

EXECUTIVE SUMMARY

THE 2016 BOND LOYALTY REPORT

bond. BRAND
LOYALTY

IN COLLABORATION
WITH

VISA

CANADIAN LAUNCH EDITION





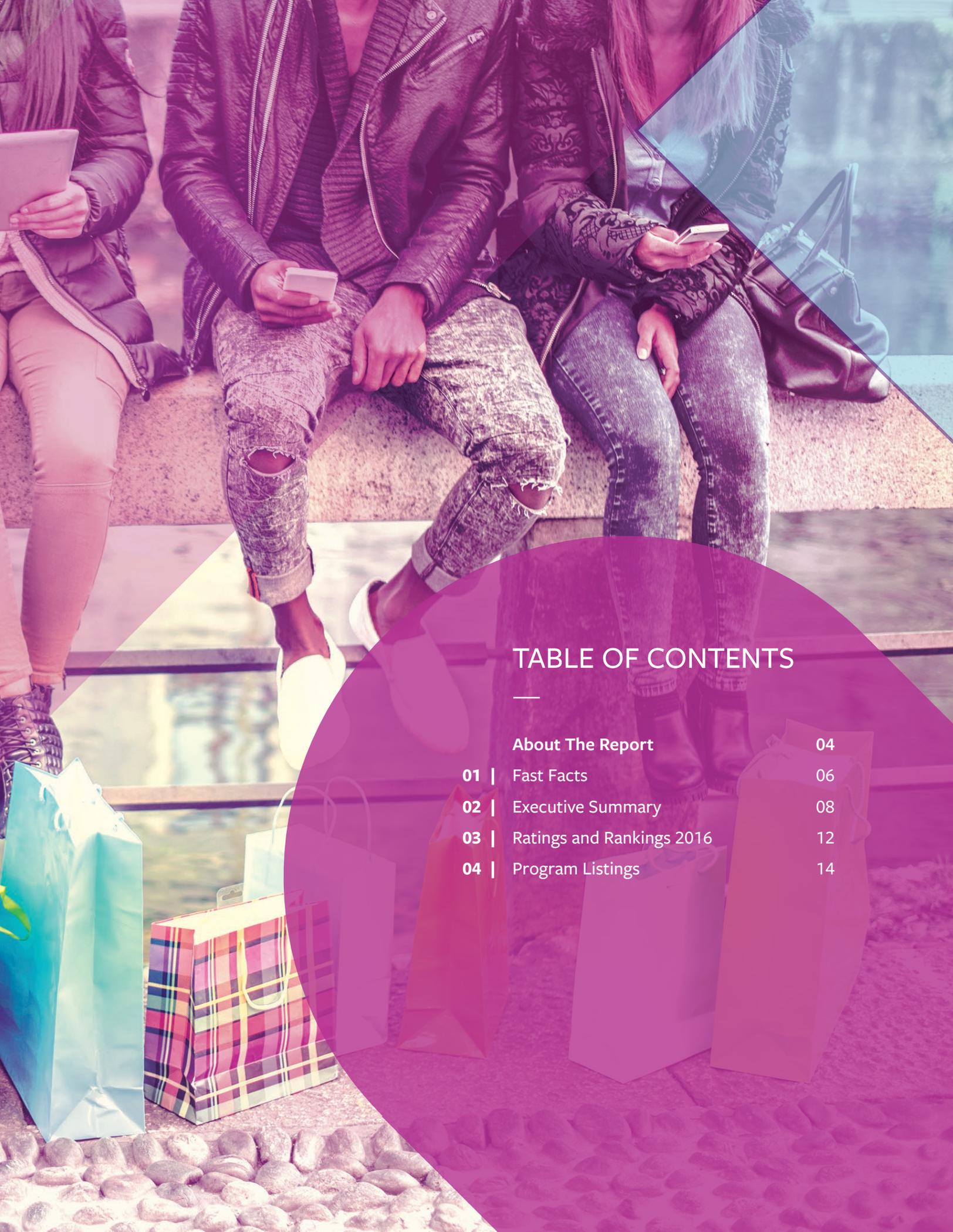


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ABOUT THE 2016 BOND LOYALTY REPORT

The 2016 Bond Loyalty Report study was conducted in January of 2016. A sample of nearly 12,000 U.S. and over 7,000 Canadian consumers participated in this study through an online survey.

