

RETAIL

## As shopping returns, so does interest in VIP perks

June 17, 2021



More shoppers want to be treated like VIP. Image credit: Bloomingdale's

By SARAH RAMIREZ

As COVID-19 restrictions continue lifting in the United States, consumers are ready to shop but they come armed with new expectations for brand communications and offerings.

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According to a new [report](#) from ecommerce platform Yotpo, nearly eight in 10 U.S. consumers plan to increase their shopping in the coming months. Shoppers' priorities have changed, however, and more consumers will be seeking elevated customer experiences and services, both in-store and online.

"Luxury brands stand to gain the most from a consumer shift that adds quality, trustworthiness and direct communication to the ecommerce experience," said Rosa Hu, vice president of product marketing at [Yotpo](#), New York. "By investing in tools that tell a brand's story, particularly through the enthusiasm of their most loyal customers, luxury brands have a new opportunity to stand out and cultivate loyalty like never before."

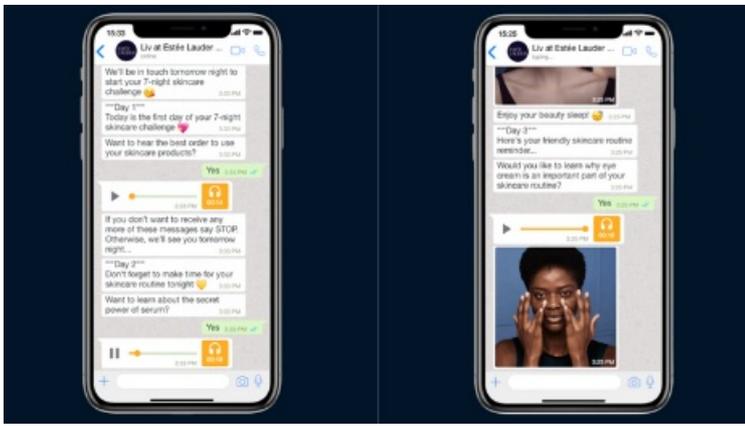
Yotpo's report is based on a May 2021 survey of 1,000 U.S. consumers.

### Digital engagement

While 79 percent of respondents expect to shop more in the coming months, only one in 10 plan to primarily shop at bricks-and-mortar stores. More than half, 53 percent, plan to mostly shop in-store and online in the next year, while 37 percent will mostly shop online.

Of the 90 percent of consumers who expect to make online purchases, 50 percent will shop on their smartphones and 47 percent will typically opt for desktop or laptop computers.

Consumer preferences around brand communication have also changed, with half of shoppers preferring brands using a hybrid communication approach with both email and text messaging.



*Estée Lauder uses chatbots, virtual consultations and more online services to engage with shoppers. Image credit: Rehab Agency*

Three-quarters of shoppers have signed up to receive text messages from brands, up by 27 percent since June 2020.

"We've noticed a huge boost in the popularity of SMS over the past year in part for some pretty obvious reasons: it's direct, it's immediate and we're all spending more time on our phones," Ms. Hu said. "Brands have also managed to boost their capabilities and impact with SMS through the advanced personalization that it offers.

"In the survey, we found that more consumers are willing to engage with brands over SMS because the messages are relevant to them and speak to the knowledge of their past purchases," she said.

More than eight in 10 consumers also want to be able to engage in text conversations with their favorite brands, an increase of 31 percent. Eighty-five percent of consumers are also interested in receiving coupons, discounts and other promotional offers from brands through SMS.

Beyond promotions, shoppers are most interested in hearing updates on their order status and learning about new product announcements. More than half, however, would unsubscribe from SMS alerts if brands text too frequently.

Despite the growth in SMS marketing, 45 percent of consumers report that email is their preferred communication method for time-sensitive offers.

Shoppers are also setting new expectations from brands and retailers, particularly online.

Nearly three in 10 consumers are interested in same-day delivery, while 21 percent want more virtual try-on tools.



*During the pandemic, Gucci introduced personalized video shopping. Image credit: Gucci*

More than half of shoppers also showed interest in live video interactions with brands. Among these enthusiastic consumers, 58 percent would find video interactions valuable during customer service issues, followed by shopping consultations and live product demonstrations at 51 and 50 percent, respectively.

Although consumers are growing more likely to buy directly from brands than multibrand retailers, they remain interested in brand collaborations. Sixty percent are interested in brands selling product bundles or kits, followed by co-branded subscription boxes and collaborative events such as product reveals and celebrity guest panels.

### Redefining loyalty

Brands seem to be having success emphasizing community and loyalty programs, with respondents reporting feeling part of a group by purchasing from a brand or following it on social media.

Now, shoppers are looking for more than community and want VIP-level experiences and services.

More than eight in 10 consumers would join a VIP program if offered by their favorite brand, including 64 percent who would pay a premium to join a program for benefits such as personalized experiences, free products, concierge service and more.

As part of VIP programs, two-thirds of shoppers want exclusive discounts, while more than half want free products, surprise gifts and the opportunity to try products before they hit shelves. Fifty percent want personalized rewards as well.

Some luxury brands and retailers are already taking note of changing preferences.

This spring, U.S. retailer Bloomingdale's introduced new features to its Loyallist program, making it easier for customers to navigate the rewards program and earn more perks.

Existing Loyallist members with a \$15,000+ annual spend are automatically enrolled in the "Top of The List Unlocked" program. They receive VIP access to exclusive, behind-the-scenes content and experiences every month that will feature luxury brands as well as gifts, early access to products and private in-store and virtual events ([see story](#)).

U.S. beauty brand Estée Lauder has one of the leading loyalty programs in the industry, having introduced the Estée Lauder E-List Loyalty Program in 2015. Based on points acquired through purchases, Estée Lauder's tiered rewards program gives loyalists access to free products, special events, discounted shipping, access to a personal beauty advisor and other exclusives ([see story](#)).

While luxury brands are often hesitant to introduce loyalty programs as they may dilute the exclusivity of their products, these help brands learn more about their consumer base, eventually using the acquired customer data to improve customer experiences.

"The most surprising finding is simply seeing how consumer perception has changed in such dramatic ways," said Yotpo's Ms. Hu. "We found 83 percent of shoppers say that if their favorite brands had a VIP program, they would join it.

"That was about the same number of consumers, 82 percent, who say they would be willing to share personal data or create an account in exchange for discounts or personalized recommendations from a brand," she said. "That is a sea change in consumer sentiment from even just a year ago and shows how brands have redefined their relationships with customers when it comes to data."