

Trendspotter: Shoppers Look to Loyalty Programs to Gain Added Value

As brands look to grow market share, drive repeat sales, and build up first-party data assets, loyalty programs are employed and stacked with perks and exclusive benefits. With many brands vying for cherished wallet share during an uncertain economic climate, the suite of offerings presented to shoppers must stand out now more than ever.

Brands with loyalty programs have a unique opportunity to deliver value in a personalized way for members. Communicating the most compelling message for a particular customer must consider what ‘value’ means to them. Whether it be exclusive member events, premium convenience services, or simply knowing that a holiday promotion can stack with existing rewards, member perks promoted across channels can be an impactful differentiator this season.

Wondering how to inspire perpetual window shoppers to finally convert? Our latest research answers why customers are a part of loyalty programs, what drives them to switch to new brands, and how they prefer to learn about available rewards and benefits.

PMG’s latest proprietary research offers insight into the key trends and consumer behavior preferences defining loyalty program membership in 2022 and beyond.

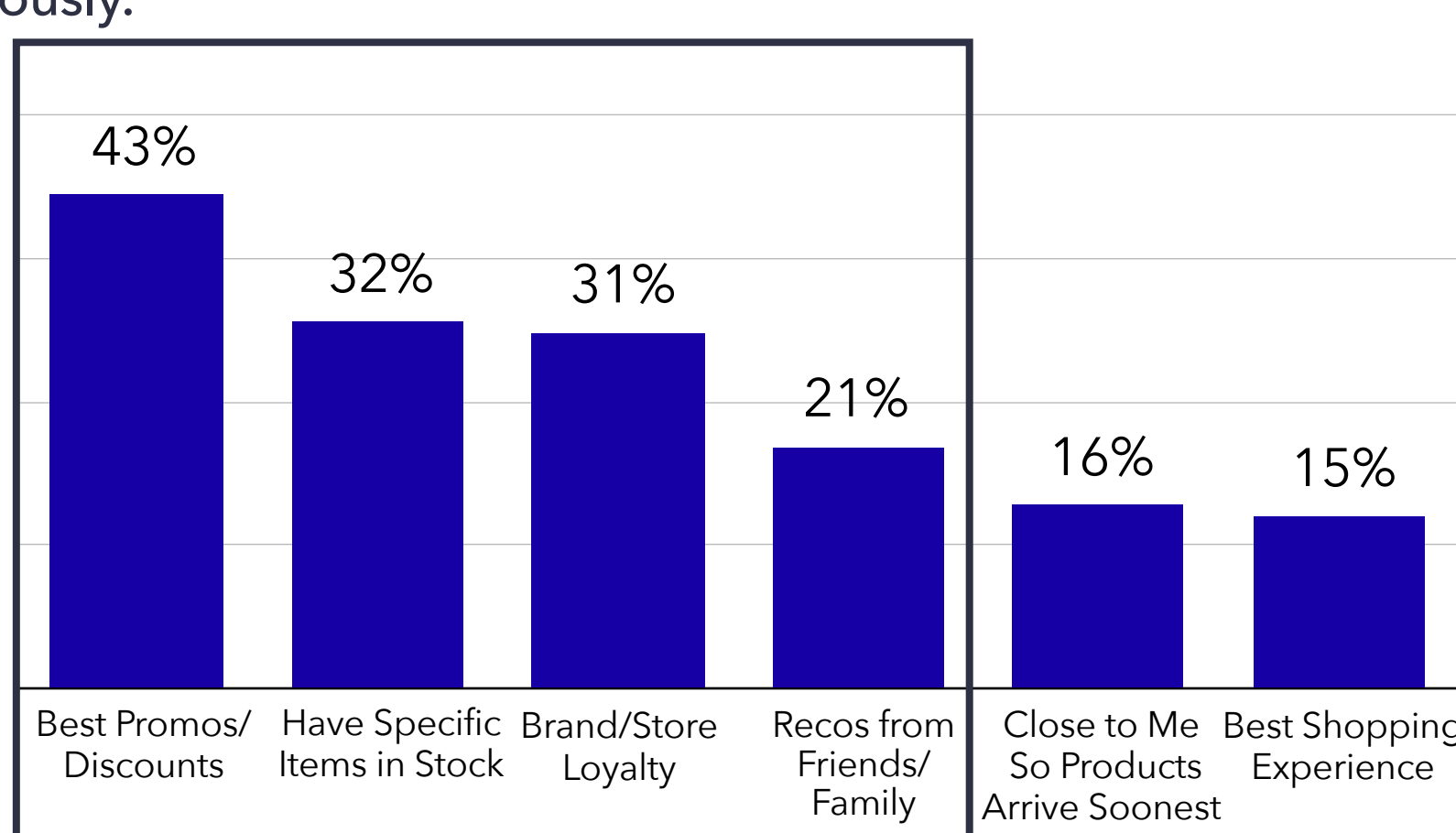
For all inquiries, please connect with us at insights@pmg.com

