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What is the secret to building customer loyalty?

2023 RESEARCH

The days of enjoying customer loyalty by simply having a great reputation or a long standing relationship with a customer are over. Consumers today have higher expectations of the organizations they do business with. And loyalty is much harder to come by.

People expect seamless, easy, intuitive, personalized experiences—and they will go elsewhere if they aren't receiving them. Businesses must strive to earn loyalty across every online and offline interaction with customers.

Loyalty programs have helped companies to improve allegiance and reward customers for their repeat business. Consumers are opting in. In fact, our Publicis Sapient Customer Loyalty Survey 2023 found that more than half of consumers globally (51%) participate in loyalty programs.

They take part because of the benefits they receive. Participants want to save money (77%), earn rewards (71%) and gain access to exclusive discounts (58%).

Our findings revealed that loyalty programs also provide advantages for the businesses that offer them. For instance, the Target app with Target Circle rewards blends online/offline experiences, enables seamless experiences for drive-up and delivery, allows in-store barcode scanning with saved payment method and enables consumers to add gift cards and rewards to their "wallet." These perks are great for customers, but they also yield precious data the retailer can use for individualized marketing and promotions, leading to bigger baskets and higher conversion rates.
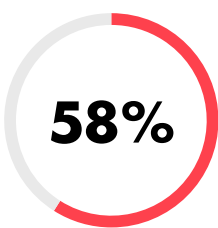
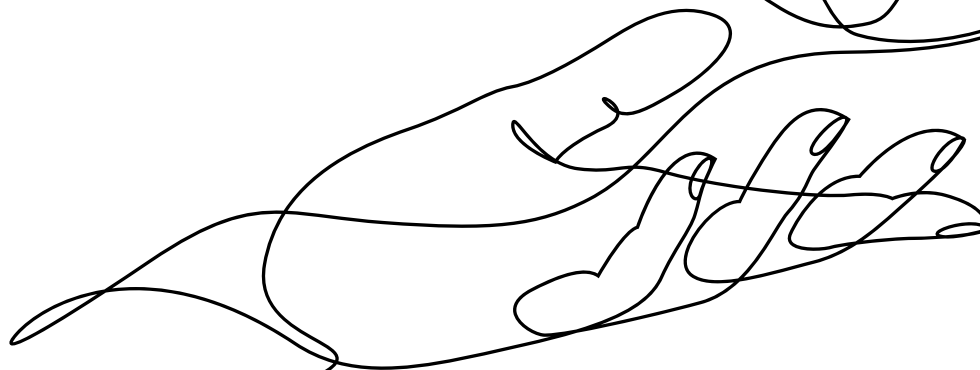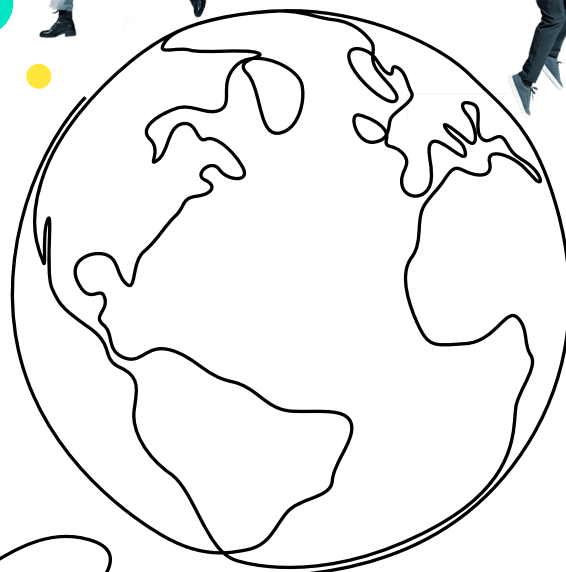# 51% of consumers globally participate in loyalty programs.

77%
want to save money
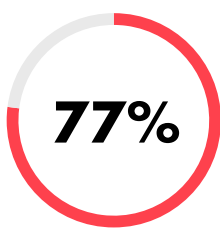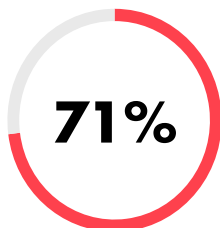
71%
want to receive rewards

58%
want exclusive discounts

It's time to take loyalty seriously

Publicis Sapient conducted research among more than 6,700 consumers globally to understand their opinions on customer loyalty programs and their feelings about sharing personal data with organizations.

Our findings revealed a missed opportunity when it comes to loyalty programs. Businesses can improve customer loyalty—and get something in exchange (data)—if they offer the right incentives.

Current loyalty programs are missing the mark in some cases. Even though consumers sign up, they aren't always partaking. On average, consumers who subscribe to at least one loyalty program—grocery, retailers, airlines, etc.—belong to a total of 6 loyalty programs, of which they only actively participate in 3.

