



Loyalty Schemes

Opportunities and barriers to attracting and retaining loyalty programme members

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Foreword



In an increasingly competitive market, consumer loyalty has become a crucial metric for brand success. As consumer preferences evolve, brands must adapt their strategies to not only attract but also retain loyal customers.

This new report, drawing on a survey of 1,000 British consumers, explores the key drivers and barriers in loyalty programmes, including the unique challenges faced by paid loyalty programs

We also explore the nuances across different demographics and summarise our findings in 6 key points to help brands improve the reach and engagement of their loyalty programmes.

Sarika Rana

Head of Consumer Insights, UK

Get in touch

Explore our solutions

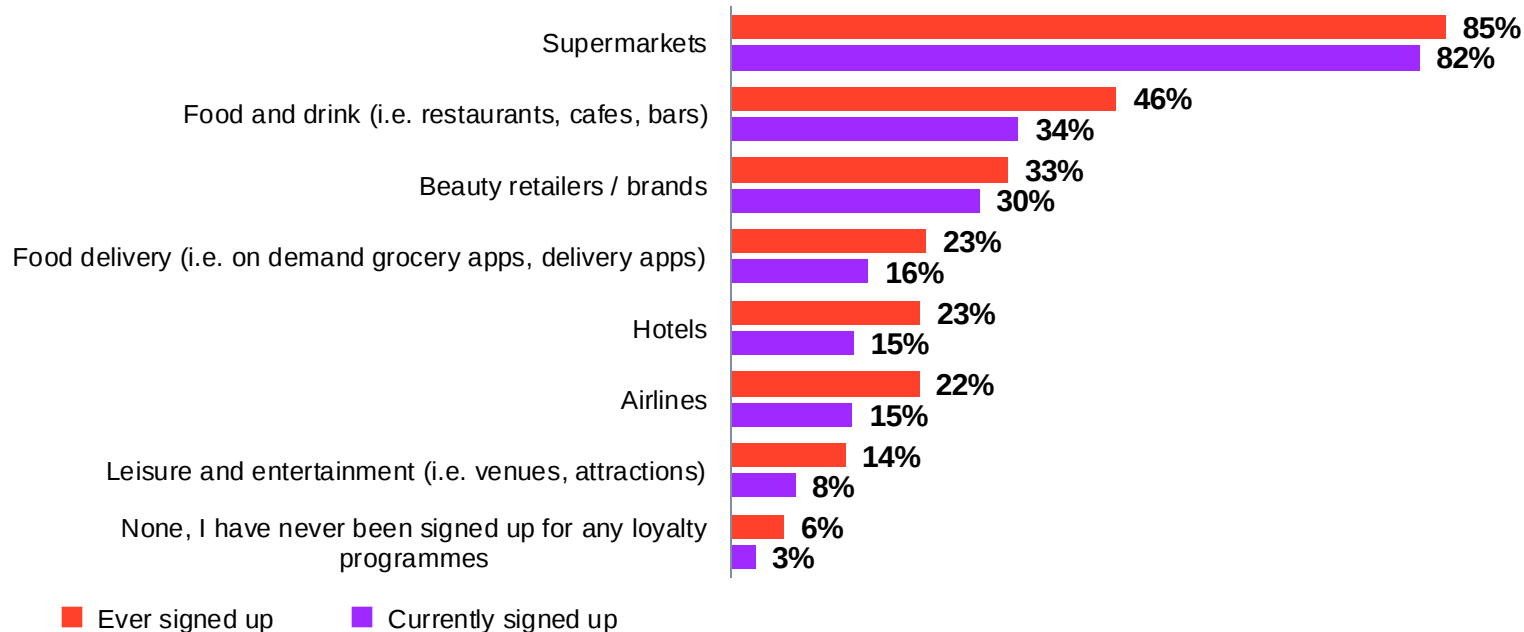
Run a survey

9 in 10 Brits are signed up for one or more loyalty schemes, with grocery & food dominating.

Supermarkets have the highest enrolment, followed distantly by food & delivery loyalty programs.

Trial and usage of loyalty programs

Which types of loyalty programmes have you ever signed up to / are you currently signed up to?



Subgroup findings



Supermarkets see a skew among **45+ age group (90%+)** and in Midlands (**90%+**), less so in London (**67%**)



