

# Driving Brand Loyalty



73% of shoppers are willing to try a new brand. While that statistic is great for acquisition, it can make building a loyal, repeat customer base difficult. A greater wealth of options for consumers provides another challenge; investing in loyalty—and understanding what drives it—has never been more critical. To discuss business loyalty certainly means reviewing loyalty programs. However, younger consumers want more than a simple membership, and are broadening their expectations to include aligned values, surprises, and engagement.

## LOVING (THE IDEA OF) LOYALTY

**90%** of U.S. adults are members of a loyalty program

However, **more than half** of those membership are deemed inactive

**53%** belong to **three or more**

Retail leads the loyalty program pack with 42% of all memberships; travel and hospitality follows with 29%



## WOONING KEY DEMOGRAPHICS

**35%**

nearly **1/3**

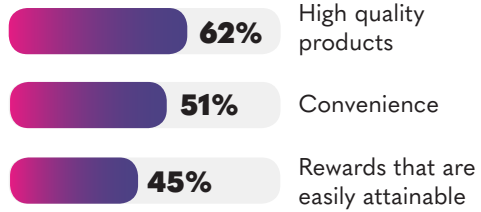
of 35 to 44-year-olds visit businesses more after subscribing to their loyalty program; 33% of 18 to 34 and 45 to 54-year-olds noted the same thing

of 18 to 44-year-olds buy more to reach program bonuses or new levels



## WHAT DRIVES LOYALTY?

Aside from low prices, the following factors were valued as most important in driving customer loyalty for brands or businesses:



## DIRECT-TO-CONSUMER SPECIFIC

Loyalty programs trigger repeat consumers, but also incentivize new ones. The motivations for consumers to try a new DTC brand were as follows:

- 27.3%** Free trial period
- 21.4%** Appealing online presence through website and social media
- 16.7%** Loyalty benefits
- 14.8%** Sign-Up discount



## STAND FOR SOMETHING

- For Gen Z and Younger Millennials especially, loyalty is **transactional but also emotional**
- A third of 18 to 34-year-olds are interested in brand values
- 41% of all ages surveyed liked when a loyalty program donated to charity

## ROOM FOR IMPROVEMENT

The top factors that U.S. adults dislike about loyalty programs:

- 48%** Paying a fee
- 45%** Rewards take too long to earn
- 36%** Rewards expire too quickly
- 30%** Earning rewards necessitates purchasing items they don't want
- 22%** Rewards are not relevant
- 21%** Hard to keep track of
- 20%** Too much communication from the programs



## THE PERKS OF PRIME

Amazon Prime is the most popular program for a single brand with **+100 million members**

**59% of Prime members** surveyed felt that Prime benefits have changed their expectations for other programs



Source: Mintel, Loyalty Programs—US—July 2019, CrowdTwist, "Loyalty Research Report: Engaging Consumers in an Age of Increasing Brand Distrust," July 25, 2018, eMarketer, Toluna, "D2C Survey," May 6, 2019, MarTech Series, "Brands Must Show Loyalty To Earn Loyalty, According To Alliance Data's New Consumer Study," March 2018