



What the British think of loyalty programmes

What they want from loyalty programmes, who engages most, and the impact that offering a programme has on brands



Mando-Connect

YouGov[®]
What the world thinks

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Introduction

Three primary factors are driving the shift in loyalty programmes



1 Increases in the level of consumer expectations and demand from brands and programmes



2 Improvements in the technical capabilities of loyalty platforms



3 Increased scrutiny and attention from senior marketers who see the benefit of loyalty programmes on customer value and the bottom line

Loyalty programmes are going through a period of great change. The shift is driven by three primary factors, as explained to the left.

Many people want and expect a brand to reward their loyalty. Almost six in ten (59%) GB adults think all brands should offer a loyalty programme, and over three quarters (77%) are subscribed to at least one programme – a figure that rises to 85% among women (vs 70% of men). More than seven in ten (72%) think loyalty programmes are a great way for brands and businesses to reward their customers.

However, the data shows that no one size fits all. Different people have very different motivations for engaging with loyalty programmes and there are notable variations by industry, by demographic, and by brand.

New programmes can learn a lot from the established programmes in the market. Airline and supermarket programmes have high registration rates and dominate in terms of scale.

They offer attractive benefits that people want to use and rate highly, but the experience offered is often transactional. These established programmes can also learn from newer entrants which are shaking up the “rules” of loyalty programmes. Virgin Red uses gamification to engage members, Pets at Home VIP Club talks directly to pets instead of owners, and Sky VIP rewards tenure above all else.

This paper is a collaboration between YouGov and Mando-Connect, a loyalty specialist partnerships and rewards agency.

Combining YouGov's brand tracking and audience segmentation tools with Mando-Connect's loyalty and partnerships expertise, the paper explores loyalty motivations, attitudes, behaviours and impacts, and how they vary by sector and demographic – with clear direction for brands on how to get it right.



Who engages, who doesn't, and how to attract them

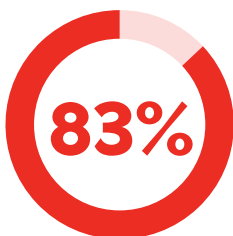


There is significant variation in loyalty programme participation by age and gender. Women are far more likely to be a member of a loyalty programme than men, and older age groups are more likely to be a member of a programme.

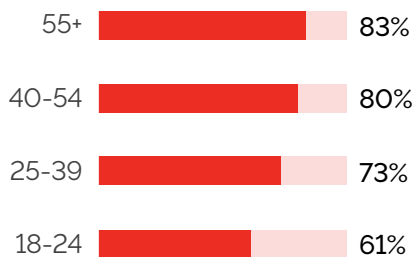
Are you currently a member of a loyalty programme of any type?



85% of women are members of a loyalty programme vs. 70% of men



83% of people over 55 are members of programmes vs 61% of 18-24s



Who engages, who doesn't, and how to attract them

Reaching those who have never subscribed

These differences pose a challenge to the loyalty industry. Loyalty programmes are popular with older demographics and with women, but they are struggling to engage the consumers of tomorrow.

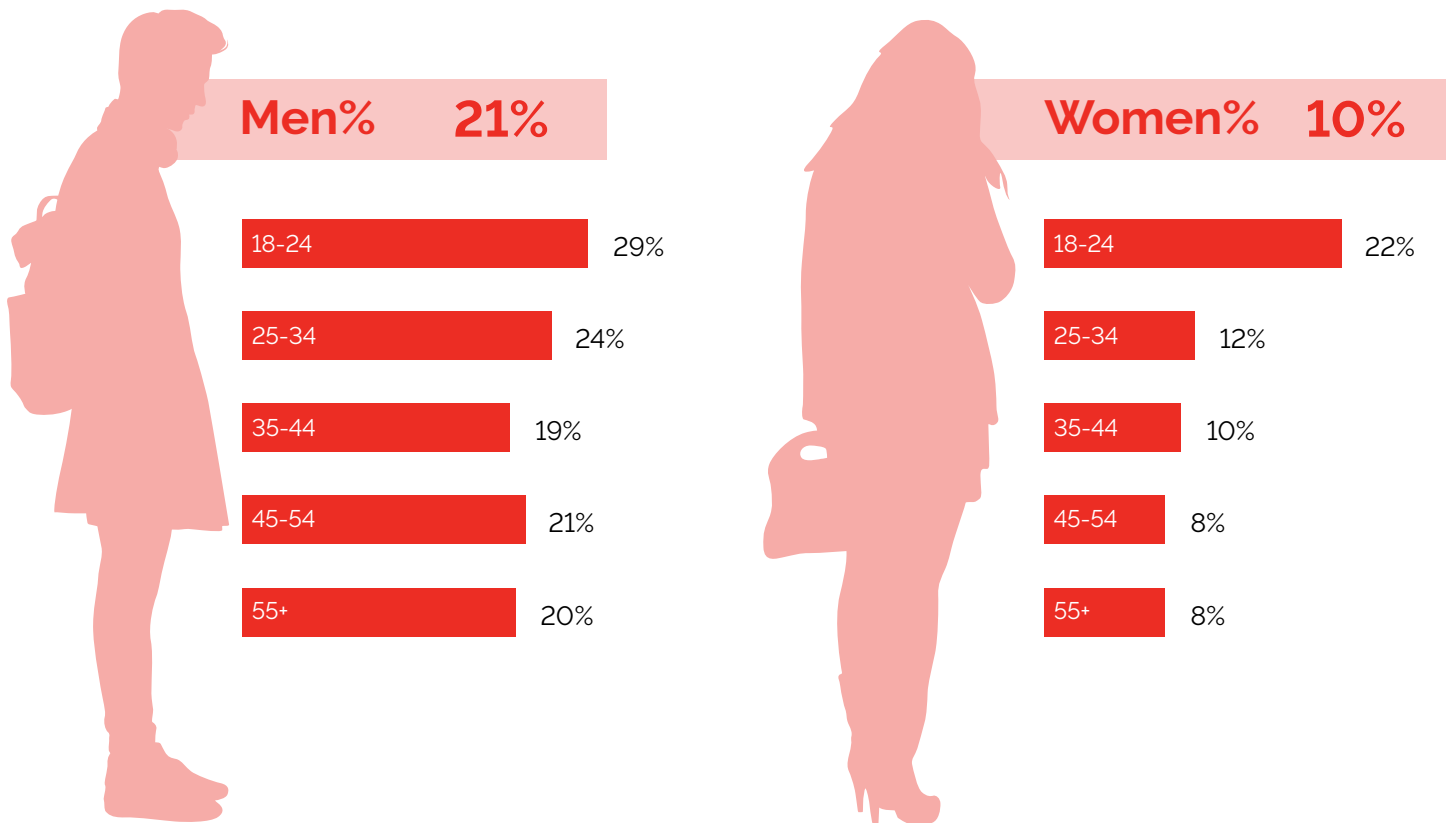
Among 18-24 years olds, nearly three in ten men (29%), and over one in five (22%) women aren't members of a single programme.