Interestingly, willingness to share data is more likely for those who participate in a loyalty program vs. those who don't. Among those who do not participate in loyalty programs, 47% are not willing to share their data, compared to 42% of loyalty program members who are willing. Loyalty program members see the benefits, such as earning credit card points, accruing frequent flyer miles and getting exclusive offers and discounts from retailers. Businesses should consider the fact that if they deliver loyalty programs that satisfy customers, they might get something valuable in return.

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How to get more out of your loyalty program

Building the right loyalty program starts with understanding customers' wants and needs. People want certain loyalty program perks from brands, especially if they are going to share their personal data.

For example, our research found that consumers are willing to share their data for:

- Better deals/offers – **69%**
- Exclusive sales – **56%**
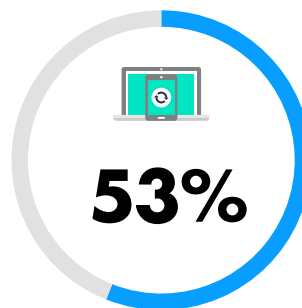- More seamless online customer experience – **53%**

Businesses that invest in these aspects of their loyalty programs stand to gain rewards themselves. Earning loyalty and boosting participation in loyalty programs can offer greater access to customer data that can be used for targeted marketing and more personalized interactions (e.g., useful coupons and promotions based on shopping history), which will help grow the business. Using data in this way is a win-win for both the business and its customers.
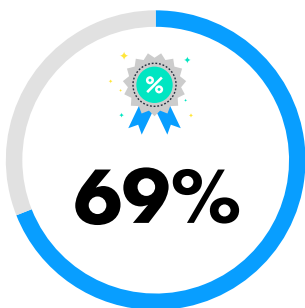
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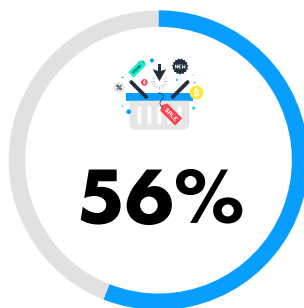
56%
will share data for exclusive sales

53%
will share data for more seamless online customer experiences

Start capturing hearts, minds—and data

Whether you have a loyalty program in place and are looking to improve it, or you are starting from the ground up, these are key considerations on your loyalty journey:

DOUBLE DOWN ON BENEFITS THAT MATTER

Take loyalty seriously and build the right loyalty experience for your business. Assess which types of perks—e.g., discounts and free shipping—will deliver the greatest value. Use the data you have to understand what customers are looking for. Look at the cost-to-reward ratio. Consider whether the customers on your loyalty program are more likely to have a higher spend on transactions or shop more frequently. If yes, take advantage of that. For instance, Nike runs special promos for its club members. People might impulse buy or tell a friend about a deal if they feel it's exclusive. Nike also gives free shipping to its Nike Club members, and participants take advantage because it's a great perk in exchange for data consumers might commonly share without much hesitation.

CONNECT THE EXPERIENCE

Make sure your customer journey is seamless across online and offline interactions. Ideally, these experiences should be interchangeable for loyalty members. If they get the discount on the app, they should also get it in-store. Businesses today are doing more to blur the lines across channels to make it easier for customers to make returns or complete tasks on their loyalty app, like automatically adding a gift card to their app wallet for completing a promotional offer or challenge. As noted earlier, Target has done a great job with its Circle program. The app makes it easy for users to access deals in-store or online, earn savings and even cast votes on where they'd like to see Target give back to the community.

PUT LOYALTY AT THE CORE

To make the most of what you've invested in your loyalty program, put it at the center of all sales and marketing. Connect your e-commerce/online marketplaces with loyalty at the core so you can gain a better ROI for your marketing dollars. Make your loyalty program an engine for generating sales. Rather than following a traditional marketing funnel with a loyalty program, you are starting mid-funnel. That means it's easier to convert customers rather than start cold at the top.

> Loyalty must be earned—and it can be—with the right experiences and offers. Most importantly, the investments you make in your loyalty program will be worth the data and business growth you get in return.

References:

Publicis Sapient Customer Data Survey 2023 (Global)
Publicis Sapient Customer Loyalty Survey 2023 (Global)
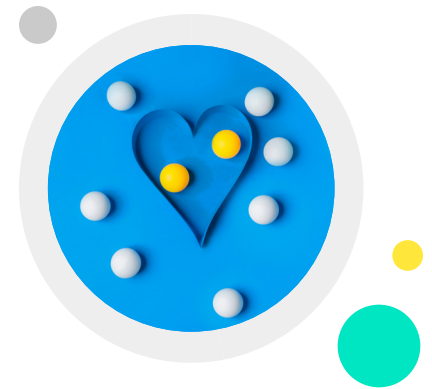
LET'S CONNECT

Find out how to invest in the right loyalty experience for your business. Explore how our Customer Engagement solutions can help turn your customer data into authentic customer intelligence that sparks rich, lasting relationships—and connect with our Customer Engagement team.

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