

MARKETING

Brands are lacking visibility for their loyalty programs: L2

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Marriott's merger with Starwood has made the two rewards programs one of the most successful

By BRIELLE JAEKEL

A new report from L2 shows that using the phrase loyalty within the subject line of an email campaign can have a dramatic lift on opens.

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The [Loyalty 2017 Intelligence Report](#) revealed that in May of this year, brands that L2 studied which referenced loyalty in the subject lines increased their opens from 19 percent to 24 percent. Mobile is also increasingly important when it comes to loyalty in rewards, with 62 percent of consumers making purchases because of a mobile loyalty program.

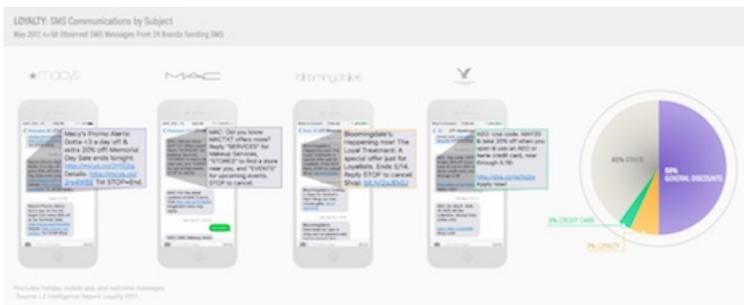
"Properly identifying the value proposition of loyalty programs is key to their success," said Camilla Opperman, senior research associate at L2. "When the value exchange is skewed towards the brand, consumers have little incentive to sign up; when it is skewed towards the consumer, brands bear the burden of expensive loyalty programs with little return on investment.

"For example, Starbucks leverages its mobile-integrated loyalty program to enhance traditionally clunky experiences like reward accumulation and in-store payments, improving consumer experiences and increasing frequency of store visits," she said.

Loyalty stats

Brands are not accurately leveraging the reach that mobile technology can provide. For instance, SMS is the preferred channel for consumers to receive information regarding loyalty programs.

However, of the brands that do have an SMS program, only 10 percent share messages with subscribers in regards to rewards or credit card programs.



Push notifications are another medium that is not being wielded effectively by marketers. With 78 percent of brands leveraging pushing notifications on their mobile applications, very few are related to loyalty.

A key component to the success of loyalty programs is visibility. The more consumers know about the rewards program, the more likely they are to sign up and use.

Individuals who understand the terms and conditions of the program are 12 times more likely to keep with it compared to those who have a hard time grasping the program.

Landing pages on brand Web sites are an effective place to inform users of the loyalty program, since it is usually the first digital contact a consumer has with the brand. However, 59 percent of brands lack any information on their rewards on their landing pages.

For mobile apps, only 38 percent of marketers who do have apps allow access to the loyalty program through the homepage.



Social media seems to be where brands are lacking the most in providing information on their loyalty, with only 7 percent doing so on Facebook and less on Instagram.

Additional insight

While loyalty programs are popular among consumers, they may not be used to their full potential, with \$100 billion potentially going unused.

This data comes from another report on loyalty programs from Bond Brand Loyalty that looked into how those programs are being used by both customers and brands. The 2017 Bond Brand Loyalty report found that enrollment in loyalty programs has grown by 31 percent, but some opportunities are still being missed (see more).

When it comes to online shopping for beauty products, consumers seem to place their loyalty more easily in specific brands rather than in the platforms that sell them.

A.T. Kearney's "Beauty and the Ecommerce Beast" report looks at how customers shop for cosmetics online and finds that while overall sales are healthy, loyalty is the latest challenge for retailers. What they found is that luxury beauty products perform almost twice as better at online retailers than mass-market cosmetics, suggesting that luxury consumers are more willing to embrace ecommerce (see more).

"Despite considerable investment in launching and maintaining loyalty programs, the majority of brands have failed to advertise these programs in a meaningful way," Ms. Opperman said. "Less than half of brands promote their

loyalty programs on site landing pages, and less than 10 percent of brand emails advertise loyalty-related topics in their subject lines.

"These are clear misses for brands looking to encourage program signup," she said.

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