Food delivery skews among **25-44 (25%+)**

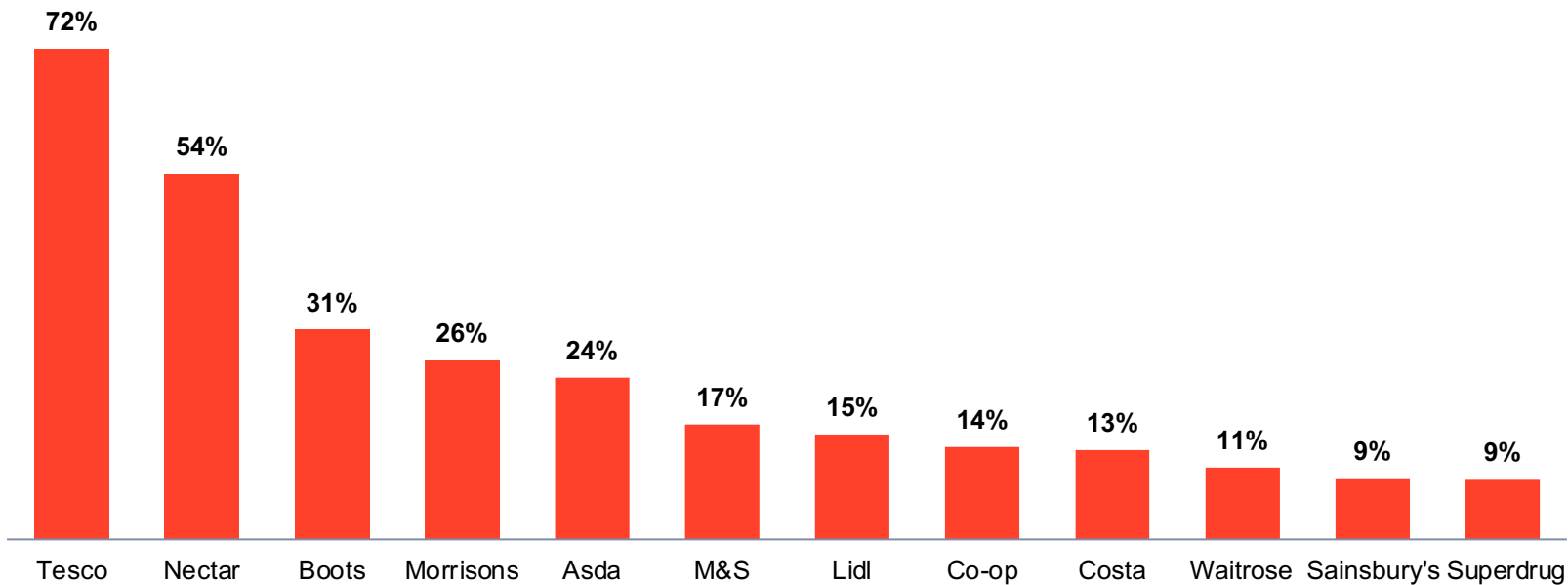


Expectedly, beauty skews among women and Hotel & Airlines skews among social grade A

Supermarket loyalty programs, particularly Tesco Clubcard and Nectar, lead the way in consumer recall, especially among the 55+ age group

Spontaneous Recall

Which loyalty programmes are you aware of?



Subgroup findings



Mentions of supermarkets in the context of loyalty programmes significantly higher among **55+ age group**, and lower among younger age groups

Nectar sees higher mentions among **35-54**

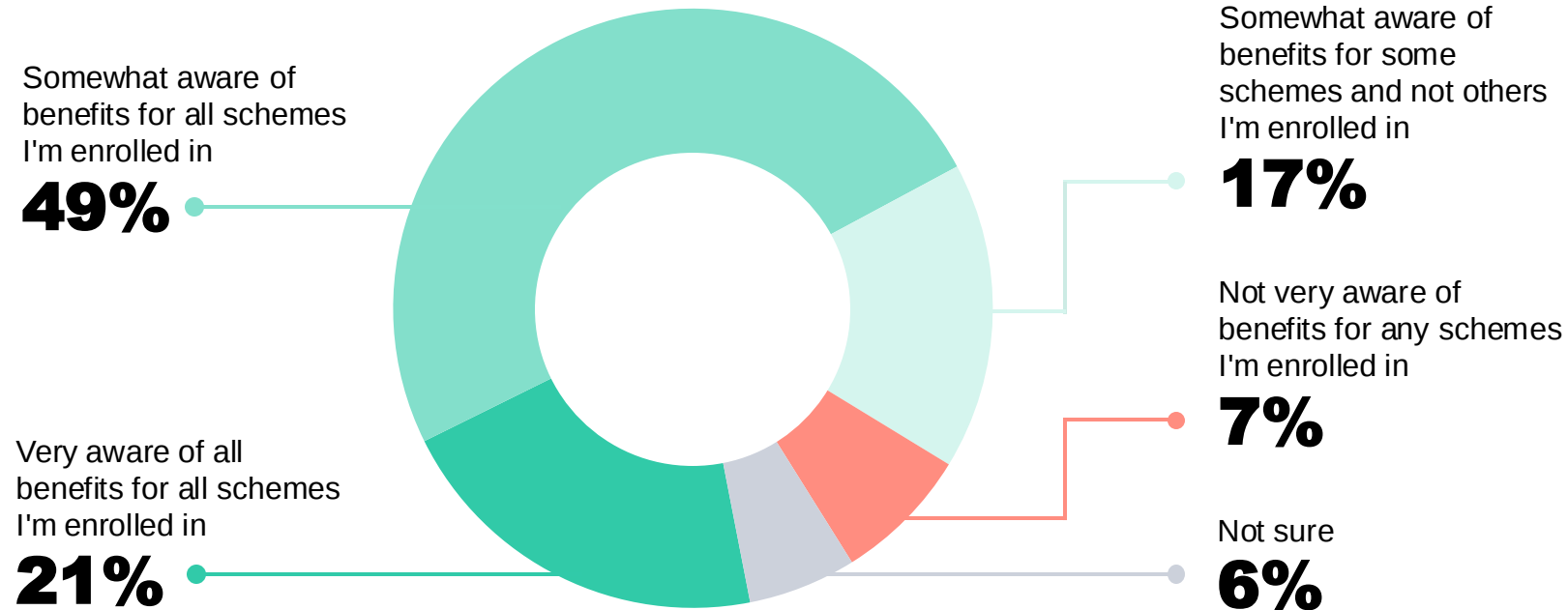


Beauty retailers like Boots and Superdrug expectedly see higher recall among women (**41%, 13% respectively**)

Despite the high enrolment rates, awareness of loyalty programme benefits remains limited.
Clear need for educating the consumers to enhance engagement and perceived value.

