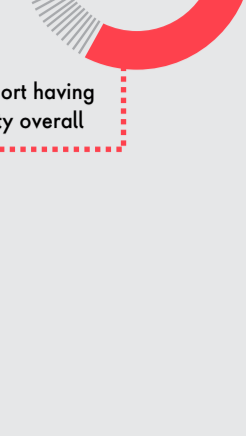




Is Loyalty Dead?

Does brand loyalty still exist at all? Publicis Sapient conducted a survey of global consumers to understand how companies can acquire and retain customers for life amidst inflation.

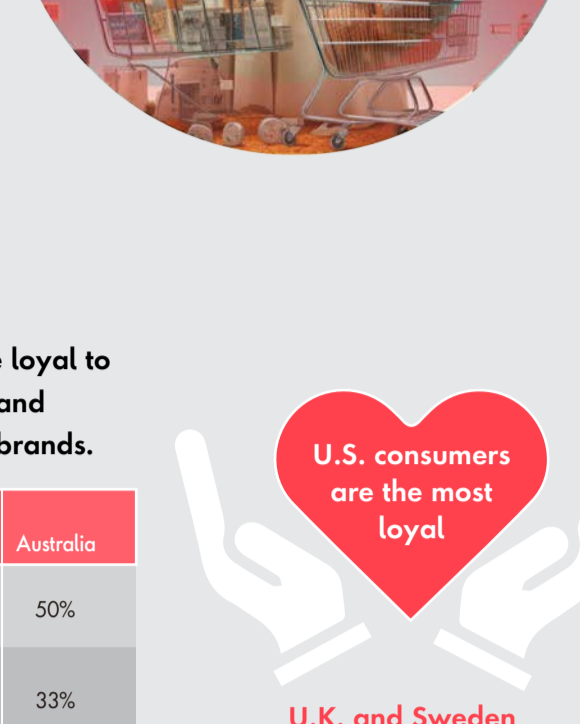


CUSTOMER LOYALTY IS ON THE DECLINE – BUT IT'S NOT DEAD YET

The "Death of Loyalty" is an industry headline that has been around for decades, based on the idea that people aren't brand loyal, but instead are "loyal switchers."

"Most consumers only show 'loyalty' to brands out of habit, because the brand is unique, if the product will save them time or money, if the purchase is emotional, or if it helps them shape their self-identity."

- David Carr, Director of Customer Experience Innovation and Consulting



There's a slight tendency for U.S. consumers to be more loyal to brands than other markets, with consumers in the U.K. and Sweden showing the weakest overall loyalty between brands.

	Sweden	Germany	France	U.K.	U.S.	Australia
NOT AT ALL OR SLIGHTLY LOYAL	57%	51%	48%	60%	39%	50%
MODERATELY LOYAL <i>I tend to stick with a few preferred brands, but I'm open to alternatives</i>	32%	31%	39%	33%	38%	33%
VERY OR EXTREMELY LOYAL	10%	18%	13%	8%	23%	18%

U.S. consumers are the most loyal

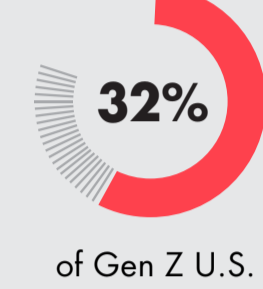
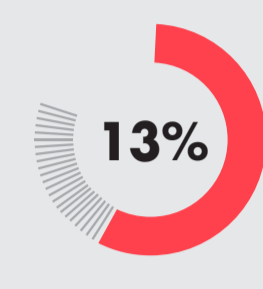
U.K. and Sweden the least

1/3

Loyalty by generation

Roughly one-third of Gen Z Americans will participate in a subscription program from their favorite brand

TIME IS MONEY, AND YOUNGER GENERATIONS LOVE AN AUTOMATED SUBSCRIPTION THAT'S PART OF THEIR REGULAR ROUTINE



subscribe to their favorite brand's products or services

30% of consumers will recommend their favorite brands to their friends and family

18% of Gen Z and millennials consider themselves to be very or extremely loyal to their favorite brands, more than any other demographic

TOP THREE WAYS consumers show loyalty to brands globally

- 1 Consistent use of products tends to be driven by Gen X and Boomers.
- 2 Recommending brands to others is driven by younger generations.
- 3 Participation in brands' loyalty programs is driven by younger generations.

While most consumers will switch brands at the drop of a hat, there's a growing minority of die-hard loyalists that premium brands can still tap into.

Three strategies to win with loyalty, according to the data

CREATE SUBSCRIPTION AND LOYALTY PROGRAMS FOR GEN Z:
Use customer data to craft brand propositions that stick. Use the convenience of brand experience (plus people's tendency to NOT to think about brands), along with 'enforced loyalty' by building out an ecosystem that makes it harder to break out of your brand.

FIND YOUR CULT FOLLOWING:
Grow your revenue with brand loyalists by monetizing your customer data.