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,036 adults. Fieldwork was undertaken between 8 - 27 September 2022. The survey was carried out online. The figures have been weighted and are representative of all U.S. adults (aged 18+).

Utilizing Holiday 2022 to Jumpstart 2023

The 2022 holiday shopping season serves as an excellent opportunity for jumpstarting 2023 loyalty program membership growth while millions of shoppers are actively in market to find the perfect gifts or must-have buys. Holiday-specific benefits and rewards should be an active part of every loyalty program during this time of year, as they can support both loyalty acquisition and retention simultaneously.

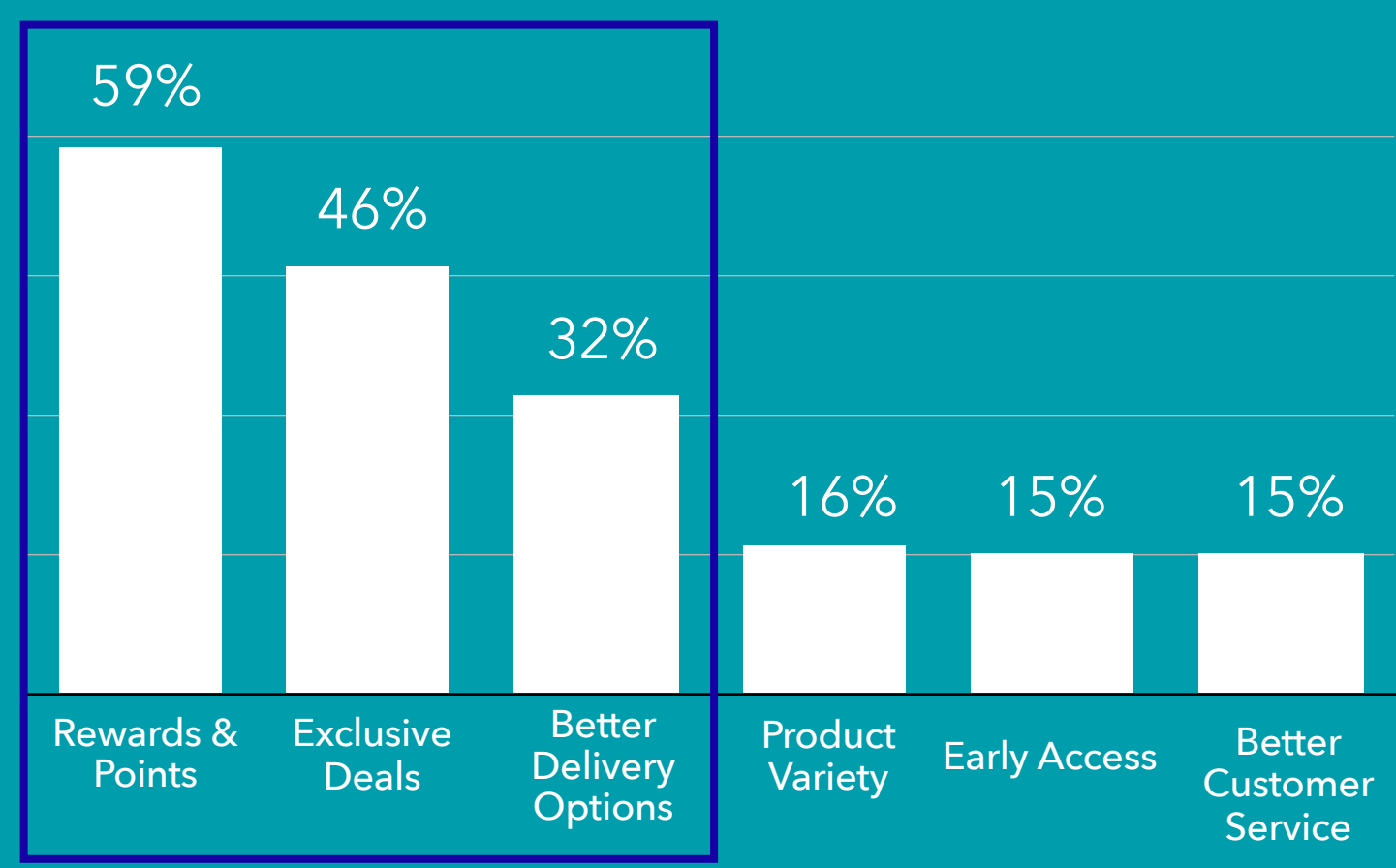
2022 holiday shopping decisions are most informed by price-sensitivity, familiarity, and brand relationships.