Benefit awareness

How aware would you say you are of the benefits of the loyalty programs you are enrolled in?



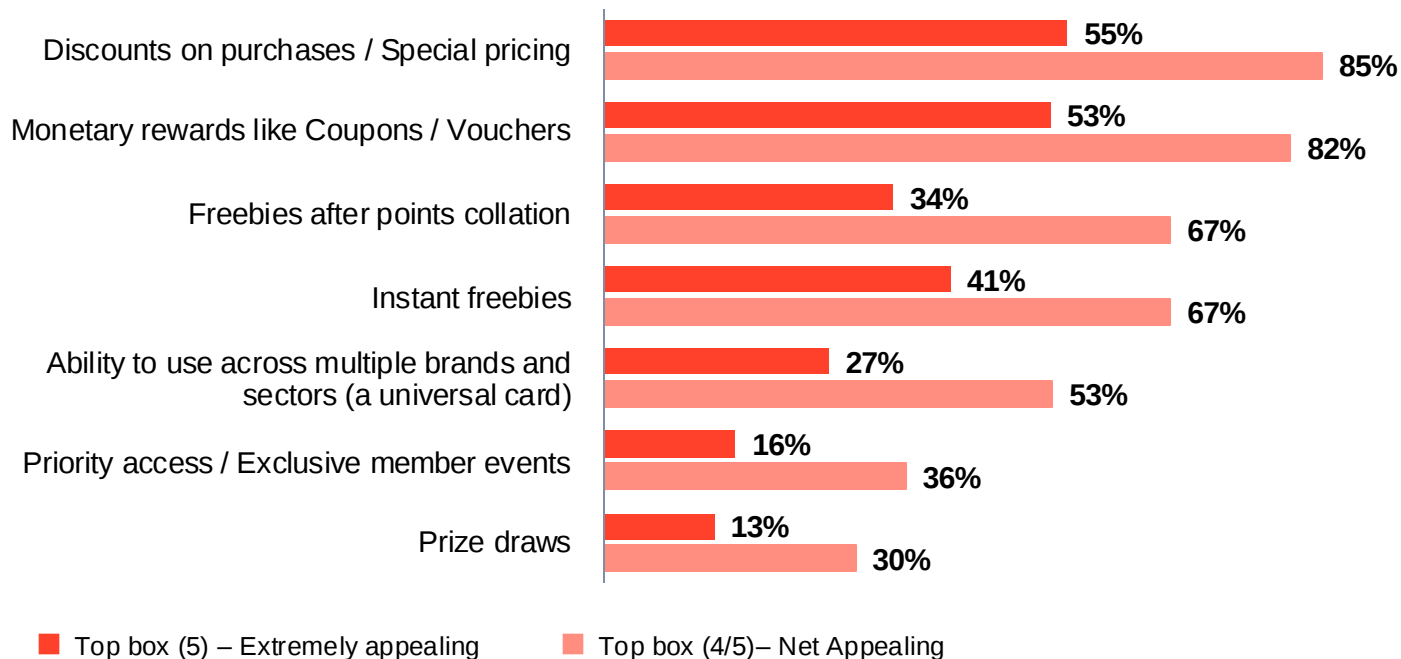
Higher proportion **13%** of London residents unaware of loyalty programmes.



Discounts and monetary rewards top the appeal, particularly among women and older age. Freebies also appeal especially to women, while prize draws only appealing to some, mainly 18-24 and Londoners. **Customising reward types wherever possible could boost the uptake and retention for loyalty programs.**

Appeal of loyalty scheme rewards

Different loyalty schemes offer different types of rewards / benefits. How appealing are these personally to you?



Subgroup findings

Appeal of discounts & vouchers / coupons higher among women – **61%** finding these extremely appealing

