



# Retail Loyalty Programs

Nearly every retailer offers some sort of loyalty program. For the consumer, these programs offer rewards for their shopping experience. For the brand, they offer valuable data on how customers shop.

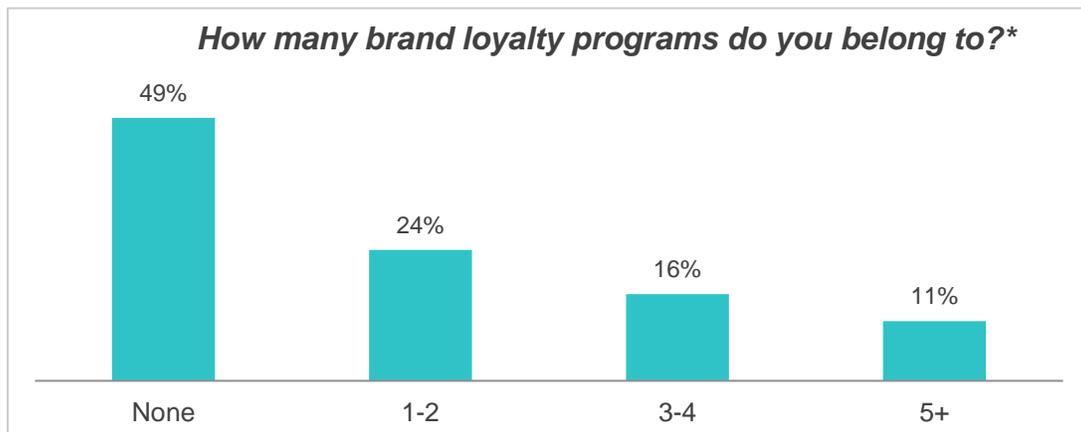
Loyalty programs matter to consumers: 72% say stores need to offer loyalty programs to be competitive.<sup>1</sup> Another 64% say the quality of the loyalty program affects their opinion of the business. In response, brands are making an effort - the majority of US marketers plan to allocate more of their budgets to customer loyalty in 2017.<sup>2</sup> To dive deeper into this subject, Annalect conducted a survey of over 1,000 internet users to learn their opinion on loyalty programs. This report reflects the results of that survey along with the secondary research we compiled on the subject of loyalty programs.

<sup>1</sup> Mintel "Retailer Loyalty Programs", July 2016

<sup>2</sup> eMarketer

## There's room for improvement with loyalty programs

Data from Mintel show that consumers are frustrated by irrelevant loyalty programs. 36% of loyalty participants say many loyalty programs are not relevant to them.<sup>3</sup> This might explain why nearly half of consumers don't belong to any program at all, while another quarter only belong to one or two. It's only a small percentage (11%) who belong to at least five programs.



Source: Annalect Survey, October 2016 (n=1005)

\*Includes: grocery, drugstore, retail store.

Does not include: travel, gas station, credit card, or memberships like Prime.

## Walgreens, CVS, Kroger and Target are the most popular programs



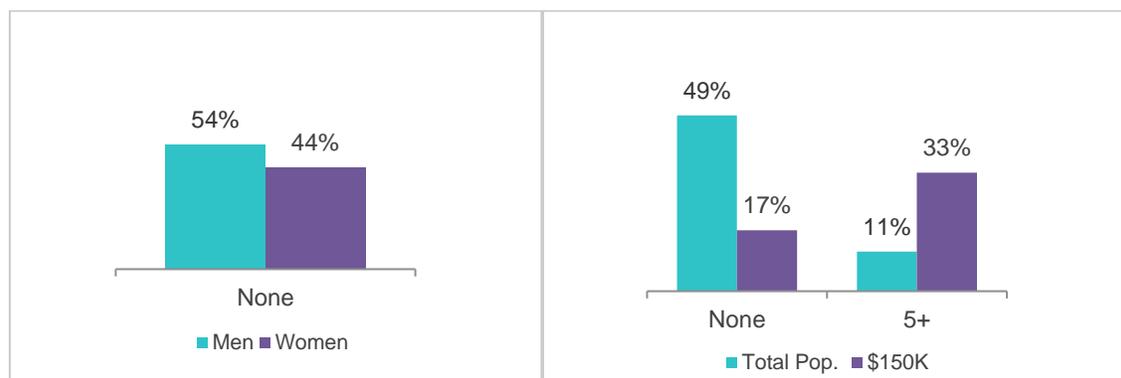
Source: Annalect Survey, October 2016 (n=1005)