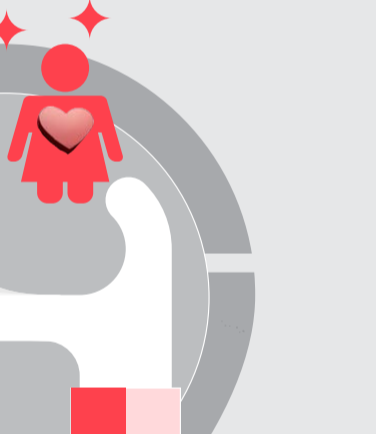
UNDERSTAND EMOTIONAL VS. BEHAVIORAL LOYALTY:
Brand-switching will continue to increase, but creating emotional loyalty through personalized experiences and ecosystems is still effective across demographics.

Acquiring new customers is more important than ever

Customers are more fickle, but they're also more likely to discover your brand online or in-person.



The majority of consumers are always open to new brands, even if they have favorites. Despite dwindling brand loyalty, consumers are more open to trying new brands and products than ever before.



53% of consumers are likely to switch to cheaper brands because of inflation

INCREASING ECONOMIC PRESSURES ARE FORCING CONSUMERS TO BE FRUGAL

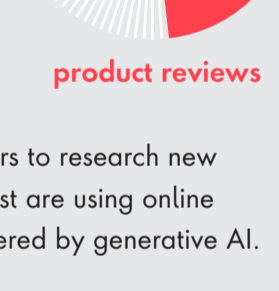
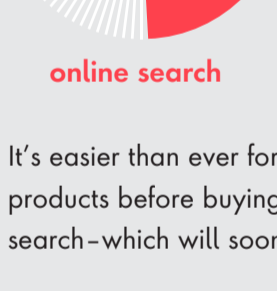
Increasing economic pressures are forcing consumers to be frugal - while some will buy less, others will switch to the cheapest product or the best deal. Inflation also affects loyalty during holiday shopping.

52% of holiday gifters will buy fewer holiday gifts

39% will buy from cheaper brands than they have in the past because of macroeconomic conditions

MORE THAN 1 IN 4 (27%) ADMIT THEIR LOYALTY TO BRANDS HAS SUFFERED OVER THE PAST YEAR

Notable across countries is the decrease in brand loyalty among France and Australian consumers, with 49% say they've been less loyal to brands they know and love in light of economic conditions.



It's easier than ever for consumers to research new products before buying, and most are using online search—which will soon be powered by generative AI.

NEARLY HALF OF CONSUMERS MAKE PURCHASING DECISIONS USING

35% OF GEN Z USES SOCIAL MEDIA TO DISCOVER AND EVALUATE NEW BRANDS AND PRODUCTS

For Gen Z, social media is a search engine, and also the place where they discover their new favorite brands using video reviews and where they pull the trigger on impulse purchases if the deal is good. Millennials and Gen X, more strapped for time than other generations, are most likely to research products using traditional text and star-based consumer reviews.

3 strategies to win new customers, according to the data

1 TREAT SOCIAL MEDIA LIKE A SEARCH ENGINE:
Harness user-generated content to dominate TikTok & Instagram search results.

2 REWARD CONSUMERS FOR TALKING:
Consumers are eager to tell friends and create product reviews about their favorite brands, so make it simple.

3 OPTIMIZE PRICING AND PROMOTIONS:
Use artificial intelligence tools to make sure your discounts are at the right price point to close the deal in real-time.

Customer experience drives customer lifetime value

In today's world, the customer experience is just as important as the product itself, and reliability combined with convenience will win over shoppers of all ages.

PRODUCT RELIABILITY AND CUSTOMER EXPERIENCE are the #1 and #2 reasons consumers choose brands. 70% of consumers will return to brands that are reliable and high quality, and 55% will return to brands that have positive customer shopping experiences, whether that's online or in-person.

WOMEN WANT LOYALTY BENEFITS, DISCOUNTS AND REWARDS 37% of women rank loyalty programs and rewards as a top reason for shopping from specific brands, compared to only 27% of men.

CONSUMERS VALUE SHOPPING CONVENIENCE OVER BRAND REPUTATION Aside from product quality and customer experience, convenience is the #1 reason that global consumers purchase from brands, trumping brand reputation or customer service.

Three strategies to maximize customer lifetime value, according to the data

BE WARY OF SHRINKFLATION:
Keep your customers' trust through economic uncertainty with reliable product or service quality.

KEEP SHOWING UP IN THE RIGHT PLACES:
Use customer data to keep availability high in the most popular customer shopping channels.

PERSONALIZE CUSTOMER REWARDS:
Increase order quantity through discounts that are tailored to unique customer needs.

ABOUT THE RESEARCH

YouGov administered the survey among 8,872 consumers across the U.S., the U.K., Australia, France, Germany and Sweden. Conducted in September 2023, the purpose of the research was to enable a better understanding of what drives customer lifetime value and loyalty, especially amidst economic inflation and during holiday shopping. This data is meant to help brands evolve their business operations and forge lasting customer relationships through personalized and engaging experiences.