Freebies also favoured more by women,

- Freebies with points – **39%|73%**
- Instant freebies – **47%|74%**

Monetary rewards also more appealing to 45-54 age group - **65%| 92%**

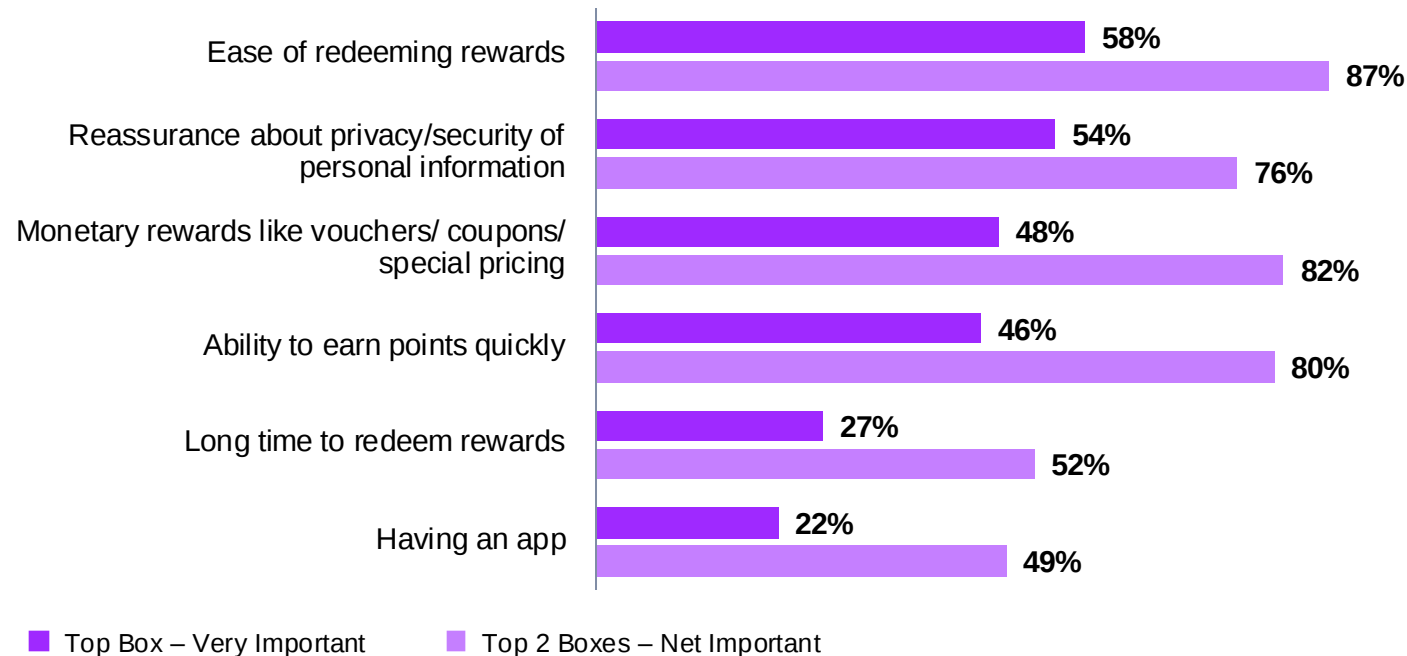
Prize draws more appealing to 18-24 age group – **21%|40%** and Londoners (**22% | 34%**)

(Top | Top 2)

Ease of redeeming rewards and monetary benefits are top priorities, with significant privacy concerns among the 55+ demographic, indicating the need for enhanced trust measures.

Importance of features on 1-5 rating scale

What do consumers feel place importance on?



Subgroup findings



Monetary rewards more important to **45-54 age group** – 59% | 90%. This is lower among younger age groups esp **18-24**



Reassurance on data privacy more important to **55+ age group** – 67% | 83%, while having an app is not seen as that important – 16% | 40%

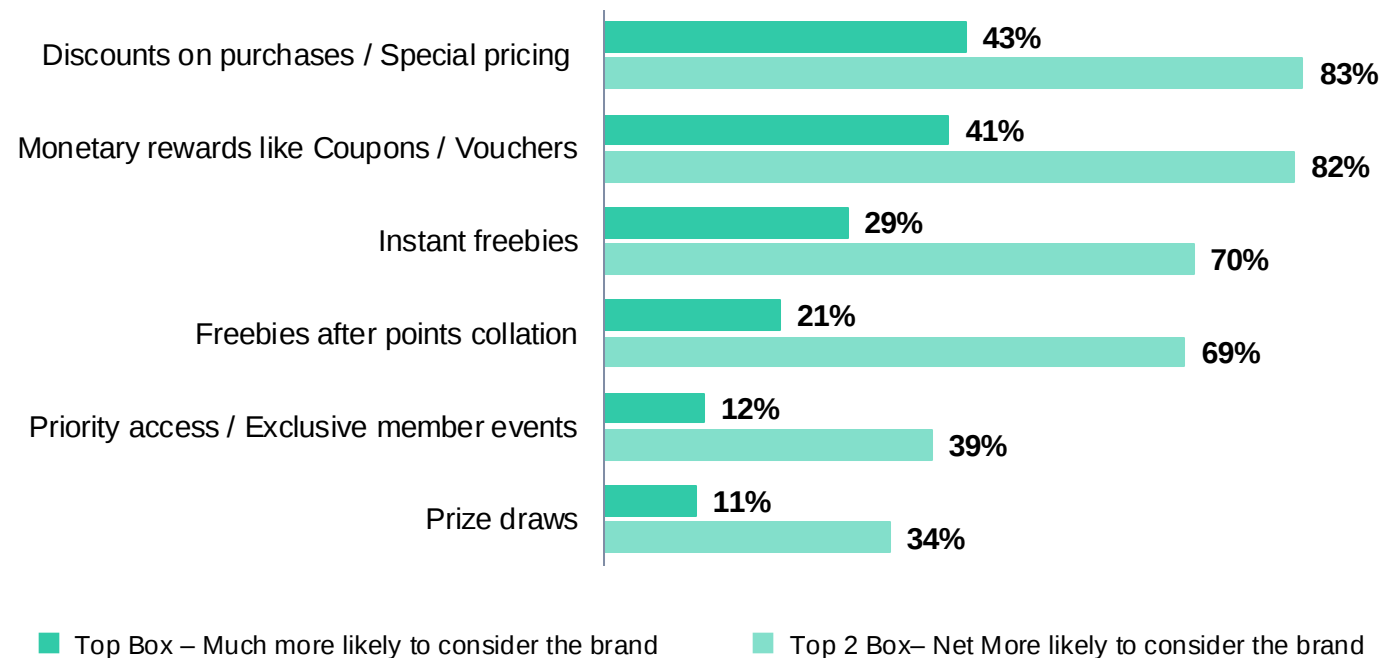
No significant differences observed between men and women

(Top | Top 2)

Most rewards show positive impact on brand consideration. Discounts and monetary rewards, with high appeal most likely to boost brand consideration, particularly among younger demographics.

Importance on brand consideration

To what extent do the following loyalty scheme rewards impact your consideration of a brand?



