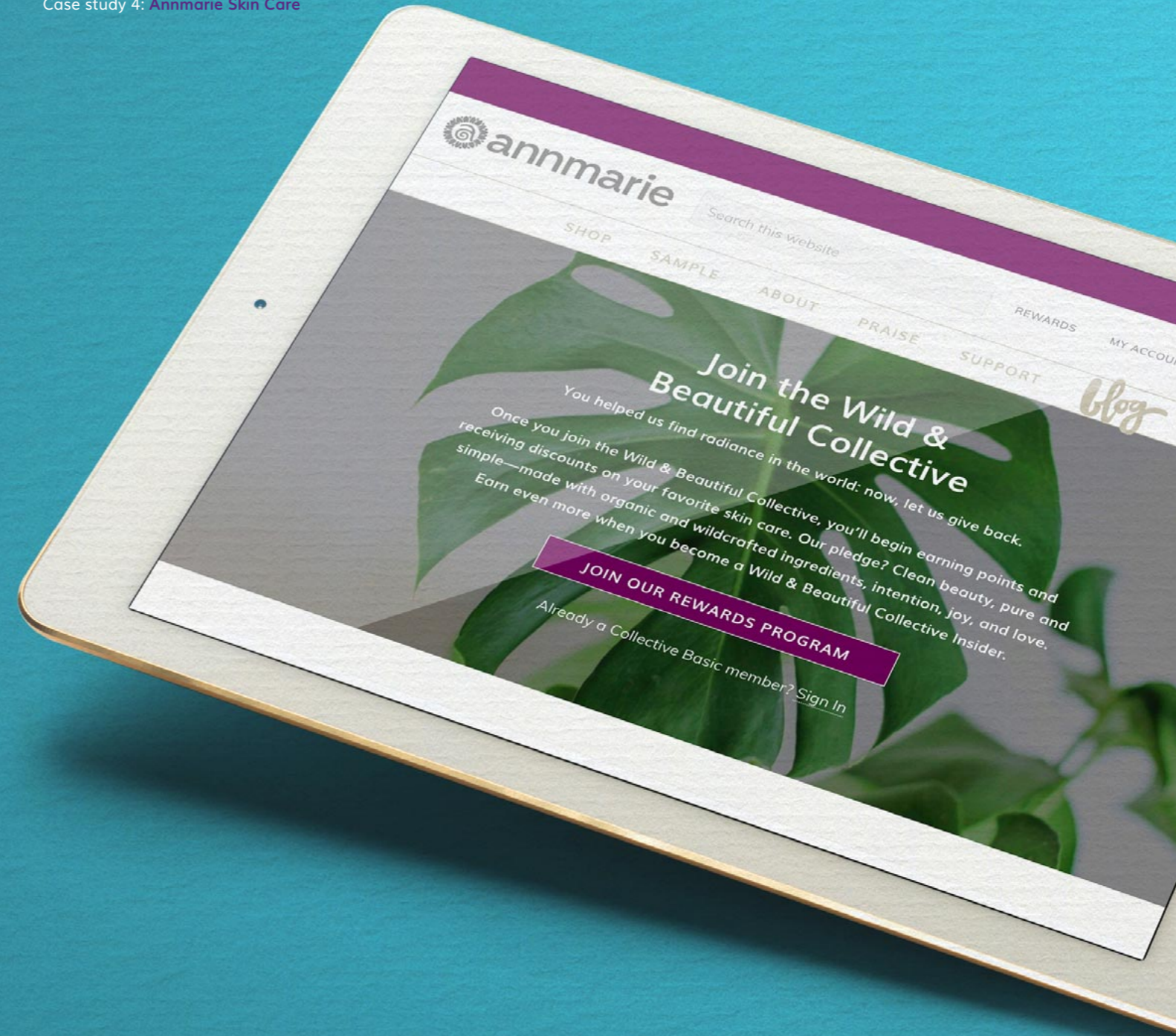
Annmarie Skin Care promise their customers “organic and wildcrafted” products that are sustainable, cruelty-free and non-GMO. This mission is woven into the foundations of their loyalty program.