The report explores year-over-year changes in consumer attitudes and behaviours to uncover insights on loyalty initiatives, brands, and over 280 Programs in industries such as retail, consumer packaged goods, financial services, travel, hospitality, entertainment, and dining. The report covers 58 dimensions of loyalty Program performance including Program mechanics, communications, rewards, needs fulfillment, loyalty emotional and behavioural outcomes, and brand alignment.

AT A GLANCE

ABOUT THIS STUDY...



THIS YEAR'S REPORT EXPLORES



YEAR-OVER-YEAR CHANGES IN CONSUMER ATTITUDES AND BEHAVIOURS TO UNCOVER INSIGHTS ON **LOYALTY INITIATIVES, BRANDS** AND OVER

280+
KEY PROGRAMS

INDUSTRY SECTORS INCLUDING:
RETAIL • PAYMENTS • TRAVEL • GROCERY • GAS •
CONSUMER PACKAGED GOODS • COALITION •
ENTERTAINMENT • DINING

**58 ATTRIBUTES
INCLUDING**

PROGRAM MECHANICS • REWARDS •
COMMUNICATIONS • NEEDS FULFILLMENT •
LOYALTY EMOTIONAL & BEHAVIOURAL
OUTCOMES • BRAND ALIGNMENT • AND MORE

AVAILABLE IN THE FULL REPORT:



TOP PROGRAMS
ACROSS SELECT
INDUSTRY SECTORS



KEY DRIVERS OF
OVERALL PROGRAM
SATISFACTION



DEMOGRAPHIC
PROFILES



PERSONALIZATION
AND
COMMUNICATIONS



MOBILE ACTIVITY
AND PREFERENCES
IN LOYALTY



REWARDS
REDEMPTION
AND PREFERENCES



CONSUMER
LOYALTY
SEGMENTS



CUSTOMER
EXPERIENCE
IN LOYALTY

01 | FAST FACTS

WHAT'S IN THEIR WALLETS?

2016



Of ~11 memberships per person, only ~7 are active this year.

STEP UP THE DIGITAL EXPERIENCE



ARE VERY SATISFIED WITH THE PROGRAM WEBSITE EXPERIENCE.

MORE OPPORTUNITY WITH MOBILE



STEADY SATISFACTION



SATISFACTION BY SECTOR



+ MANY OTHER SECTORS

MEMBERS ARE YOUR MARKETERS



66%

of Members are more likely to recommend brands with good loyalty Programs.

REWARD FOR MORE THAN TRANSACTIONAL LOYALTY



15%

are satisfied with the ways rewards/benefits can be earned.

MISSING THE MARK ON PERSONALIZATION



FEEL VERY SATISFIED WITH THE LEVEL OF PERSONALIZATION THEY EXPERIENCE WITH A PROGRAM. (17% IN 2015)



MORE POINTS, MORE SPEND

63%

of consumers modify amount spent to maximize points.



EARN BACK THE TRUST

22%



STRONGLY AGREE THAT PROGRAMS ARE TRUSTWORTHY. (24% IN 2015)

HOW MANY LOVE THEIR LOYALTY PROGRAM?



strongly agree they love their loyalty Program.

EXTEND THE INVITATION BEYOND POINTS



JUST

10%

ARE VERY SATISFIED WITH ACCESS TO EXCLUSIVE EVENTS AND EXPERIENCES.

THE STATE OF LOYALTY

The 2016 Bond Loyalty Report reveals the quickening pace of the change brands, marketers, and loyalty Program operators face, as consumers—and those who self-identify as Members—expect more in exchange for their loyalty. While year-over-year satisfaction appears steady at 32 percent, we have found that a large majority of consumers modify their shopping behaviour in order to engage with loyalty Programs that they are a part of.

A deeper dive into this year's study shows that many Programs are missing the mark when it comes to personalizing offers and communications in ways that meet customers' needs. The opportunity also exists to reduce reward costs and strongly influence consumer behaviour with more effective Program experiences.

Here's what else we uncovered:

1. WHAT DRIVES PROGRAM SATISFACTION?

Brands can effectively evolve their Programs by ensuring the Program supports the brand promise, and by ensuring the Program helps fulfill Members' needs in a brand-aligned manner.

There is a very strong appetite for loyalty among consumers, who continue to add new enrolments to their loyalty card “wallet.” Yet, perhaps the greatest call to action for marketers and Program operators: The number of Programs in which participants are active—meaning having made a purchase in the last 12 months—has remained flat.