The reasons behind this are likely to be complex: life stage and less exposure to loyalty programmes are probable factors.

This group are more likely to be single (33% vs 22% nat rep) and a student than the general population (9% vs 5% nat rep). However, it could be that loyalty industry programmes and rewards are less likely to be designed to appeal to this group.

Young men are least likely to be a member of a loyalty programme

Are you currently a member of a loyalty programme of any type?
% of those who answered no



Who engages, who doesn't, and how to attract them

Reaching those who have never subscribed

These contrasts are despite the fact that disengaged audiences want brands to offer loyalty programmes.



Attitudes of non-subscribers: beyond demographics



Who engages, who doesn't, and how to attract them

How to engage the disengaged

Although the majority (76%) of those who are not currently loyalty scheme members say they won't subscribe to one, almost a quarter (23%) say they are likely to sign up in the future.

In terms of what would bring this group on board, more than half (52%) say discounts and offers would tempt them most followed by reward points (48%), and free products and services (41%).

Discounts and offers are most appealing to loyalty non-subscribers

What would convince you to become a member of a loyalty programme?



Who are they and how can you reach them?

Almost half (49%) of this group are men aged 25- 54 and 55% do not have children. They over-index as being semi or unskilled workers and living in greater London (both 25%).

Compared with the general population, this group is disengaged from most forms of traditional media and advertising with the exception of regional or local newspapers.

However, they are much more likely to say that direct mail can influence their purchases, so

a targeted campaign offering discounts or vouchers via post could convince them to sign up to a brand's scheme.

They are also more likely than the public at large to engage with adverts on social media but, in keeping with the rest of the nation, around 50% say that personalised ads "creep them out" so brands should be careful with this approach.



What do people want from a loyalty programme?



People want rewards from loyalty programmes and they are smart and savvy about the types of rewards that they want programmes to offer. These desires vary hugely by sector so to get rewards right, brands need to know what really appeals.

As may be expected, benefitting from discounts and offers from the brand is the top reason that people are moved to join a loyalty programme (87%). However, the second most popular reason is to get discounts and rewards from partner brands (55%). These types of rewards are more desirable than free products, services and experiences (52%), being the first to know about news from the brand (23%), better services from the brand (18%) and being part of the community (only 6%).

More than half of loyalty subscribers do so to get discounts and rewards from other brands

Reason for subscribing



Average across all industry types excluding don't know and N/A



The high desirability of partner rewards is great news for loyalty programmes who can develop partnerships to offer highly compelling rewards to their members, often at a lower cost than offering rewards from themselves.

This insight may be of particular value to programmes which only offer their own rewards such as M&S Sparks, Paperchase Treat Me, and Sky VIP. More established programmes without partner rewards such as Boots Advantage Card, as well as airline programmes solely offering points-based travel rewards could also benefit.

What do people want from a loyalty programme?

Partner rewards are more appealing in all but two sectors

In all but two sectors, this preference for partner rewards over a brand's own rewards holds firm.