For more insight into the state of the holiday shopper, check out our Trendspotter research series on [the PMG blog](#).

Loyalty Program Membership Drivers

Transactional benefits, such as exclusive deals and better delivery options, are some of the most popular reasons why consumers are members of a brand loyalty program.



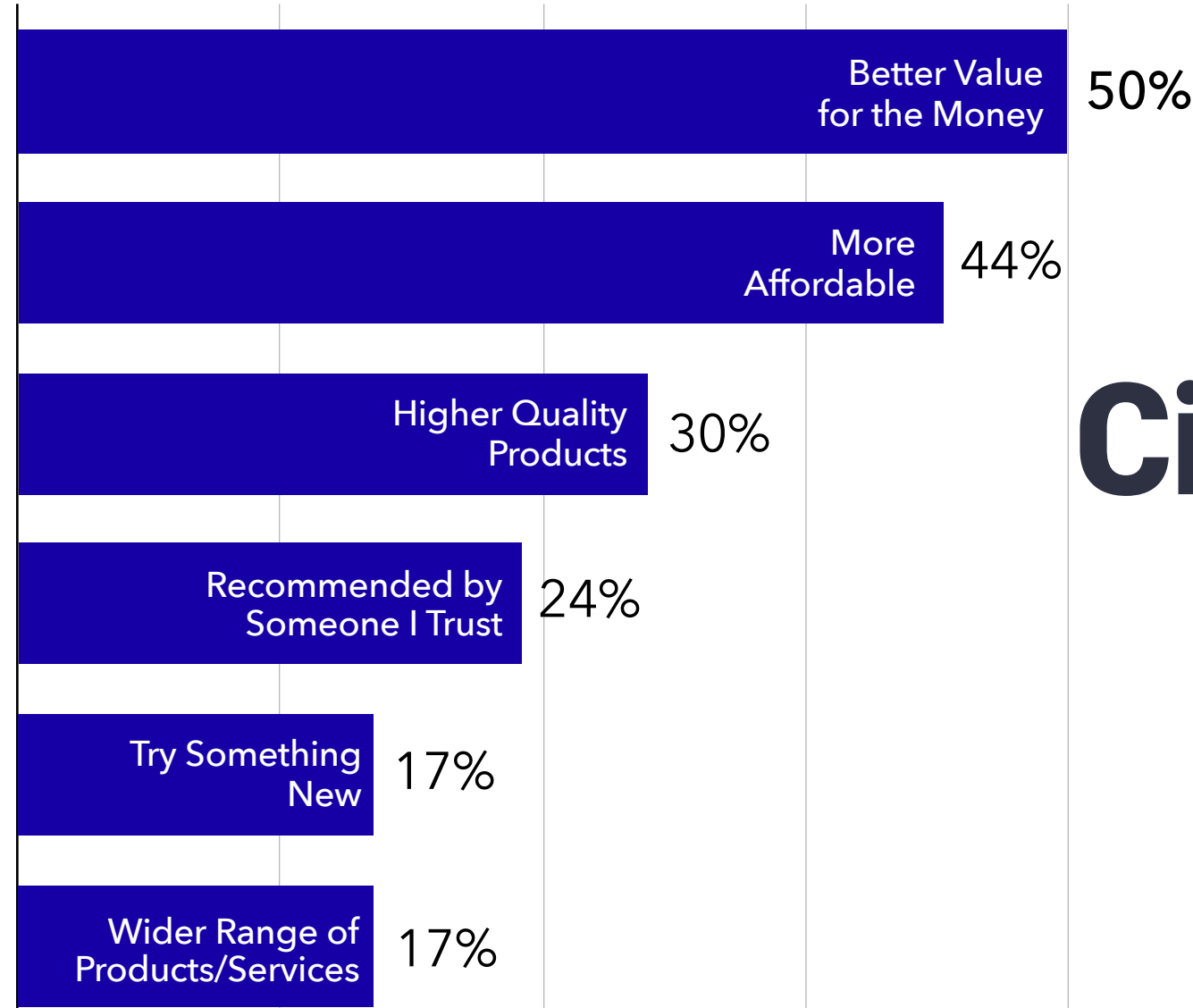
Base: Loyalty program members (N=1,361)