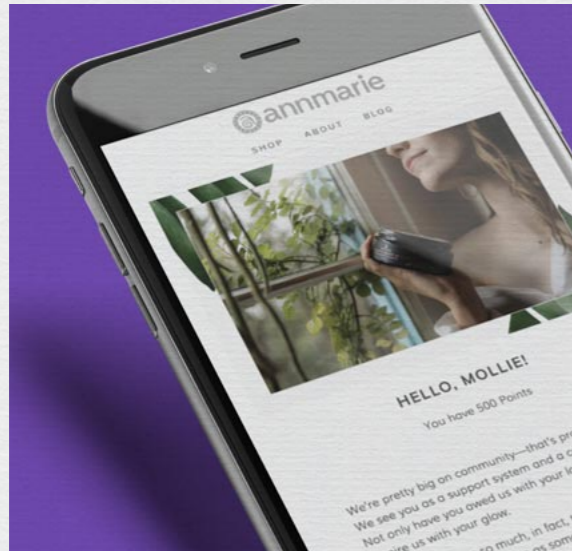


Company values

Before a customer becomes a member of their program – named the “Wild and Beautiful Collective” – they are told that by signing up, they’ll be able to support the brand’s mission.

To remind customers about their brand’s purpose, Annmarie Skin Care use their reward available and point balance emails to educate customers – even using their emails to promote their organic tote bags and products.





Community values

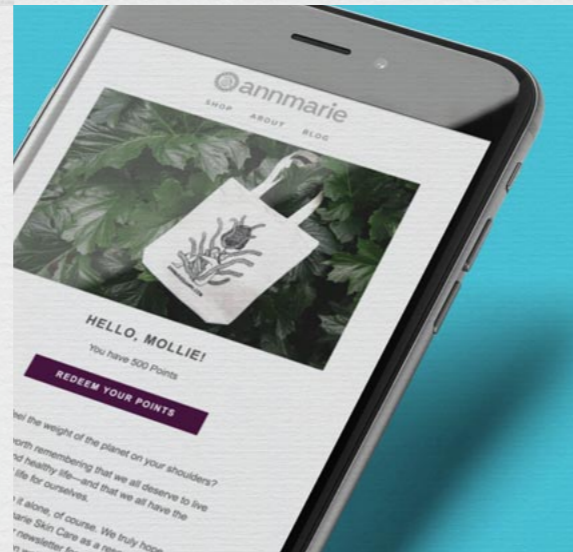
To build the community out further, Annmari's program has a top-tier membership.

When a customer subscribes to a product, they receive additional perks, including admission to their closed Facebook group – a space where kindred spirits share anecdotes and seek wellness advice.