Aside from hotels where loyalty members value both partner and the brand's own rewards equally (59%), the only sector where a brand's own rewards hold more sway is beauty salons (62% want partner rewards vs 67% who want the brand's own). In this sector, it's mostly individual

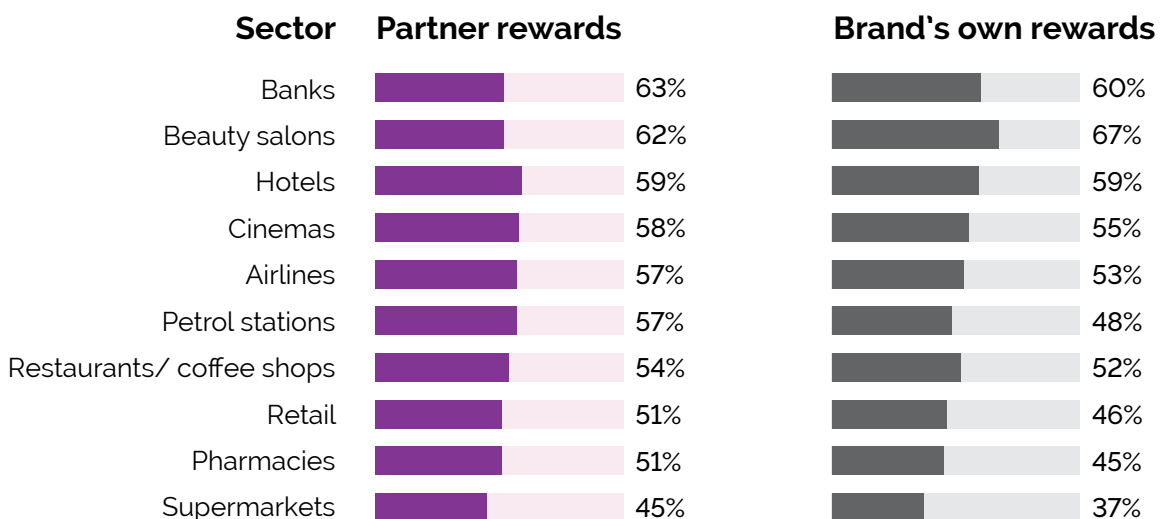


salons offering experience-based programmes (e.g. have six treatments, get one free). These smaller programmes could focus on these rewards, but also look to see how partner rewards could amplify and improve the core offer.

The preference for partner rewards is most marked (four percentage points or more) in airlines, petrol stations, retail, pharmacies and supermarkets. This could be because people perceive these types of brands as offering them products and services they need, but do not love. For programmes in these sectors partner rewards could offer added excitement, emotional engagement, and inspiration.

Rewards from a partner brand are nearly always more desirable than rewards from the brand itself

Those who subscribe to a loyalty scheme to get rewards from a partner brand vs those who want rewards from the brand itself %





Variations in engagement by industry and sector

There are significant variations by sector in loyalty membership.

Over three quarters of the population are subscribed to at least one programme (77%) but the penetration of membership varies considerably by sector. Unsurprisingly the biggest sector is supermarket loyalty.

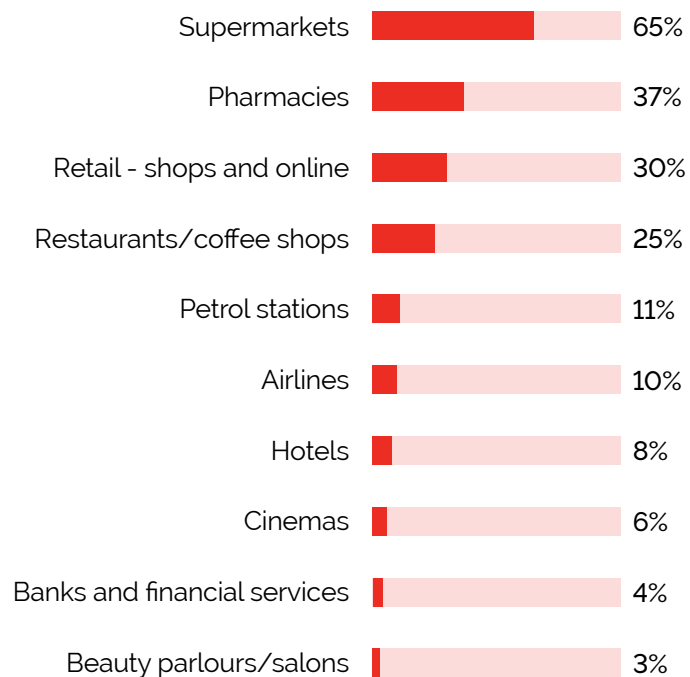


65%

of the population are signed up with a supermarket loyalty programme.

Loyalty membership by sector

Loyalty programmes - currently subscribed to



The second biggest sector is pharmacies on 37%, driven by the popularity of Boots Advantage Card and Superdrug's newer Health & Beautycard.

Retail follows behind on 30%. This sector has seen a recent explosion of new programmes from big brands like TK Maxx's Treasure through to small independent businesses with stamp cards or simple app-based programmes.