We profiled over 280 loyalty Programs across key sectors including payment, retail, hospitality, airlines, gas, dining, CPG, coalition and many more. This study reveals how Programs are performing, how that performance compares in relation to their closest competitors, and where pockets of innovation that drive high satisfaction are appearing.

We also evaluated 58 attributes for each Program in order to identify the elements most influential in driving overall Member satisfaction. This year, we uncovered the following three top drivers of satisfaction:

- **Brand alignment**—the extent to which the Program experience lives up to, and fulfills, the promise the brand is making to its customers.
- **Meeting needs**—the extent to which the Program is meeting Member needs; related to problematic ways in which Members count on the brand to do what it says it will do.
- **Program enjoyment**—a less tangible metric, but highly important, the extent to which participants deem the Program experience in and of itself, enjoyable.

What's consistent among these top three drivers is that none of them are monetary in nature—there is no mention of reward or the amount accumulated per dollar spent—and all of these drivers embody the Program experience.

Visit bondbrandloyalty.com to learn more about this year's Bond Loyalty Report.

DRIVERS OF PROGRAM SATISFACTION: TOP FIVE ATTRIBUTES RANKED BY SECTOR

	OVERALL	COBRAND CREDIT	COBRAND CREDIT COALITION	BANK BRANDED POINTS	BANK BRANDED CASHBACK/REBATE	PAYMENT DEBIT	COALITION	RETAIL
Loyalty Program fit with brand/company expectations	1	1	1	1	1	1	2	3
Program meets needs	2	3	3	4	3	2		1
Enjoy participating in Program	3	2	2	2	4	4		5
Level of effort needed to earn a redemption	4	4		3	2	5		2
Ease of redemption	5			5		3	1	
Time to earn desired rewards/benefits	6						3	
Program rewards/benefits appealing	7		4		5		4	
Ways rewards/benefits can be earned	8	5	5					
Program makes brand experience better	9							4
Amount accumulated per \$1 spent	10						5	

2. PERSONALIZATION

Marketers must focus on building trust through permission in order to increase levels of satisfaction through Personalization

Loyalty Program operators can't have a conversation about Personalization without also talking about value proposition design and redemptions.

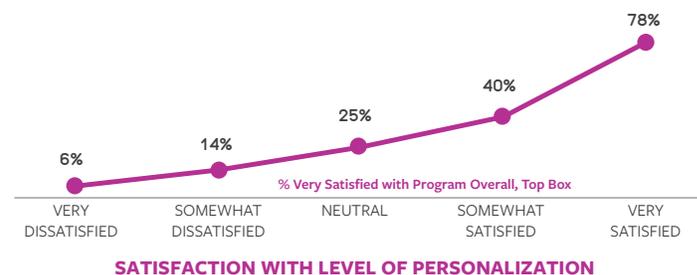
The common challenge for brands is how to bridge the gap between infrequent purchases and the effort it takes to participate, thus broadening the “do-this/get-that” equation within the design of the value proposition.

- One in two Members agree that personalization is important, yet only 12 percent say they are very satisfied with the extent to which their Program experience is Personalized.
- There is a strong relationship between Personalization and satisfaction; Personalization pays as satisfaction is 14 times higher when Programs are highly personalized.
- Personalization does not need to be complicated to be effective—tailoring your Members' experiences will improve your overall brand health in a way traditional mass advertising simply cannot.

Learn more about our full study, and the data and insights around Personalization, including:

- The “Cool” and the “Creepy” approaches to Personalization;
- The impact of personalized approaches on satisfaction; and
- The Program earning top marks for Personalization from Members.

SATISFACTION WITH PERSONALIZATION = HIGHER SATISFACTION OVERALL



02 | EXECUTIVE SUMMARY (CONTINUED)

3. REDEMPTION

Program owners can get more out of their loyalty investment by focusing on the redemption experience rather than on (just) the reward itself

Loyalty Program operators know the majority of their loyalty investment goes toward the Program's reward or dividend, and are often on the lookout for ways to make their rewards investment work harder for their Program.

The combination of rewards and redemptions plays a crucial role in Program satisfaction, but the redemption experience is ultimately more important than the reward itself.

- Members who have recently redeemed have a 2.9X higher level of satisfaction compared to those who have never made a redemption.
- 61 percent of respondents found the ability to redeem their accumulated points instantly in store appealing, with 27 percent saying they are willing to pay a premium to instantly receive their redeemed reward.