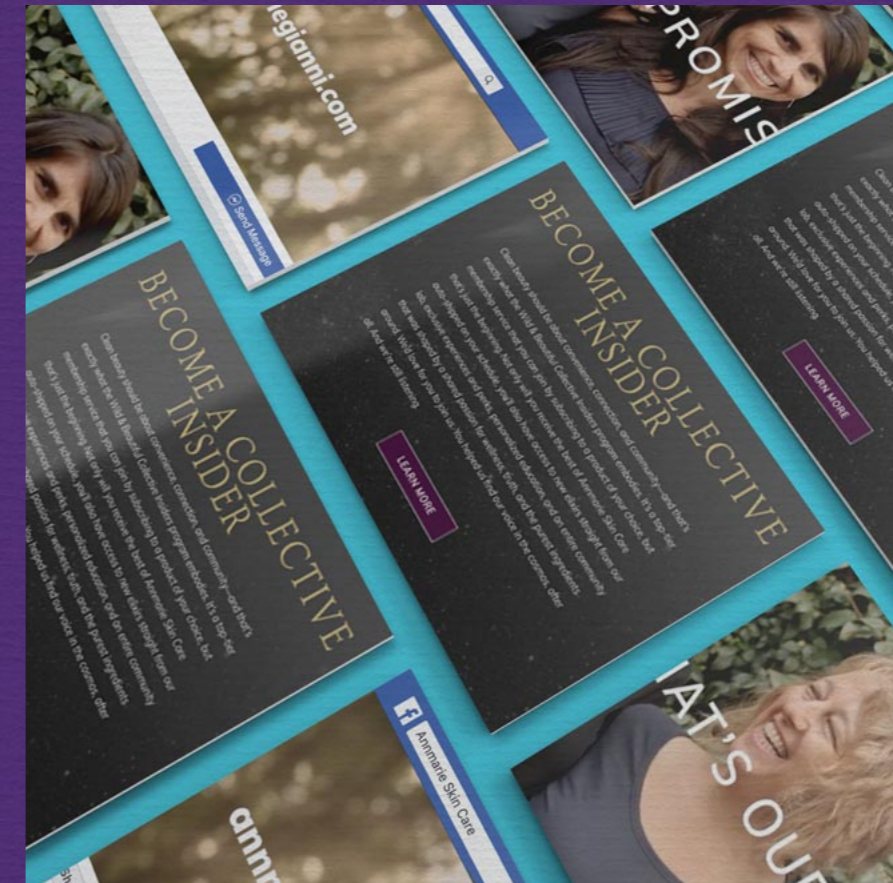
Personal values

To keep growing a united customer base, Annmari also actively encourages referrals through their program.

By giving customers the incentive to tell others about their brand, they're making sure that they're building a community of shoppers who share the same personal beliefs and goals.



The Facebook group is also used as a private space to launch exclusive give-aways for members. This makes customers who aren't a part of their community want to sign up so they don't miss out.



Overall, members spend **140%** more than non-members.

Experience

Personal experience

enjoyment



Simple experience


When asked what makes a customer want to join a loyalty program, **77%** felt they would be motivated by clear communication of benefits.

I'm motivated to join a loyalty program if...

The benefits are clearly communicated **77%**

There is an easy sign-up process **78%**

And, **78%** felt they would be encouraged to join if the sign-up process was easy and simple.



A loyalty program is a powerful way to deliver a more seamless user experience that is dynamic, engaging and fun to return to.

Satisfying experience

When it comes to ecommerce, customers are motivated by a process that's easy to navigate and understand.

This is important for two reasons:

■ Firstly, consumers have little patience. This means that a long and confusing process will lead to customers giving up and going elsewhere.

📌 With some studies placing **cart abandonment rates as high as 80%** forgotten baskets can have a dramatic impact on your bottom line.

■ Secondly, having a care-free user experience can help your reputation too.

📌 **63%** of US customers concluded that they enjoy shopping with brands that exceed expectations across the entire customer journey.



■ Straightforward experience

Pre-purchase: encourage customers to sign up to your program before they make a purchase by making the benefits clear from the outset.

Advertise your loyalty promotions in on-site banners across your homepage and tell customers of the perks of your program in pop-ups.

■ Seamless experience

Keeping your program's onboarding process simple is also important. To make registering to your loyalty program attractive, incentivise customers to create an account with an impossible-to-turn-down sign-up perk. This could be a free gift or a percentage-off discount as soon as they sign up, showing them the immediate value of becoming a member.

■ Integrated experience

■ **Integrated loyalty page:** once you've signed a customer up, you need to make sure their on-going relationship with your program is seamless.

An integrated loyalty page within your ecommerce store creates a destination for customers to continually learn about and engage with your program.


It's also a great way to demonstrate that your program is a part of your brand, not an optional extra.

Keep the benefits of your program above-the-fold, include clear call-to-actions throughout and litter it with personal touches (this could be the member's name, what tier they're in, their completed activities and how close they are to a reward threshold).

■ Memorable experience

In the check-out: To make the user experience even more memorable, embed loyalty components across the customer journey. This will make your program a natural part of your store, without distracting shoppers.

■ Rewarding experience

 **In-cart rewards** allow customers to claim loyalty rewards as they shop. Shoppers can redeem their accumulated points against free products from within cart – without the fuss of voucher codes.

Not only does this create a seamless checkout experience for customers, but it also provides an opportunity for you to encourage customers to increase their order value.

If a customer sees how close they are to their next reward while in the cart, they may add more to their basket to get it.