Petrol stations' programmes (such as Shell Driver's Club), airlines and hotels are big traditional players, with 8-11% of the population claiming to be members. Cinemas (6%) are a relatively new contender in the loyalty market with Cineworld's Unlimited and Odeon's Limitless offering rewards beyond the traditional 2for1 or ticket package models.

Banks and financial services programmes only have 4% membership but this could be because people believe the benefits offered are part of the product, rather than a separate loyalty programme.

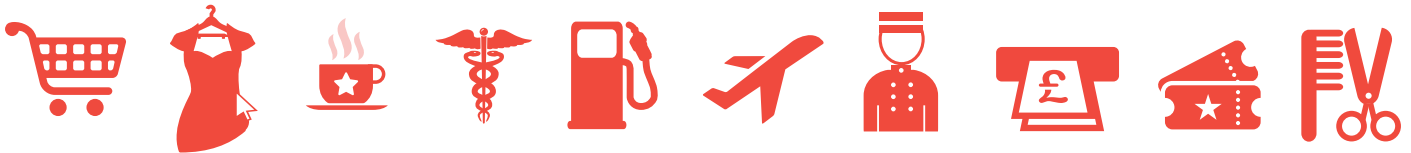
Variations in engagement by industry and sector

Sector loyalty membership by gender

There are significant variations by gender in loyalty membership.

Supermarkets have one of the biggest gender differences – 74% of women are members vs only 57% of men. However, this 17 percentage point difference is nothing in comparison to health and beauty retailers such as Boots and Superdrug – where there is a 38 percentage point difference. Women are also more likely than men to be members of retail, and restaurants and coffee shops programmes.

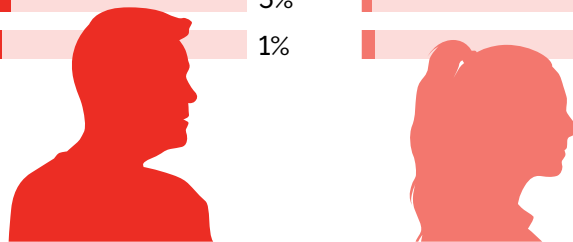
The trend is reversed in petrol, airlines, hotels, cinemas and banks – where men are more likely to be members of programmes than women, albeit in lower numbers.



Membership of loyalty programmes by sector and gender

Loyalty programmes currently subscribed to

Sector	Male	Female	All
Supermarkets	57%	74%	65%
Retail - shops and online	25%	36%	30%
Restaurants/coffee shops	19%	30%	25%
Pharmacies	18%	56%	37%
Petrol stations	13%	10%	11%
Airlines	11%	8%	10%
Hotels	9%	7%	8%
Cinemas	6%	6%	6%
Banks/financial services	5%	4%	4%
Beauty parlours/salons	1%	5%	3%



Variations in engagement by industry and sector

Sector loyalty membership by age

Among all age groups supermarkets are again the most commonly held type of membership with three quarters (74%) of people aged 55+ holding at least one membership, but only 44% of the youngest group (18-24s) saying they are a member.

This could be a sign that, when they started, these programmes had high appeal and registration,

but their appeal has declined over time. Interestingly, in the airlines, beauty salons and cinema sectors penetration increases with age, but declines among the over 45s. In banks and restaurants/coffee shops the decline starts younger at 35 years old.