Learn more about our full study, and the data and insights around Redemption, including:

- Program satisfaction among redeemers according to reward value;
- Benchmarks of the percent of redeemers for all sectors;
- The difference in satisfaction between redeemers and non-redeemers for all sectors; and
- Complete inventory of key drivers of satisfaction related to rewards and redemption.

REDEMPTION

IS THE KEY TO MEMBER EXPERIENCE



More than 1/4 of Members
have never made
a redemption, and...

2.1X

...Non-redeemers are 2.1X
more likely to defect than
those who redeemed in the past
12 months

4. CUSTOMER EXPERIENCE

Making Members feel special and recognized pays satisfaction dividends

Given that Customer Experience is a broad and rich topic, we set out to investigate a specific element of this discipline: live person-to-person interactions between Members and representatives of the brand and Program.

We endeavoured to evaluate the extent to which Members say that the live person-to-person experience makes them feel special or recognized, and determined the associated impact on satisfaction.

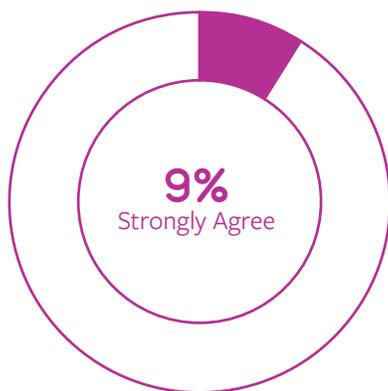
- Program satisfaction is 3X higher for Members who are made to feel special or recognized by representatives of the brand or Program.
- People-to-people interactions create emotion—both positive and negative—and positive emotions increase brand loyalty.
- Marketers and Program operators must not overlook the important stakeholders who comprise the connective tissue between the brand and its customers or Members.

When brand representatives make Members feel special or recognized, it pays satisfaction dividends that result in increased satisfaction and loyalty to the brand—that is a tremendous opportunity for Customer Experience in loyalty.

Learn more about our study, and the data and insights around Customer Experience, including:

- Member Experience Index;
 - Top ranked Programs where Reps make Members feel recognized and special; and
 - Top ranked Programs for consistency of experience across channels.
-

FEELING SPECIAL AND RECOGNIZED



BRAND AND PROGRAM
REPS MAKE THEM
FEEL SPECIAL AND
RECOGNIZED

PROGRAM SATISFACTION IS

3X

HIGHER AMONG MEMBERS
WHOSE PROGRAM REPRESENTATIVES
MAKE THEM FEEL SPECIAL
AND RECOGNIZED

MORE TO COME

Look for upcoming releases of additional 2016 Bond Loyalty Report data, topics and insights that can help marketers and Program operators build better strategies to keep up with consumer expectations, including:

MOBILE: The innovation of mobile and loyalty is changing how Members interact with Programs. Find out what the most sought-after features and functions are, and what the changing role of mobile in the loyalty mix means for Program operators and the brands they represent.

SEGMENTATION: From rational and emotional, to Brand Loyalists and Piggy Bankers, there are six predominant loyalty Member personas marketers must understand and action differently in order to be effective.

MILLENNIALS: As Millennials mature into their early parenting years, it's important for marketers to understand what drives brand loyalty among this increasingly important age cohort, and how their needs are changing.

CONTACT US TO LEARN MORE OR PURCHASE THE FULL EDITION OF THE 2016 BOND LOYALTY REPORT

LOYALTY LEADERS

The 2016 Bond Loyalty Report provides in-depth profiling of over 280 loyalty Programs across key industry sectors including payment, retail, hospitality, airlines, gas, dining, CPG and coalition.

Given the Program parity in many sectors, marketers and Program operators will be well-served to look beyond the functional, rewards-centric attributes toward Program experiences that are personalized, differentiated through brand alignment, and prioritize ease of use in an effort to improve overall Program satisfaction.

We have listed a sampling of the best, next best and last Programs in key sectors according to overall Program satisfaction:

Retail

Drug Store & Grocery

Best



My Canadian Tire "Money" Card



Shoppers Drug Mart Optimum Program

Next Best



Amazon.ca Amazon Prime



Metro & Moi

Last



TJX Canada STYLE+® Loyalty Program



Longos Thank You Rewards

CPG

Best

Johnson & Johnson

Johnson & Johnson Healthy Essentials

Next Best

P&G

P&G Everyday/BrandSAVER/BrandSAMPLER

Last

HUGGIES[®]
DIAPERS

Huggies Rewards

Dining—QSR



My Starbucks Rewards



McDonald's McCafé Rewards



Pizza Pizza Club 11-11

Payments—Co-branded Debit

Best



PC Financial Debit Card

Next Best



SCENE ScotiaCard (Debit)