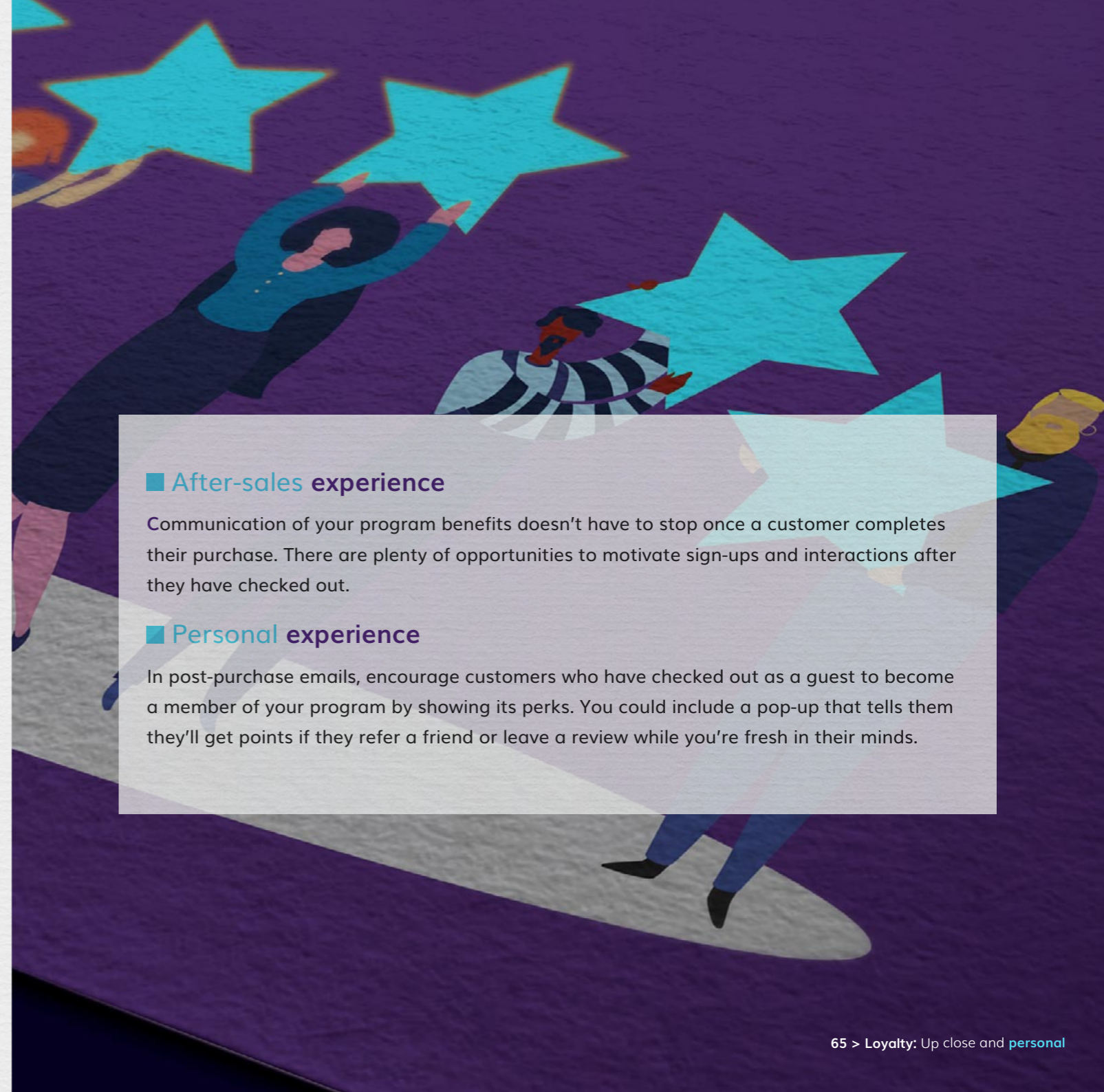


■ After-sales experience

Communication of your program benefits doesn't have to stop once a customer completes their purchase. There are plenty of opportunities to motivate sign-ups and interactions after they have checked out.