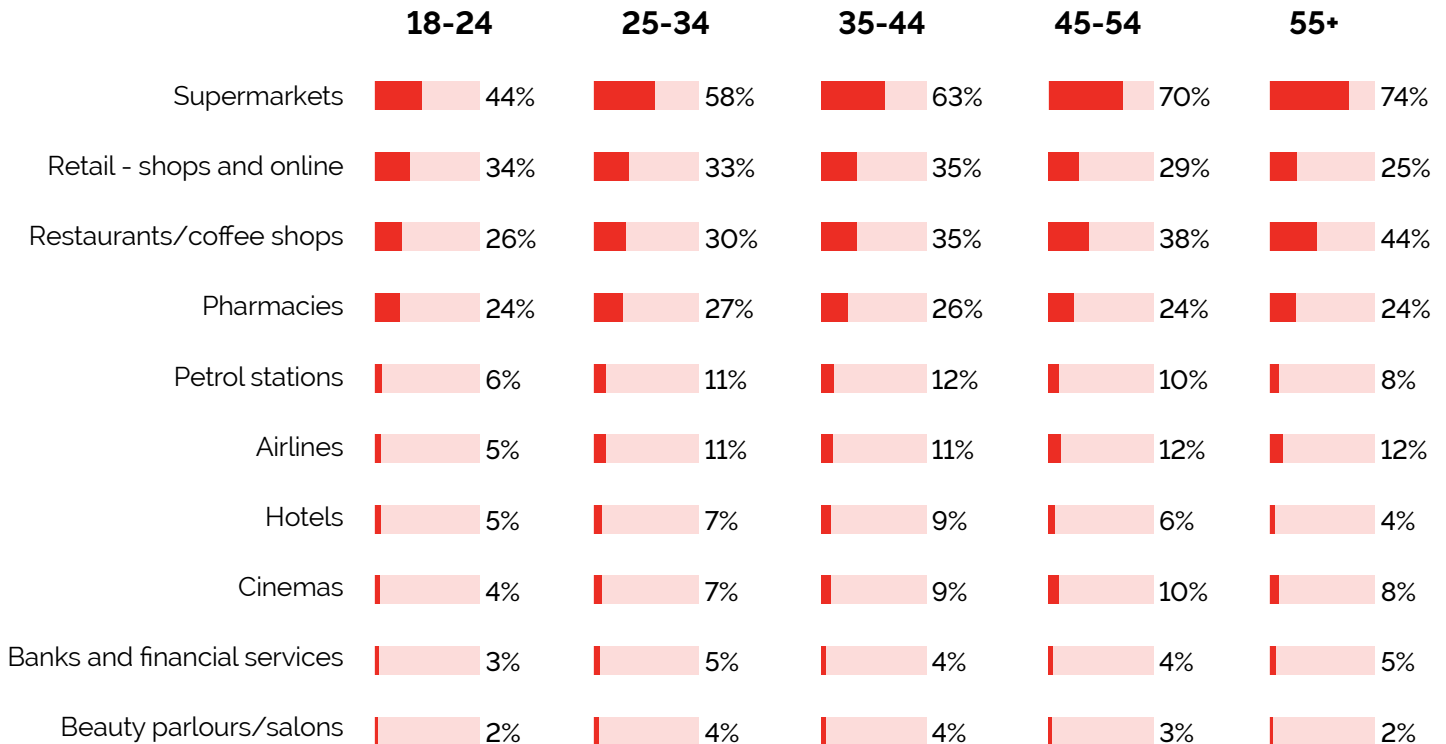
The only sector to buck the trend and offer programmes appealing more to a younger

demographic is retail. This is probably due to the explosion of new types of programmes in this sector in recent years – from digital disruptors such as Amazon Prime, to subscription models, to propositions like ASOS A-List.



Membership of loyalty programmes by age and sector

Loyalty programmes currently subscribed to





The positive impacts of having a loyalty programme

Loyalty schemes are good at driving members' increased recommendation and spend, with almost half (48%) of loyalty programme subscribers saying they are more loyal to brands that they are a loyalty member of.

Among consumers using loyalty programmes, almost half (47%) spend more with the brand whose programme they are members of, while four in ten (38%) are more likely to recommend a brand whose programme they are a member of. Almost a third (31%) agree with both of these statements.

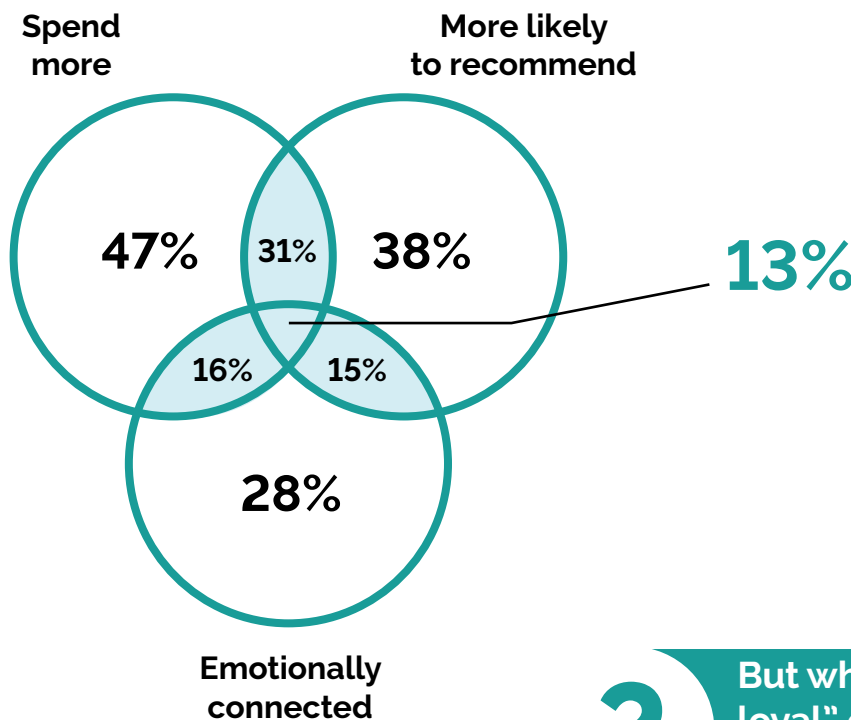
Building an emotional connection however is harder and here the figures fall significantly.

Only 28% say they feel emotionally connected to a brand whose programme they are a member of.

However, there is a small group (13% of the nation) which tick all three boxes, being more likely to recommend, spend more, and feel emotionally connected to a brand whose loyalty scheme they are a member of.

The Loyalty Venn Diagram

13% of people spend more, recommend more, and feel more emotionally connected when they are a member of a loyalty programme.