Subgroup findings



Higher impact on brand consideration for almost all rewards among **18-24 age group**



Impact of Priority access / exclusive member events while low overall compared to other rewards, shows higher impact among Londoners (**20% | 50%**)

55+ age group less impacted by non monetary rewards

(Top | Top 2)

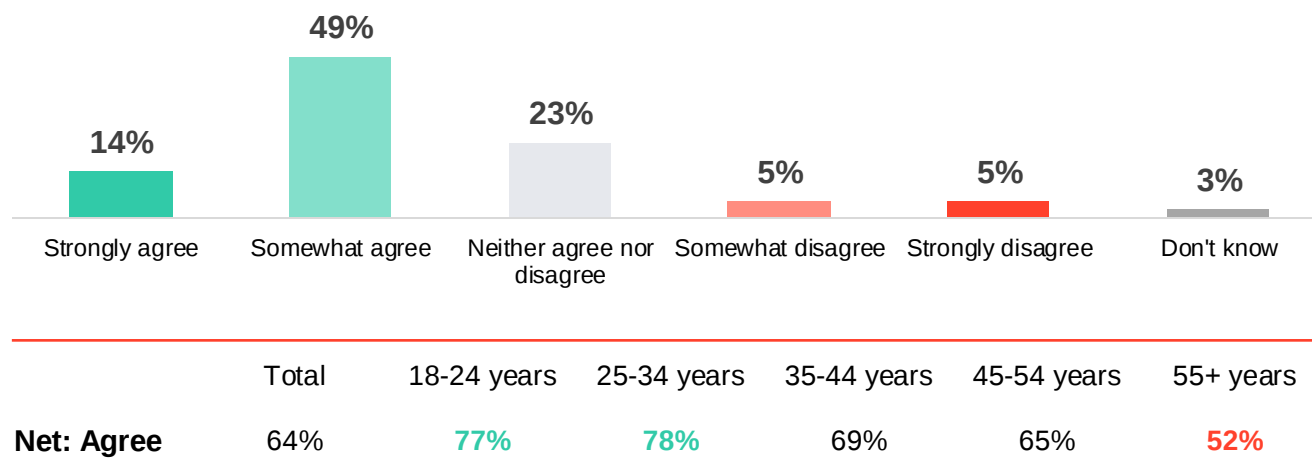
64%

of consumers agree that being part of a loyalty programme encourages repeat purchases and sticking with a brand.

Brands need to capitalize on positive sentiment among the 18-34 age group, but also find ways to enhance impact on the 55+ group to further increase retention.

Impact on repeat purchase

To what extent do you agree with the following statement?
Being a part of a loyalty scheme encourages me to make repeat purchases and stick to the brand



Subgroup findings



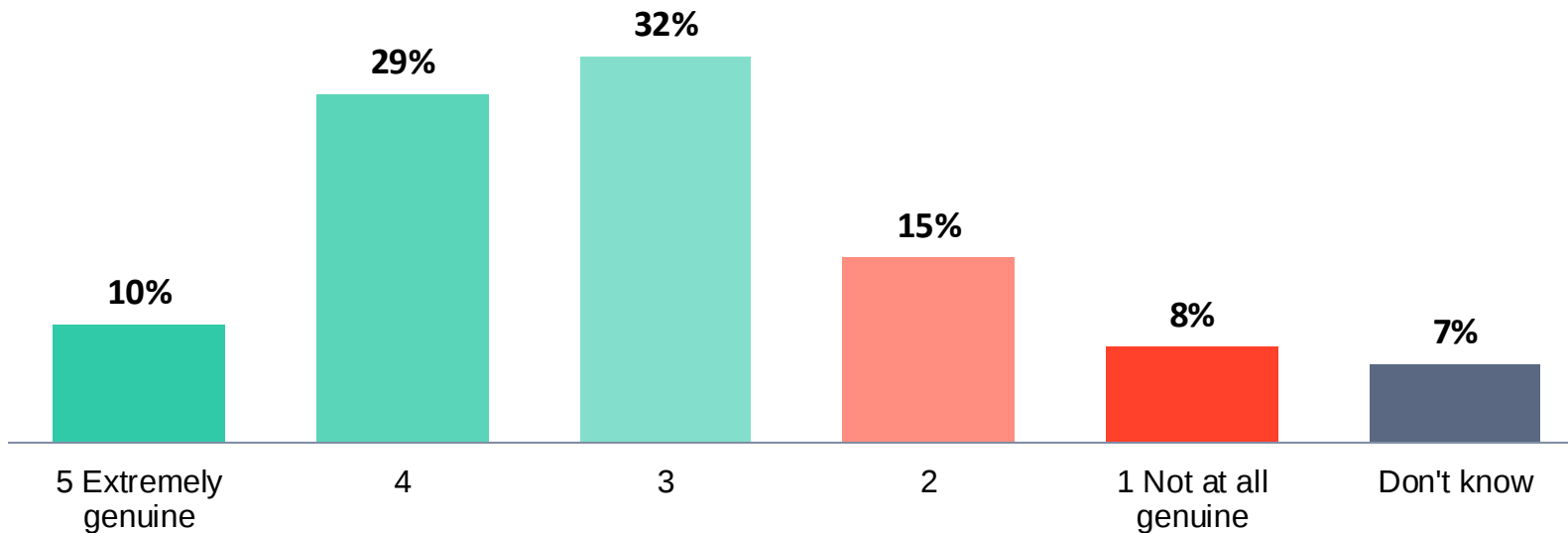
More of 18-24 and 25-34 agree with the positive impact of loyalty schemes on repeat purchases, while this is seen less among 55+ age group.