Last



BMO AIR MILES Debit Card

Coalition



AIR MILES



More Rewards



Aeroplan

04 | PROGRAM LISTING

AVAILABLE DEEP DIVE REPORTS ON OVER 280 PROGRAMS ACROSS 58 ATTRIBUTES

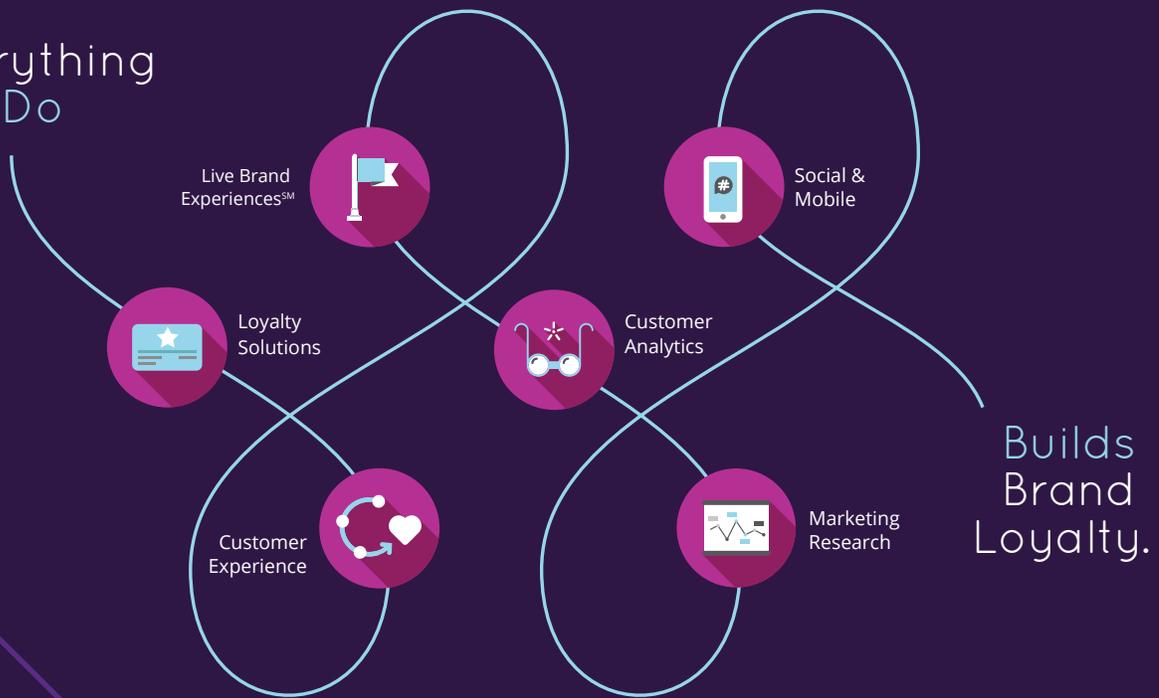
AEROPLAN • AIR MILES • AMAZON.CA AMAZON PRIME • AMERICAN EXPRESS AEROPLANPLUS • AMERICAN EXPRESS AIR MILES • AMERICAN EXPRESS GOLD REWARDS • AMERICAN EXPRESS SIMPLYCASH • BEST BUY REWARD ZONE • BMO AIR MILES DEBIT CARD • BMO AIR MILES MASTERCARD • BMO AIR MILES WORLD/WORLD ELITE MASTERCARD • BMO CASHBACK MASTERCARD • BMO REWARDS/WORLD ELITE MASTERCARD • CAA CAA DOLLARS • CANADIAN TIRE CASH ADVANTAGE MASTERCARD • CANADIAN TIRE OPTIONS MASTERCARD • CANADIAN TIRE PAPER MONEY • CAPITAL ONE ASPIRE CASH PLATINUM MASTERCARD • CAPITAL ONE ASPIRE WORLD ELITE/PLATINUM TRAVEL MASTERCARD • CAPITAL ONE COSTCO PLATINUM MASTERCARD • CHAPTERS INDIGO IREWARDS • CHAPTERS INDIGO PLUM REWARDS • CHASE AMAZON.CA REWARDS VISA • CIBC AERO CLASSIC/PLATINUM VISA • CIBC AEROGOLD VISA INFINITE PRIVILEGE • CIBC AVENTURA GOLD VISA • CIBC AVENTURA VISA • CIBC AVENTURA VISA INFINITE • CIBC DIVIDEND PLATINUM VISA • CIBC DIVIDEND VISA • CIBC DIVIDEND VISA INFINITE • CIBC PETRO POINTS MASTERCARD • CIBC TELUS REWARDS VISA • CIBC TIM HORTONS DOUBLE DOUBLE VISA • COSTCO EXECUTIVE/BUSINESS/GOLD STAR MEMBERSHIP • DESJARDINS CASH BACK VISA • DESJARDINS ELEGANCE GOLD/BONUSDOLLARS VISA • DESJARDINS ODYSSEY GOLD /BONUSDOLLARS VISA • DESJARDINS VISA MODULO GOLD/BONUSDOLLARS VISA • EBATES • ESSO EXTRA • GOLF TOWN LEADER BOARD • HOME DEPOT CONSUMER CREDIT CARD • HUDSON'S BAY REWARDS CREDIT CARD • HUGGIES REWARDS • IHG INTERCONTINENTAL HOTELS GROUP REWARDS CLUB • JOHNSON & JOHNSON HEALTHY ESSENTIALS • LONGOS THANK YOU REWARDS • MBNA REWARDS MASTERCARD • MCDONALD'S MCCAFFÉ REWARDS • MEC (MOUNTAIN EQUIPMENT CO-OP) • METRO & MOI • MORE REWARDS • MR. LUBE CLUB • MY CANADIAN TIRE 'MONEY' CARD • MY STARBUCKS REWARDS • NETFLIX VIDEOSTREAMING SERVICE • OLG WINNER'S CIRCLE REWARDS • P&G EVERYDAY/BRANDSAVER/BRANDSAMPLER • PAMPERS REWARDS • PC FINANCIAL DEBIT CARD • PC FINANCIAL MASTERCARD • PC FINANCIAL WORLD ELITE MASTERCARD • PC FINANCIAL WORLD MASTERCARD • PENNINGTONS STYLE INSIDER PROGRAM • PETRO PETRO-POINTS • PIZZA PIZZA CLUB 11-11 • PORTER AIRLINES VIORTER • PRESIDENT'S CHOICE PC PLUS • RBC AVION VISA INFINITE • RBC AVION VISA INFINITE PRIVILEGE • RBC CASH BACK MASTERCARD • RBC CASH BACK VISA • RBC ESSO EXTRA VISA • RBC PLATINUM AVION VISA • RBC PLATINUM VISA • RBC REWARDS GOLD VISA • RBC REWARDS PREFERRED VISA • RBC SHOPPERS OPTIMUM DEBIT CARD • RBC SHOPPERS OPTIMUM MASTERCARD • RBC SIGNATURE REWARDS VISA • RBC WESTJET DOLLARS MASTERCARD • RBC WESTJET WORLD ELITE DOLLARS MASTERCARD • ROGERS ON DEMAND • SCENE • SCENE SCOTIACARD (DEBIT) • SCENE VISA • SCOTIA GOLD PASSPORT VISA • SCOTIA MOMENTUM VISA NO-FEE/INFINITE • SCOTIABANK AMERICAN EXPRESS • SCOTIABANK GOLD AMERICAN EXPRESS • SEARS CLUB • SECOND CUP COFFEE CO REWARDS • SEPHORA BEAUTY INSIDER • SHOPPERS DRUG MART OPTIMUM PROGRAM • SPC (STUDENT PRICE CARD) • TD AEROPLAN VISA INFINITE • TD CASH BACK MASTERCARD • TD DRIVERS REWARDS VISA • TD FIRST CLASS TRAVEL VISA INFINITE • TD GOLD ELITE VISA • TD TRAVEL CLASSIC/PLATINUM VISA • THE BAY / HOME OUTFITTERS HBC REWARDS • TJX CANADA STYLE+ LOYALTY PROGRAM • WALMART REWARDS MASTERCARD • WESTJET REWARDS

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About Bond Brand Loyalty

Bond Brand Loyalty is a management-owned agency that specializes in building brand loyalty for North America's most influential and valuable brands. Our mission is to make marketing more rewarding for customers, richer and more resilient for brands, and more profitable for our clients. We build measurable, authentic and long-lasting relationships through a combination of services that includes loyalty solutions, customer experience, marketing research, customer analytics, live brand experiences and proprietary loyalty technology platforms.

Everything
We Do





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