? But who are these "super-loyal" consumers and how can brands reach them? ▶

The positive impacts of having a loyalty programme

Reaching the “super-loyal”

This group’s loyalty is strongly impacted by loyalty programmes. So what do they seek from programmes and how can programmes connect with this group?

Why do they subscribe to loyalty programmes?

This group are more reward savvy – they are far more likely to want rewards than the average member of the population; and it’s rewards of all types that motivate this crowd.

To engage them programmes should offer a variety of reward types – including better services and making them part of a community.

	Super-loyal subscribers	All loyalty subscribers
To receive discount rewards to partner brands	51%	43%
To be among the first to know about promotions/ discounts/ news about the brand	35%	19%
To benefit from free products/services/ experiences	49%	36%
To receive better services	18%	9%
To be part of a community	11%	4%

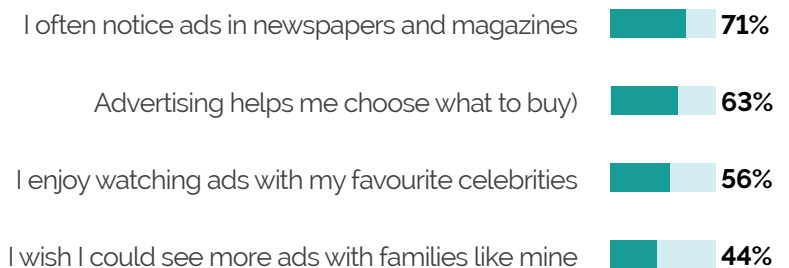
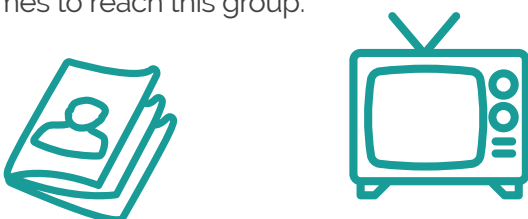
Which loyalty schemes are they more likely to be a member of than loyalty subscribers overall?

The data backs up the assertion that these brands are more successful at building that elusive emotional connection. In YouGov’s recent rankings of brands with the best impression among women – the group most likely to have a loyalty card – Boots came top with a score of +54.2 while M&S was in fourth-place with a score of +52.9.



Views on advertising

Brands should keep the below in mind when deciding on the best channels and themes to reach this group:





How people claim points and rewards

The overwhelming majority (91%) of loyalty programme members say they collect and actively redeem the rewards or points they have earned. But what drives behaviour when it comes to reward and point collection and redemption?

The data identified three types of loyalty behaviours:

Redeeming behaviour of those subscribed to a loyalty scheme %

The Collectors



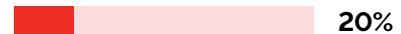
The most popular reward behaviour – they collect points, to save them up, aiming for a higher value reward.

The Regulars



The next biggest group are regular collectors and redeemers.

The Early Redeemers



The final group are early users, using up points at the earliest opportunity.



The most popular way to use points is to save them up to earn more valuable rewards.

How people claim points and rewards

Profile of an early redeemer*

*compared with those who save up their points

Tech-savvy



Always actively on the lookout for new tech devices and services (10% vs 3%)

Interested in video games (33%), websites (47%) and mobile apps (31%)

Keen to use new technology products as soon as they enter the market (12% vs 9%)

Believes there is a technological solution to humanity's problems (37% vs 25%)

Independent-minded

"I don't like being told what to do"

"I don't really care what other people think about me"

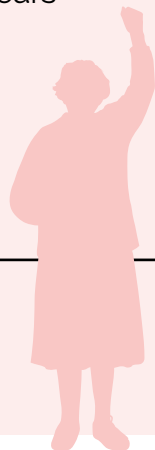
"I enjoy taking risks"

"I would love to start my own business"

Optimistic

More likely to think UK society has become better over the last 20 years (19% vs 11%)

Generally feels happy with their life (89% vs 61%)



How to reach them

Brands aiming to engage early redeemers could look to reach this group through digital channels to make the most of their interest in technology.

This group are optimistic and not keen on fuss, agreeing with statements like: "Most people don't know what's good for them." However, they also say that when they go shopping they stick to a strict budget (60% vs 45% of points savers) so messages that are too frivolous may not appeal.

What if? Spotlight on supermarkets: using data to get loyalty right



Supermarkets have the largest loyalty membership of any industry, but there are wide variations between how different brands in this sector reward loyalty. We've looked at two supermarkets with very different ways of doing this:



Nectar, launched in 2002, was initially set up as a coalition programme, one of the biggest of its kind. It remains one of the UK's most popular with millions of active and inactive members. This year Sainsbury's acquired Nectar in order to "know its customers better than anyone else." In light of this, we looked at what partnerships the data recommends for the programme as it enters this period of change.



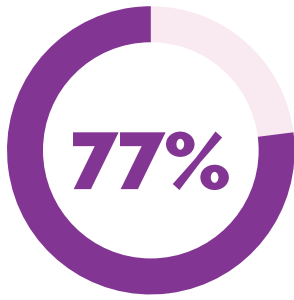
ALDI entered the UK in 1990, and is now a major international player with over 10,000 stores in 20 countries. ALDI currently offers no loyalty programme, instead driving loyalty through providing customers with maximum value. However, should ALDI launch a rewards scheme and, if they do, how could they do it?