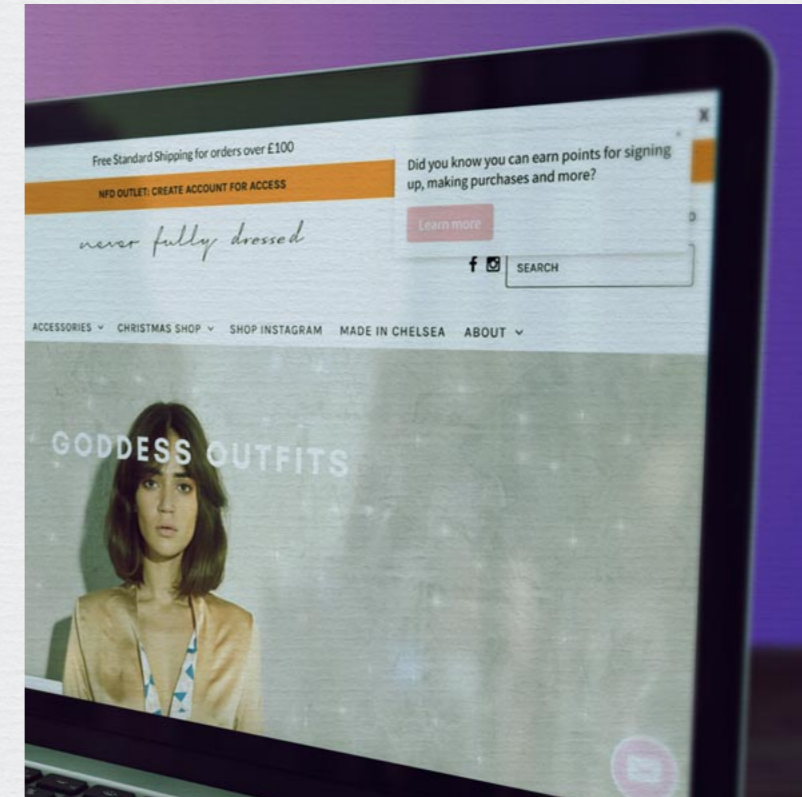
■ Personal experience

In post-purchase emails, encourage customers who have checked out as a guest to become a member of your program by showing its perks. You could include a pop-up that tells them they'll get points if they refer a friend or leave a review while you're fresh in their minds.



Up close and [personal](#) with Never Fully Dressed

To make it easy for customers to sign up to their program, fashion brand, [Never Fully Dressed](#) gives shoppers multiple opportunities to engage with their program across touchpoints.



When a new customer lands on their site, they also display a pop-up that shows customers the points they'll get for becoming a member. This gives customers an incentive to sign-up.



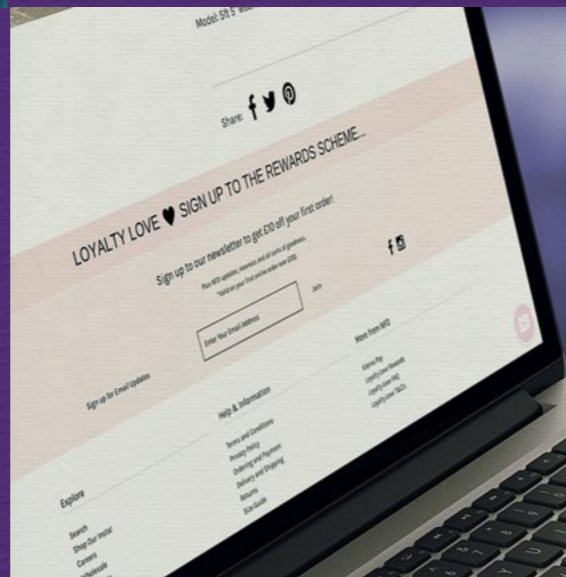
Never Fully Dressed also have a specific loyalty page where customers can complete actions to earn points.

Here, customers can see how the program works and its benefits.

They can also learn about the brand's tier structure, how they can earn points and what they can spend them on.

They also use the opportunity post-purchase to tell customers about the program. In post-purchase emails, the brand thanks the customer for their purchase and shares the benefits they'll miss out on if they don't sign up.

On their homepage, they include a banner in the footer that directs customers to their program and encourages them to join.



What does loyalty look like today?

Understanding what makes customers loyal today isn't easy – especially with the ecommerce landscape constantly shifting.

While you can't expect every customer that hits your store to become a lifetime member of your community, you can take some big steps towards understanding the triggers that will build long-term relationships and lifetime value.

Using the five key motivators outlined in this report, you can change the way you grow your ecommerce store.

With these insights, you can build a loyalty program that does more than just provide points and rewards.

Instead, you can create one that connects you with your customers all while accelerating your marketing tactics.



About LoyaltyLion

LoyaltyLion is a data-driven loyalty and engagement platform that powers ecommerce growth.

A loyalty program is about more than points and rewards.

It is about unlocking real insights to increase customer lifetime value.

With LoyaltyLion, you can build a better understanding of what drives longer-lasting customer relationships, and use those insights to connect and accelerate your existing marketing efforts.

Proven to increase retention and spend, LoyaltyLion is trusted by thousands of fast-growth ecommerce merchants worldwide.

Methodology

This research was conducted by LoyaltyLion and Censuswide, with 2,004 UK & US nationally representative consumers aged 16+ between 30.08.19 – 04.09.19. Censuswide abides by and employs members of the Market Research Society which are based on the ESOMAR principles.