A Look at Program Membership Across Categories*

Two-thirds (67%) of consumers count themselves as members of a loyalty program, with membership spanning several popular categories of goods and services:



Consumers are on the lookout for the best bang for their buck, with 50% reporting that they will shop elsewhere if it means they can get better value for their purchase decision.



**“Better Value”
Cited as #1 Reason
Consumers
Switch Brands***

Consumer Communication Preferences

65% of loyalty program members prefer loyalty ads that let them know about special promotions and benefits.

Loyalty program members overwhelmingly (65%) prefer ads and brand communications that educate and inform them about special promotions and the personalized benefits that are readily available to them, with some communication mediums preferred over others.

Digging deeper, we observed that loyalty program members 18-34 over-index 10% pts for Social Media, and those 35-54 over-index for Brand Mobile App +2% pts. This signifies that loyalty messaging must be integrated across the entire brand communication experience.

How Members Prefer to Hear From Brands



“These consumer preferences suggest that retargeting strategies may merit specialized campaigns, creative treatments and experiences,” said Julianne Manoogian, Senior Principal of Consulting at PMG. “While customers will always prefer a touch of personalization to command their attention, a cost-benefit analysis must also be considered to determine the premium of a personalized approach in media compared to the anticipated incremental return.”

While the value exchange between brands and customers fluctuates over time, consumer expectations around personalization, customer service, and seamless brand communications across mediums are now table stakes for helping transition a first-time customer into a long-term loyalty member.

Key Takeaways for Brand Marketers

To protect market share during times of economic uncertainty, brands must prioritize customer retention by better understanding and delivering ‘value’ to customers. Customer insights, robust sentiment tracking, and the agility to adapt as necessary will help steer brands toward the most competitive value exchange for their business during this time.

- 1 Transactional benefits, like exclusive deals, are the most popular reasons why shoppers join loyalty programs.
- 2 Consumers are on the hunt for added value, with over 50% willing to shop another brand for better value.
- 3 65% of shoppers prefer loyalty ads, with email serving as the preferred communication channel for personalized loyalty updates.

Brands should consistently calibrate how loyalty programs bring value to customers in addition to expediting time between consideration and purchase. Heading into 2023, brands that consider socioeconomic shifts and customer mindset in context of value will be best poised for growth in an increasingly competitive marketplace,” said Manoogian.