No significant difference between men and women.

Only 4 in 10 are convinced that the discounts, special pricing offered by loyalty schemes are genuine vs. non loyalty prices. Level of confidence is higher among 18-24 age group and Londoners.
Building trust by clearly communicating true pricing benefits, is critical.

How genuine are the discounts / special pricing?

When thinking specifically about loyalty schemes that offer 'Discounts on purchases / Special pricing', to what extent do you find this a genuine discount offering vs the original 'non-loyalty' prices?



Subgroup findings



Relatively higher levels of confidence among 18-24
16% | 48%



Londoners also show positive skews on believing the discounts / special pricing of loyalty schemes are genuine –
14% | 52%

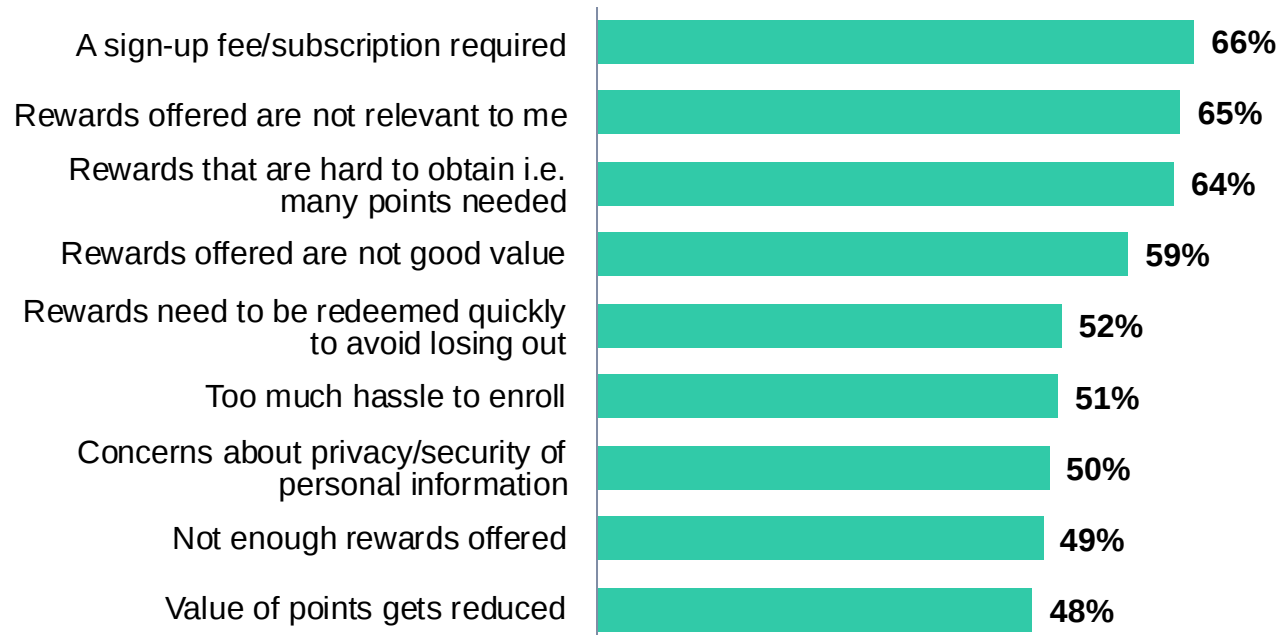
(Top | Top 2)

Sign-up fees, irrelevant rewards, and high point thresholds are major barriers to loyalty programme enrollment. 18-34 age group are more open to joining, while 45+ cite value and privacy concerns.

Therefore, simplified enrollment and more appealing reward structures can potentially boost uptake and engagement.

Barriers to signing up

Which of the following reasons would prevent you from signing up or continuing to use a loyalty programme?



Subgroup findings



In general, **18-34 age group** more open to signing up for loyalty schemes with lower mentions of all barriers vs. other age groups



Fees & hassle to sign up and not enough or relevant rewards, possibly affecting the value for money perception for **45-54 age group**