<sup>3</sup> Mintel "Retailer Loyalty Programs", July 2016

## The demographics of loyalty programs skew female and affluent

Women are significantly more likely than men to be enrolled in loyalty programs. 35-44 year-olds are the most likely age group to be enrolled, with nearly 60% in at least one program and 30% in at least three. Affluents (\$150K+) are also significantly more likely to belong to loyalty programs.

### *How many brand loyalty programs do you belong to?*



Source: Annalect Survey, October 2016 (n=1005)

## The preferred loyalty badge is the physical card

Despite the convenience of using a brand's app, most consumers prefer to use a physical loyalty card, scanned by the cashier. Even among those 24 and younger, using an app was the least preferred method. Others prefer typing their phone number into the card reader terminal.

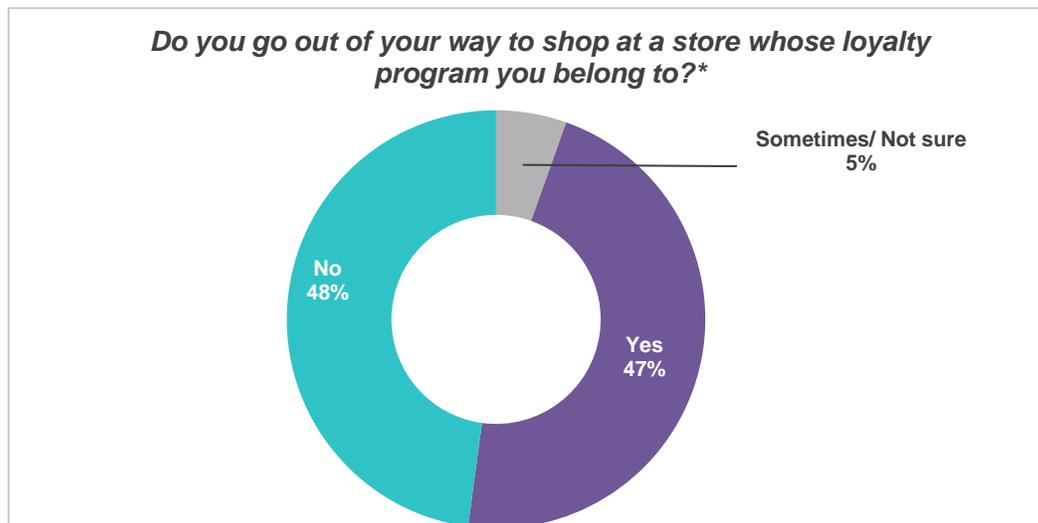
## Loyalty programs can be useful in understanding shoppers better

According to data from Mintel, nearly half of consumers (42%) say personalized rewards based on their interests would make them more likely to participate in a loyalty program.<sup>4</sup> There is a high demand for more personalization in the shopping experience in general, and loyalty programs are a prime way for brands to obtain data on shoppers, and use that for more tailored offers.

<sup>4</sup> Mintel "Retailer Loyalty Programs", July 2016

## Loyalty programs bring some shoppers in-store

Will shoppers go out of their way to shop at stores if they belong to a loyalty program there? The vote is split nearly in half, indicating that current loyalty programs are not offering enough.



\*Among loyalty program members  
Source: Annalect Survey, October 2016 (n=1005)

### Some other answers:

*Only if the loyalty program is worth the gas money to go out of my way.*

*I pre-plan my shopping route to include those shops.*

## Implication: retailers need to offer more in return for loyalty

While millions of shoppers belong to loyalty programs, many feel they aren't seeing the benefits they deserve. Brands would benefit from stepping up their programs to include benefits that consumers have expressed interest in. Personalized offers based on interests and exclusive discounts are examples of ways to appeal to shoppers by adding value to loyalty programs (and of course, helping save money). Free shipping and early access to sales, are great ways to encourage consumers to visit your location or website.

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