What if? Spotlight on supermarkets: using data to get loyalty right

Case study: What rewards could Sainsbury's offer its customers for maximum engagement?

Those who say that Sainsbury's is their main supermarket are big loyalty fans.



think loyalty programmes are a great way for brands and businesses to reward customers



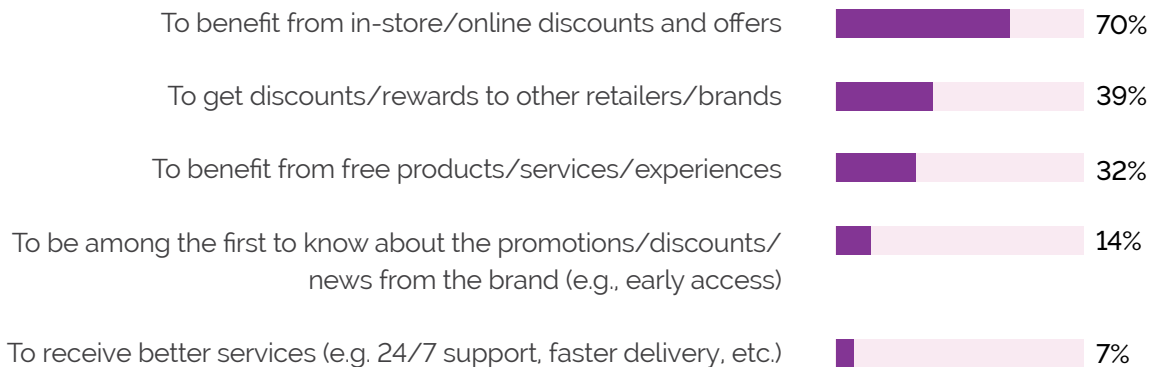
think all brands should offer loyalty programmes

Loyalty programmes also make them more loyal

50%

- ▶ spend more (54%)
- ▶ recommend more (39%)
- ▶ feel more emotionally connected (29%)

What types of rewards do they really want?



What if? Spotlight on supermarkets: using data to get loyalty right



Case study: What rewards could Sainsbury's offer its customers for maximum engagement?

Aside from discounts from the brand itself, partner rewards are the next most popular. Here's what these rewards could look like:

For collectors (46% of Sainsbury's customers): A high end reward to aim for



Sainsbury's Nectar card subscribers are more likely than average to like various **domestic appliance brands**.

At the time of writing, this ties in well with Sainsbury's campaign on the Nectar website encouraging customers to "spruce up your home with 4x points at Sainsbury's".

Additionally, Sainsbury's shoppers who say partner rewards appeal to them are more likely than the general public (50% vs 42%) to state that they're likely to purchase a consumer electrical product in the next 12 months.

dyson



Russell Hobbs



BOSCH

morphy richards®

For early redeemers (12% of Sainsbury's customers): An everyday reward to enjoy now



Currently, Sainsbury's customers are more likely than the population as a whole to have recently bought **Walkers** crisps (68% eat crisps at least once per week vs 65% of the general population).

Regular Sainsbury's shoppers are much more likely than the national average to say they would consider purchasing **Tyrrells** and **Kettle Chips**. They also have a more positive overall impression and perception of the quality of both brands.

Therefore this match would go well with their natural buying habits and could introduce them to a brand they might be considering but may not currently buy.



What if? Spotlight on supermarkets: using data to get loyalty right

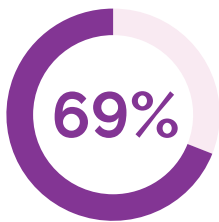


Case study: Should ALDI offer a loyalty programme?

Are customers satisfied with ALDI's current approach — or do they want more?

ALDI is one of the fastest growing supermarkets in the UK. It doesn't currently have a loyalty programme but the data suggests it could be well-received by customers.

ALDI customers like loyalty programmes



think programmes are a great way for brands and businesses to reward customers



64% of ALDI customers are already members of other brands' loyalty schemes

60% think all brands should offer loyalty programmes

45% say they subscribe to loyalty schemes whenever they are given the chance

Offering a loyalty programme could positively impact customers' relationship and spend with ALDI

42%

spend more with brands when they are a member of the loyalty programme

41%

are more loyal

39%

recommend more

24%

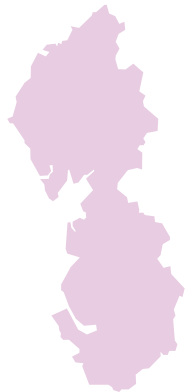
are more emotionally connected



How could ALDI pilot a programme?

If Aldi were to trial a scheme here is where it could start and the kinds of rewards which would go down well.