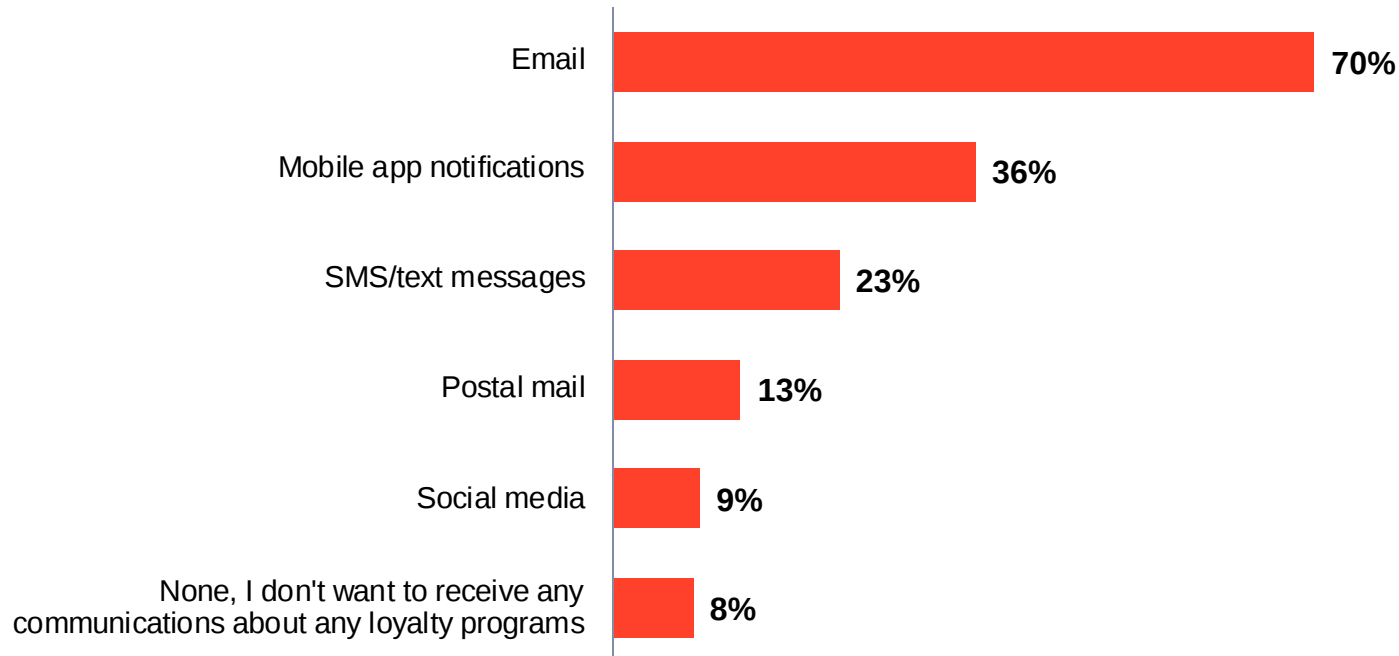
Privacy issue and lack of relevant rewards more prevalent as barriers among **55+**

Email dominates as the preferred communication channel for loyalty programs, with postal mail preferred by 55+ and younger demographics favoring digital channels.

Tailoring multi-channel communication strategies to specific audiences could enhance reach and impact.

Preferred channels for comms on Loyalty programs

Which channels would you prefer for receiving communications from loyalty programs?



Subgroup findings



55+ prefer postal mail more than others (**18%**) and have lower preference for app notifications and social media by **55+** (**29%**, **3%** respectively)



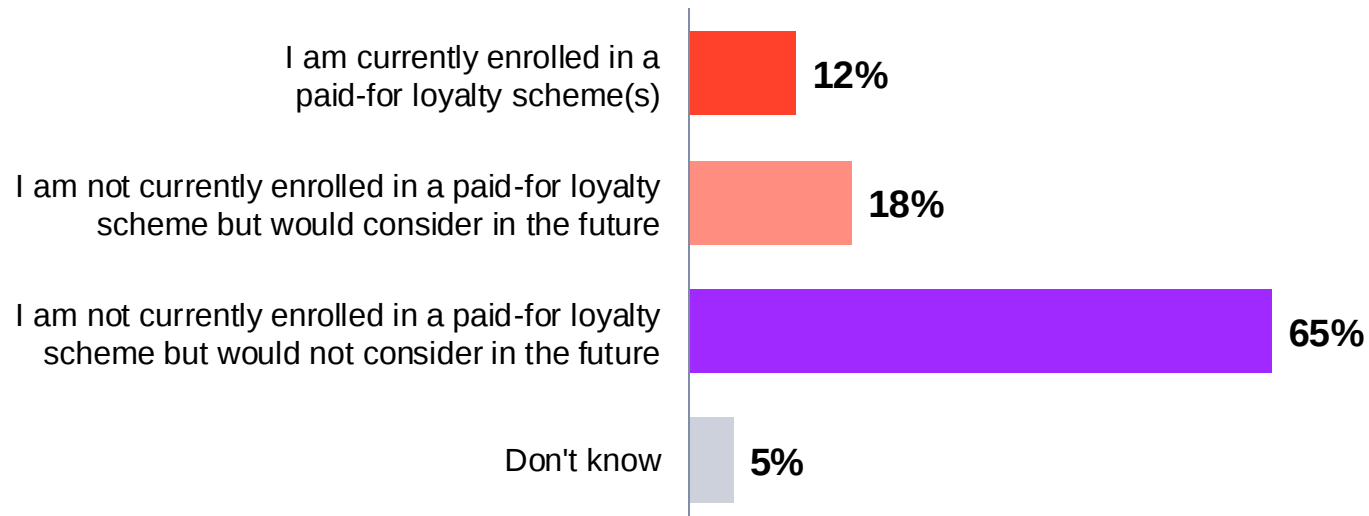
Social media is preferred by **18-24**, **25-34** (**25%**, **15%** respectively)

No significant differences observed between men and women

Paid loyalty schemes have low penetration and limited future consideration.
With significant rejection, especially among women, there seems to be a need for more compelling value propositions.

Paid Loyalty schemes – Participation

Some loyalty schemes require you to pay to be a member in return for the loyalty benefits. Which of the below statements best applies to you when you think of these paid-for loyalty schemes?



Subgroup findings



Higher level of openness to paid loyalty schemes among

- 18-24, - 38%
- 25-34 -25%
- 35-44- 24%

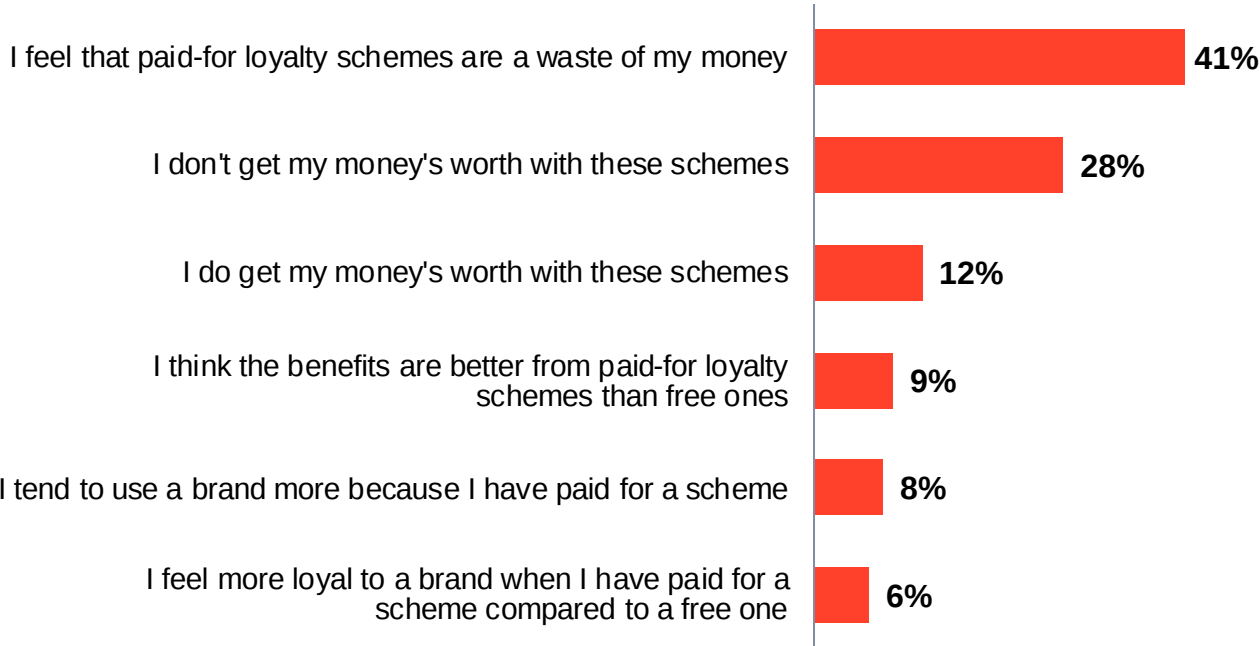


Higher level of rejection among women – 71%

Paid loyalty schemes face perception challenges and are largely seen as poor value
To improve perception and uptake, brands / retailers will need to have a strong value for money proposition and powerful comms to drive the point home with the target audiences.

Paid Loyalty schemes – Attitudes

Thinking about these paid-for loyalty schemes, which of the below statements, if any, do you agree with?



Subgroup findings

18-34 age group more positive about the paid loyalty schemes

	All	18-24	25-34
I think the benefits are better from paid-for loyalty schemes than free ones	9%	21%	16%
I tend to use a brand more because I have paid for a scheme	8%	18%	13%
I feel more loyal to a brand when I have paid for a scheme compared to a free one	6%	17%	12%

Key takeaways

Data collected among 1000 Nat Rep UK Sample in May 2024

1 Widespread participation and growth potential

Most Brits have signed up for at least one loyalty programme. Supermarkets top the list for sign-ups and active recall, with food and delivery services coming in a close second.

Brands could capitalise on this potential using cross-promotional strategies to enhance consumer engagement. By leveraging the popularity of supermarket loyalty programs, brands can explore collaborative opportunities to drive retention and satisfaction.

2 Educating consumers to enhance perceived value

Despite the high enrolment rates, awareness of loyalty programme benefits remains limited. To maximise the perceived value and engagement, brands and retailers need to focus on educating consumers about the advantages of their loyalty programs.

Email is the preferred communication channel, with older consumers partial to snail mail while younger demographics favor digital channels such as app alerts and social media posts. Tailoring media strategies based on target audience preferences can enhance reach and impact.

3 Appealing rewards and trust issues

Discounts and monetary rewards are the most appealing benefits of loyalty programs, particularly among women and older age groups. However, trust in the genuineness of these discounts remains a concern.

Customising rewards based on what consumers prefer and being clear about true price benefits can attract more people to join and stay. Ensuring discount offers are reliable and transparent will build trust and encourage more consumers to join.

Key takeaways

Data collected among 1000 Nat Rep UK Sample in May 2024

4

Impact on brand consideration and repeat purchases

Loyalty programmes seems to have a positive influence on brand consideration and repeat purchases for younger customers. However, there is potential to boost this effect among people over 55.

Brands should capitalise on the positive perception among younger consumers to sustain long-term brand loyalty. And use other tactical ways to increase the appeal among older consumers.

5

Addressing barriers and enhancing value propositions

Barriers such as sign-up fees, irrelevant rewards, and high point thresholds deter consumers from joining. Younger consumers are generally more open to joining, while older demographics have concerns about value and privacy.

Brands and retailers need to look into simplifying enrollment and offer rewards that truly appeal to the target audiences to attract more people to join the programmes.

6

Challenges with paid loyalty schemes

Paid loyalty schemes face low penetration and significant resistance, particularly among women. To justify the cost in a market saturated with free loyalty schemes, brands must offer compelling value propositions.

Ensuring that paid loyalty programs provide unique and real advantages over free alternatives can help overcome consumer skepticism and drive enrolment.

By focusing on these strategies, brands can enhance consumer engagement, improve the effectiveness of their loyalty programs, and foster long-term customer loyalty across different demographics.

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