- ▶ Trial it in the north west of England 21% of Aldi customers who have a loyalty card with another supermarket live in the north west of England
- ▶ Offer ALDI and partner rewards because 85% want instore discounts, 45% want partner rewards and 36% want free products and services
- ▶ For partner rewards, align the approach to their key interests 61% are interested in books, 61% in TV, 60% in music, 54% in films
- ▶ Aim for a mix of rewards 41% are collectors, 28% are regular redeemers and 26% are early redeemers



Conclusion

It's far cheaper to retain current customers than acquire new ones. Our analysis shows that loyalty programmes have significant positive impacts on a brand's relationship with its customers.

When consumers are a member of a brand's loyalty programme they spend more, recommend more, feel more emotionally connected and are more loyal to the brand:

- ▶ Almost half say they are both more loyal to brands where they hold loyalty membership (48%) and spend more (47%) with them
- ▶ Four in ten (38%) are more likely to recommend the brand while over a quarter (28%) say they feel more emotionally connected to it

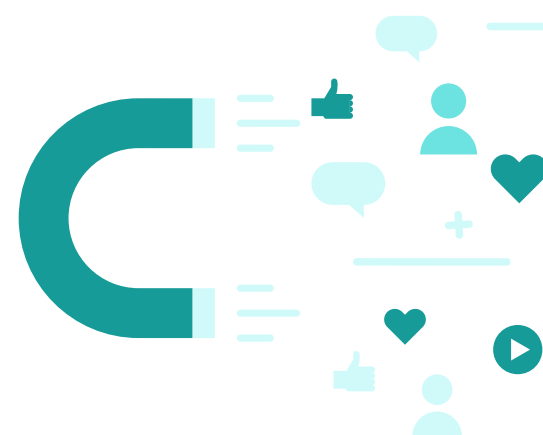
Loyalty matters and investing in data can help brands and programmes to get it right.

Data helps brands to understand loyalty programmes, exploring areas such as what brand and business objectives loyalty programmes can impact, which consumers to target and how to engage them, and what those consumers want and are interested in.

Using data effectively can also help brands in other areas, enabling them to understand what types of rewards their customers want, which brand partners to work with, what types of mechanics will work —as well as how and where to communicate with those audiences for maximum impact.

This study suggests that brands can get the most out of their loyalty schemes by better understanding what their audience wants. That applies to programmes new and old, digital and non and across every sector.

Get in touch to find out how our data and unique approach can help you understand more about consumers' loyalty behaviours and expectations, how to get rewards and partnerships right, and what channels are most effective at reaching them.



About the data and approach

YouGov and Mando-Connect's unique tools can help you get your loyalty approach right.

YouGov's data

Plan and track your loyalty programme — allowing you to identify, describe and target your audiences, identify the right rewards and brand partners and track and evaluate your loyalty programme and the marketing campaigns to promote it.



Identify the key groups of people you want to engage. Or plug in an existing segmentation.

Describe those people in unrivalled depth and detail. Learn what they are interested in, which other brands they shop, like and recommend.

Track work so you can improve performance.

Evaluate activity.

Target the impact of your work while it's in progress.

These modules can be used in any order and at any stage of your loyalty programme lifecycle, depending on your needs.

YouGov tools

About YouGov BrandIndex

YouGov BrandIndex involves tracking the public perception of brands across the world every day. BrandIndex is the authoritative measure of brand perception, monitoring thousands of brands across dozens of sectors. We interview thousands of consumers every day, yielding over 2.5 million interviews a year. BrandIndex operates at national and international levels, allowing you to track brand perception in one country, compare across multiple countries or monitor a global picture.

The sheer quantity of data that was analysed for this report makes it impossible to show all of the 1,000s of demographic, attitudinal and behaviour splits that were data mined or the large number of brand metrics analysed.

About YouGov Profiles

YouGov Profiles is our segmentation and media planning tool for agencies and brands. It is powered by the YouGov connected data vault which holds 190,000 variables collected from the most active 250,000 panellists in the UK. You can get the profile of your target audience across multi-channel data sets with greater granularity and accuracy than ever before.

YouGov has the same connected dataset in the US for over 200,000 panellists with 200,000 variables, and also in Germany with 100,000 data points for over 55,000 panellists.

Contact us to find out more about the power of our connected data and solutions:

David Ellis, Director
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[**Request a demonstration**](#)

Mando-Connect tools: The Partnerships Engine™

Turning YouGov and WPP data & insight into actionable Partnerships and Reward insight

Our custom-built Partnership Engine™ enables us to create and deliver partnerships and rewards which are robust, evocative and, most of all, effective. Our process is easy, inspiring and proven. We make partnerships simple. Delivering high returns for you and your brand. We use 3 data sets to get partnerships right.



1. Understands what people want

Uses robust data from YouGov and WPP to discover what the target audience really desires, unlocking the insights that matter.

2. Learns what works best

Leverages Mando's ProNet™ database which contains 20 data points on over 3,000 rewards and partnerships, to identify what will work best.

3. Identifies who fits best

Analyses the Connect Partner Bank™, which contains over 2,000 fully audited brand partners to identify which partners will be the perfect fit.

[Contact us to find out more about the power of our connected data and solutions](#)

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